

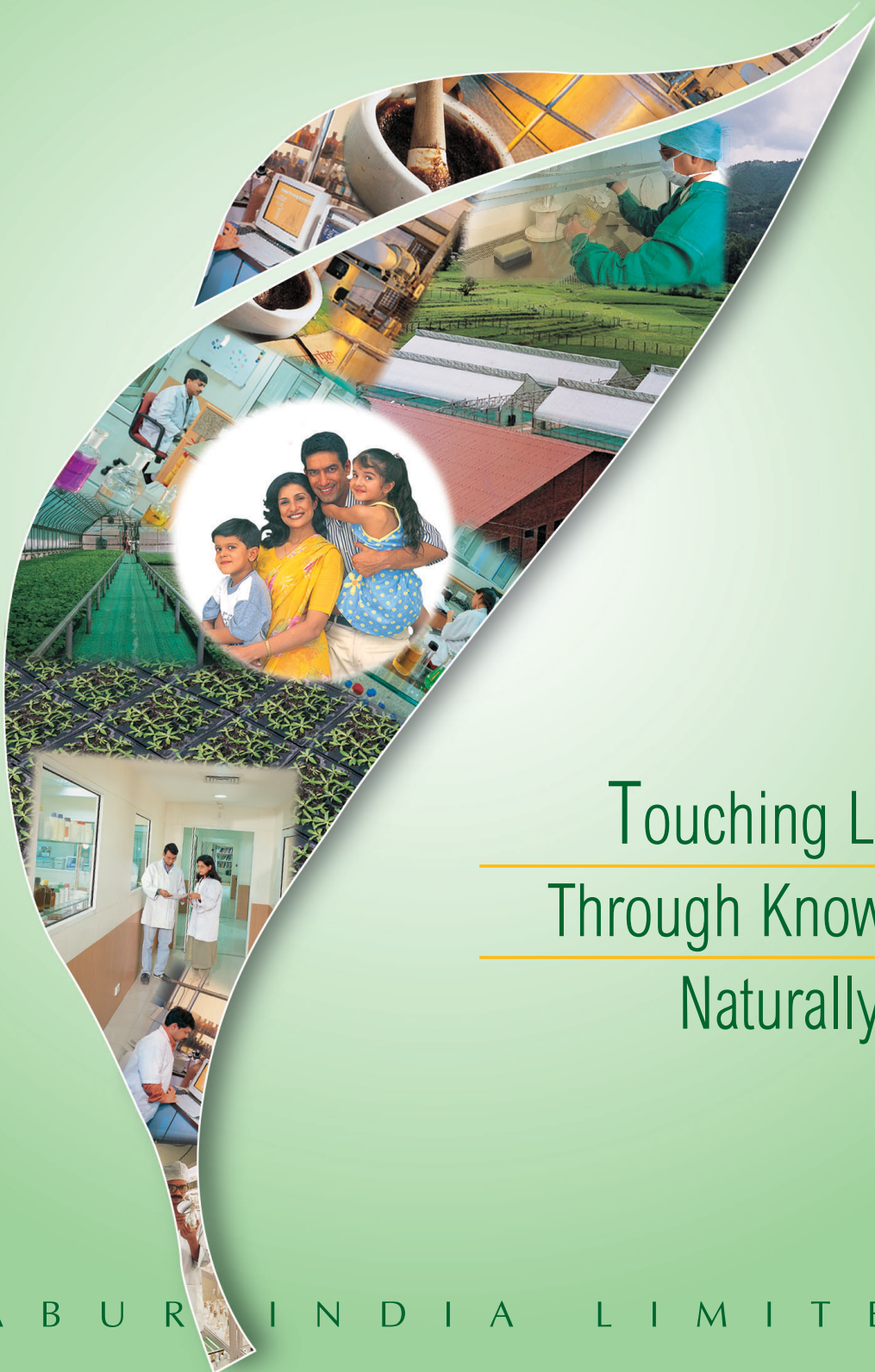


Dabur

2001-002

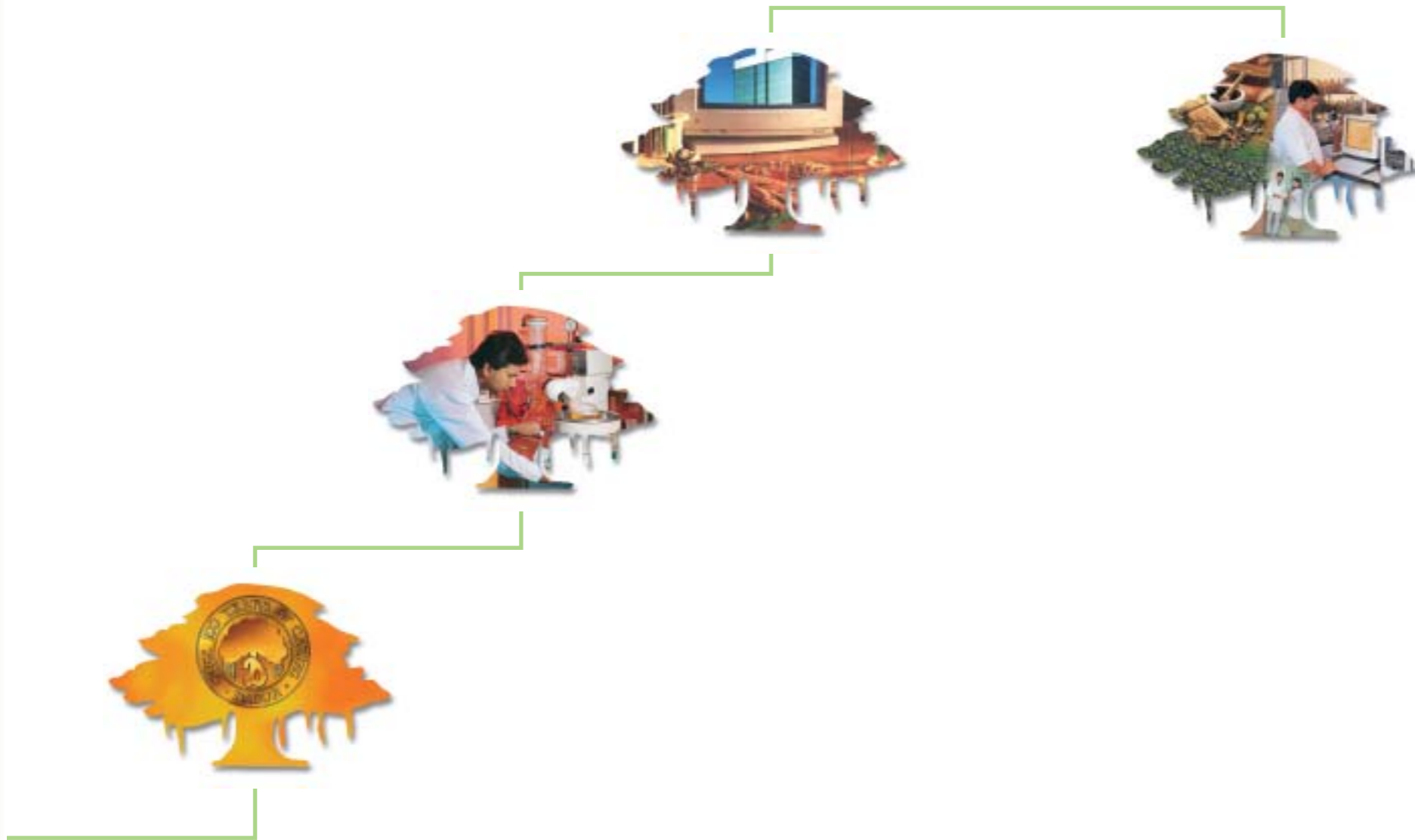
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R E P O R T



Touching Lives  
Through Knowledge,  
Naturally.

D A B U R I N D I A L I M I T E D



 Our purpose at Dabur is to promote the health and well being of every household. We believe in touching people's lives and making them better through products which have something extra. Extra from the bounty of nature, naturally from Dabur.

With over hundred years of knowledge of Ayurveda and herbal products behind us, we are continually building upon this knowledge through continuous research and validation. Constant improvement and innovation are a passion at Dabur.

At the same time we are also imbibing the highest standards of quality, performance, and productivity along with the best corporate governance practices in the company.

We believe these are the keystones to deliver the best value to our consumers, customers and stakeholders.

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## Board of Directors

Mr. V.C.Burman	Chairman
Dr. Anand C Burman	Vice Chairman
Mr. Pradip Burman	Director
Mr. Amit Burman	Director
Mr. P.D. Narang	Director
Mr. Sunil Duggal	Director
Mr. Uday S. Kotak	Director
His Highness Maharaja Gaj Singh	Director
Mr. Ajay Bahl	Director
Mr. P N Vijay	Director

**Company Secretary**  
Mr. Ashok Jain

**Auditors**  
M/s G Basu & Co.  
Chartered Accountants

**Internal Auditors**  
Price Waterhouse

### Bankers:

Punjab National Bank  
Standard Chartered  
GrindlaysBank Ltd.  
American Express Bank Ltd.  
HSBC Ltd.  
State Bank of India  
Deutsche Bank AG  
ABN Amro Bank NV  
Citibank NA  
United Bank of India

**Corporate office :**  
Dabur India Limited  
Kaushambi, Sahibabad-201 010

**Registered Office :**  
Dabur India Limited  
8/3, Asaf Ali Raod, New Delhi - 110 002

## Chairman's Message

Dear Shareholders,

2001-02 was a tough year for the Indian economy, particularly for the fast moving consumer goods (FMCG) sector. The general economic slowdown depressed consumer demand and dampened consumer confidence. The FMCG sector experienced its worst year since the mid-1990s and many segments in this sector recorded a negative growth in value terms.

### The Company's Performance

Although adverse market conditions have impacted the performance of your Company, we have still been able to protect its top line. The market shares of our leading brands have largely remained stable, on account of strengthened marketing inputs and focused marketing initiatives.

The Company was able to improve its gross margins (net sales less cost of materials and variable costs) from 40.4 per cent in 2000-01 to 41.8 percent in 2001-02. However, increased R&D costs on clinical trials for new drugs under development, and higher advertising and promotional expenses have adversely impacted the operating margin and the net profit of the Company.

Considering the state of the economy, your Company has done reasonably well. We are confident that our performance will improve when the economy recovers.

However, we are not waiting for an economic revival to improve our performance. The test of a company that is built to last lies in its ability to produce superior results in challenging times. With early signs of revival in 2002-03 already visible, we have actioned several new initiatives that will provide strong growth impetus for the company to grow profitably and generate higher returns.

### Growth Drivers

In 2002-03, your Company will continue to strengthen its core businesses aggressively by leveraging its brand equity, distribution network and research capabilities. Many opportunities exist in the business segments that your Company is present in. Our FMCG business will focus on growth through consolidation and expansion in these market segments. The growth drivers will be the core brands which will be leveraged suitably to capture related opportunities. Here we have ensured that appropriate levels of advertising and promotional spends will support this growth thrust.

The pharmaceutical business will concentrate on aligning strategies, enhancing operational efficiencies, and maximizing penetration into the global marketplace. With infrastructure already in place, the pharmaceutical business will be looking at global opportunities in identified therapeutic areas, particularly oncology.

### Investments

Your Company has been making substantial investments in brand building & process re-engineering over the years. These efforts will continue in the future & your company will continue to invest behind its brands, people and processes.

In the Pharmaceuticals business, your Company has been investing in R&D as well as in creating world class manufacturing facilities. The plant for oncology formulations in UK has been set up with an investment of about Rs.76 Crore and is a MCA, UK certified facility that has now become operational. It will help in creating a global presence for this business. In future, the focus of the pharmaceutical business will be on maximizing the returns on investments already made in the business.

### Operational and Process Efficiencies

The Company has concentrated on operational efficiencies and process re-engineering to create a more efficient organization that is ready to take on the challenges of the future.

Several initiatives were implemented that will result in greater efficiencies in manufacturing, sales and distribution, purchase and information technology (IT). These measures will enable your Company to optimize costs and improve profitability. The benefits of this investment will accrue over the coming 2-3 years.

### IT Integration

Technology is key to efficient management of logistics and real time MIS that contributes to objective decision making. Your Company has implemented Mfg Pro ERP for front-end operations and Baan ERP

for the back-end. Currently integration of both the ERPs is being completed and we are working towards end-to-end networking of operations. This will enable the Company to manage the supply chain and working capital more efficiently in future.

### Research and Development

Research and development (R&D) is playing a pivotal role in creating a good pipeline of products, clinical testing and validation. Your Company intensified its R&D efforts during the year with emphasis on building capabilities on the clinical trials front.

The New Drug Discovery efforts made good progress during the year. I am proud to inform you that a New Drug Delivery System (NDDS) for a leading anti cancer drug completed pre-clinical trials and is ready to enter Phase I clinical trials. With this, your Company will have two new drugs in the clinical trials stage.

R&D will also continue to focus on the exciting area of 'Phytocare'. As part of this initiative, herbal medicines are being developed as a safer and side-effect free alternative to conventional medicines. R&D has generated vital leads in this direction, and some of these will be commercialized in the near future.

I am optimistic that the initiatives highlighted above will contribute significantly to both top-line as well as bottom-line growth of your company. In spite of early signs of a revival in the FMCG sector in 2002-03, we are being prudent and not basing our business plans on a significant recovery. In addition to operational performance, I would like to share with you important developments viz. corporate governance and leadership.

### Progress on Corporate Governance

We are committed to building shareholder value and adopting the highest standards of corporate governance.

In keeping with this objective, we have adopted the best corporate governance practices in terms of constitution and functioning of the Board, internal audit processes, disclosures to shareholders and professionalisation at all levels of the organization.

During 2001-02, more initiatives were taken in this direction. The Company re-constituted its Board of Directors on 1st April 2002 and the size of the Board was reduced from 16 to 10 directors. The representation of Promoter Directors on the Board was brought down from 6 to 4. The Chairman's role shall now be non-executive and focus on providing vision to the Company.

These steps have been taken with the objective of enabling independent and professional directors to play a significant role in strategic decision-making and they represent the company's commitment to drawing a distinction between ownership and management. The Company is now governed by the CEO, Management Committee and the Board of Directors. We hope to create a corporate governance benchmark that will be recognized by Indian industry.

### Leadership

The Board of Directors has appointed Mr. Sunil Duggal as the CEO of your Company from July 1, 2002. Mr. Duggal has been with the Company since 1995 and has made significant contribution to the growth and progress of the Company. His elevation to this post re-affirms the commitment to professionalise your Company across all levels. I am confident that Dabur's competent and committed human resources, strong management team and its shared vision and drive will continue to create value for the Company and its stakeholders.

As we look towards the future with hope and optimism, our thoughts go to our late Vice Chairman and Managing Director, Mr. G. C. Burman, who left for his heavenly abode in September 2002. Gyan was one of the key architects of the modern Dabur and contributed significantly to growth and evolution of the Company during the last two decades. He will always be a source of inspiration for us and our best tribute to him will be to create a world-class company that maximizes returns to shareholders.

I take this opportunity to thank all our shareholders, employees, distributors, suppliers and customers, for their continued cooperation and support. Dabur reaffirms its commitment to be fully "Dedicated to the Health and Well Being of every household".

Thank you.

11th June, 2002

V.C. Burman

## Industry Scenario

During the year 2001-02, the performance of Fast Moving Consumer Goods (FMCG) industry was under pressure owing to sluggish demand, unfavourable macro economic indicators and intense competition. Some of the factors which affected sales in the sector were :

- ♦ low growth in agriculture and industrial sectors which affected growth in disposable incomes
- ♦ less capital investment in the economy leading to low employment growth
- ♦ High penetration of necessity products and upper income categories
- ♦ Increasing proportion of household expenditure on healthcare, education, transportation, communication and durables as compared to FMCG products
- ♦ Intense domestic competition from national as well as regional players
- ♦ Increased competition from imported products in high value FMCG and food segments

The sector saw increasing incidence of consumer promotions and freebies across almost all products. One of the key characteristics associated with a slowdown is downtrading by consumers to cheaper and low value brands. This was witnessed in some of the necessity product categories. On account of this, pricing power of companies in the FMCG sector remained poor and afforded low opportunity to increase prices.

## Opportunities and Threats

The industry will continue to be characterized by intense competition and we do not anticipate a significant revival in the economy. Even so, Dabur has strong potential to retain its edge and outperform the market owing to its focus on innovation and launching herbal value added products which deliver high quality and value for money. The Company perceives good opportunities in value added personal care segments and expanding the health care franchise.

## Financial & Operational Performance

Table I summarises the financial performance of Dabur India Limited during 2001-02 as compared with 2000-01

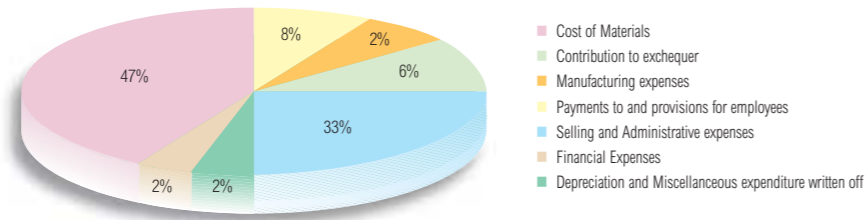
	Financial Year -2001-02		Financial Year-2000-01	
	Amount	% of sales	Amount	% of sales
Sales	1163.19		1166.47	
Other Income	13.87		18.87	
Material Cost	515.61	44.3%	538.47	46.16%
Excise Duty	60.61	5.2%	59.36	5.09%
Manufacturing expenses	26.94	2.3%	29.06	2.5%
Selling and Administration costs	364.57	31.3%	339.73	29.1%
Employee cost	84.49	7.3%	77.69	6.7%
Financial expenses	23.95	2.1%	29.66	2.5%
Depreciation & Misc Expenditure written off	25.38	2.2%	26.20	2.2%
Profit Before Tax	75.51	6.5%	85.17	7.3%
Provision For Tax - Current	5.51	0.5%	7.25	0.6%
- Deferred	5.56	0.5%		
Profit After Tax	64.44	5.5%	77.92	6.7%

During the year Dabur India Limited recorded a turnover of Rs. 1163.19 crore which was 0.3 % lower than previous year's sales of Rs. 1166.47 crore. The year was marked by depressed markets and intense competition. Keeping in view these factors and the need for financial prudence in such times the Company adopted a pipeline correction strategy to reduce distributor pipeline. This led to low growth of primary sales. Sales for the year are also not entirely comparable with those of last year, due to discontinuation of certain businesses and restructuring of exports. On like to like basis, growth in sales was 1.9% (after excluding the discontinued sale of herbal intermediates and restructuring of FMCG exports in Middle East through franchisee route).

The Profit After Tax of the Company declined by 17.3% from Rs.77.92 crore in 2000-01 to Rs.64.44 crore in 2001-02. This fall was primarily due to the deferred tax provision of Rs.5.56 Crore and increased R&D expenses of Rs.5.75 Crore incurred on clinical trials of DRF 7295, the new anti cancer drug under development. Excluding the deferred tax provision and expenses incurred on clinical trials, and taking into account the sale of brands of Rs. 3 crore recorded during last year, the Company's net profit for the year stands at Rs.75.75 Crore which is 1.1 % higher than last year's net profit.

**On like to like basis, growth in sales over last year was 1.9% and growth in net profit was 1.1%**

**Expenditure Breakdown**  
Total Expenditure (2001-02) Rs. 1101.55 Cr.



The advertising and promotional expenditure increased from Rs. 146.1 Crore (12.52% of sales) in 2000-01 to Rs. 154.5 Crore (13.28% of sales) in 2001-02

The net working capital (excluding cash) has gone up to 75 days of sales as compared to 66 days in the previous year primarily due to lower amount of provision for dividend at the end of financial year. Sundry debtors went down by 12.8% while inventories increased by 13.8%. Current liabilities increased by 14% with the increase in credit period from suppliers. Provisions were lower by 61% as there was no outstanding dividend liability as on 31<sup>st</sup> March 2002 as compared to Rs. 31.42 crore which was outstanding last year.

The Company has presented consolidated financial statements for the first time in this annual report. The consolidated sales of Dabur India Ltd and its subsidiaries was Rs. 1280.96 Crore and the consolidated Profit After Tax was Rs. 66.20 Crore (after excluding minority interest).

Additional investments of Rs. 50.6 Crore in Dabur Oncology Plc, UK were made during the year. In spite of the additional investments in the pharma business, debt level of the Company went up only by Rs. 17.47 Crore to Rs. 213.56 Crore resulting in debt equity ratio of 0.54:1.

During the year several initiatives were taken for process improvements and efficiency enhancement in all areas of business which are expected to yield results over the coming years. Significant among these are :

### Sales & Distribution

Dabur has one of the largest distribution networks in the country. The Company has been steadily increasing its penetration and reach in all parts of the country. In order to intensify this effort and achieve higher level of efficiency in sales and distribution, the Company appointed Accenture to advise and assist the Company in this direction. The following recommendations of Accenture are under implementation :

- ◆ Increased brand wise reach in towns where the company previously did not have a presence.
- ◆ Increasing direct coverage in present coverage towns
- ◆ Integration of distribution network for Family Products Division and Health Care Products

Division by having common super stockists and common stockist network in towns with population of less than one lakh.

- ◆ Reorganising the manpower structure by strengthening the supervisory layer
- ◆ Change in focus of field force from primary sales to secondary sales
- ◆ Increased emphasis on merchandising
- ◆ Other operational initiatives such as managing sales MIS better, reduction of pipeline and increased investment in secondary data capturing mechanism

**During the year several initiatives were taken for process improvements and efficiency enhancement in all areas of business**

### Information Technology (IT)

The Company views technology as the key to achieving significantly higher levels of efficiency in its operations. Accordingly one of the thrust areas during the year was IT Integration throughout the Company. The Company has implemented Mfg Pro ERP for front end operations. This is now being integrated with Baan, the backend ERP which was put in place during the previous year at the production units and head office. In order to leverage technology to the fullest, the company is targeting end to end networking by end of financial 2002-03.



### Process Improvements

Many other initiatives were taken during the year to review and streamline the internal processes of the Company. Some of these are :

- ◆ A company wide returned goods policy and credit policy were put in place to standardize the treatment of returned goods and extension of credit period
- ◆ Purchase processes were reviewed with the assistance of Price Waterhouse and cross functional task forces were put in place to bring in higher level of skills for purchases in each category
- ◆ Internal audit function of the Company has been strengthened and Price Waterhouse has been appointed as the Internal Auditors for the entire company and its subsidiaries
- ◆ Collections process was improved leading to reduction in outstandings by 13%
- ◆ Initiatives were also taken on the production front focusing on consolidation of manufacturing bases, reduction in wastage, improving capacity utilization, improving manpower productivity and enhancing packaging quality
- ◆ Steps were taken to improve the quality of supply and increase the credit period from

ancillary units which supply finished goods to the Company. This resulted in increase of credit period from 45 days of purchases to 57 days.

- ♦ Purchase and accounting manuals covering all aspects of purchase and accounting processes were put in place.

## Segment wise Performance



Table II Provides segment - wise sales of the Company

(Rs. in Crore)

	Financial Year -2001-02	Financial Year-2000-01
FMCG Business	887.91	873.77
Pharmaceuticals	162.90	152.01
Ayurvedic Specialities	86.25	104.28
Others	26.14	36.42
<b>Total Sales</b>	<b>1163.19</b>	<b>1166.47</b>

### FMCG BUSINESS

The FMCG Business of the Company contributed 76.3% to total sales and recorded growth of 1.6% over the previous year. This business consists of Family Products Division, Health Care Products Division and FMCG Exports.

### Family Products Division

The Family Products Division generated sales of Rs. 526.61 crore which accounted for 45.3% of the Company's total sales. The division recorded growth of 5.7% over the previous year, which was higher than growth in overall sales of the Company. This was on account of its strong focus on top brands and consolidation of new products.



Hair Care portfolio recorded steady performance. Dabur Amla Hair Oil maintained its market share in the face of stiff competition in the market and in spite of low value, discounted offerings from one of the new players in the Amla Hair Oil category. The brand's advertising strategy was reformulated around true nourishment arising from the inherent features of 'Amla'. This established a better 'value for money' proposition for the brand.

**The Family Products Division recorded growth of 5.7% over the previous year, which was higher than growth in overall sales of the Company**



Vatika brand continued its good performance with high growth coming from the Vatika Shampoo range which consists of Vatika Henna Cream Conditioning Shampoo and Vatika Anti Dandruff Shampoo.

In the Oral Care portfolio, Dabur Lal Dant Manjan performed well in spite of stagnant toothpowder market. Binaca Fresh Toothpowder which was introduced last year performed satisfactorily. Binaca Tooth brush portfolio was expanded with the addition of Binaca Flexi Toothbrush.

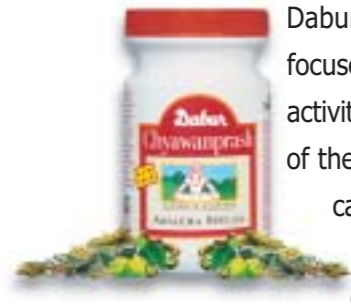
In Skin Care segment, Dabur Gulabari recorded another year of high growth and crossed the Rs.10 Cr mark.



The packaging of Dabur Honey was changed to a square glass bottle giving it a unique and contemporary appearance. Besides having better consumer appeal, this packaging is also expected to reduce the incidence of counterfeits for the brand.

### Health Care Products Division

The Health Care Products Division generated sales of Rs. 327.6 crore which accounted for 28 % of the company's turnover. The division's turnover recorded marginal decline of 0.6% over the previous year. Its product portfolio includes brands like Dabur Chyawanprash, Hajmola and Pudina Hara, which are market leaders in their respective categories. During 2001-02 the health supplements category comprising Dabur Chyawanprash and Glucose D performed well, notching double digit growth, while demand in other categories like digestives was sluggish.



Dabur Chyawanprash showed impressive volume growth as a result of focused advertising and effective management of above and below the line activities. The focus of the brand's communication strategy is now on health of the family as against only children and the elderly. Dabur is focusing on category expansion through communication of product benefits, backed up by scientific validation.

Glucose C was added to the portfolio during the year and Dabur Glucose became the second largest Glucose brand in the country.

In the Digestives category demand remained slack and Hajmola and Pudina Hara brands did not show any buoyancy. However Pudina Hara G recorded an impressive performance and increased its market share of the gas and acidity category.



The division has always excelled in putting science behind its knowledge of herbs and natural products and bringing to the consumers unique, value added healthcare products. Dabur Baby Olive Oil

which is a unique formulation made up of olive oil and enriched with four herbs: almond, neem, chandan and tulsi, is another outcome of this effort. Market studies have indicated wide usage of imported plain olive oil in India as a baby massage oil. Dabur Baby Olive Oil, specially formulated for baby massage, has good potential in this market.



### FMCG Exports

During 2001-02 the Company recorded sales of Rs. 33.7 crore from FMCG Exports. These Exports consist of personal care and health care products which are exported to various countries such as UK, USA, Russia, Malaysia, Sri Lanka, Middle East and number of African and European countries. The Company strengthened its distribution network to increase the product availability and stepped up media activity in some of these markets. FMCG Exports have potential for significant growth and the Company is taking several initiatives to grow this business at a faster pace.

### Pharmaceuticals Business

The Pharmaceuticals Division recorded a growth of 7.2% during 2001-02 . Dabur's Pharma business at present comprises of the following main sub-divisions :

- ◆ Domestic Branded Formulations
- ◆ Bulk and Formulations Exports

Besides these, R&D for new drug development in the anti-cancer (oncology) field is a major focus area in the Pharma business. Details of this activity are given in the section on R&D.

The Domestic Branded Formulations business grew by 10.3 %. As per the Retail Stores Audit conducted by ORG, this business was reported as one of the fastest growing in the industry. During the year a number of new products were launched by this division:

**As per the Retail Stores Audit conducted by ORG, the domestic branded formulations business was reported as one of the fastest growing in the industry.**

**Roxisole** is a combination of Roxithromycin & Ambroxol used for treatment of respiratory tract infections in children.



**Magniscan** is a Magnetic Resonance Imaging contrast media. Dabur is the first Indian company to manufacture this product indigenously



**Pamifos 90** is used for supportive therapy in the treatment of bone metastases in cancer patients.

**Vinelbine** (generic-Vinorelbine) belongs to the category of chemotherapeutics. Vinelbine has been introduced for the first time in Indian market by Dabur and is used for the treatment of breast cancer and non small cell lung cancer.



**Bleomycin** belongs to the category of chemotherapeutics. It is used for the treatment of several solid tumours like testicular cancer, head and neck cancer, carcinoma of cervix and in the treatment of Hodgkin's disease.



During the year the company acquired a polyherbal formulation ARTREX for treatment of Rheumatoid and Osteoarthritis. This product, which offers anti-inflammatory, analgesic and immunomodulatory properties, was acquired from Bio Ved, a research organization engaged in research on Ayurvedic and herbal products. Artrex supplements the division's Phytotech portfolio which consists of herbal remedies like Liv Fit, Ulgel, Honitus, Lactonic and Efarelle. These herbal products are validated through scientific research and clinical trials.

On the export front the vision of your company is to establish Dabur as a global player in the field of oncology formulations and to provide high quality products supported by superior level of customer service at competitive prices.

The Company has worked aggressively to obtain marketing approvals for oncology products in many key export markets including Asia (Thailand, Philippines, Malaysia, Bangladesh, Sri Lanka, Mongolia, Jordan), CIS (Russia, UK, Belarus), Central and South America (Brazil, Costa Rica, Jamaica, Peru, Venezuela, Mexico, Colombia, Barbados, T&T and Uruguay), Africa (Kenya, Ghana, Nigeria, Zimbabwe). Marketing approvals are expected shortly in many markets like Singapore, Vietnam, Myanmar, Turkey, Iran, Chile, etc.

For entering the European and US markets your company has set-up a plant for manufacturing anticancer formulations in the UK. This new facility has already been granted a manufacturing license by the Medicines Control Authority (MCA), UK and is now in the process of filing for Product approvals.

The Company has established itself as one of the leading manufacturers of the world for some of the Active Pharmaceutical Ingredients (APIs) like Paclitaxel, Docetaxel, Terfenadine, Ambroxol HCl, Buflomedil.

The Company has upgraded the Kalyani API facility to US FDA standards and approval from US FDA is expected during 2002-03. In Europe the Company has obtained the Certificate of Suitability (COS) for supply of Buflomedil and is in the process for getting approvals to supply more products to European countries.

The Pharmaceuticals business is now poised for significant growth in the future. In order to formulate a well-integrated growth strategy for the future the Company has appointed Accenture for an in depth study of the business. A team consisting of pharma specialists from Accenture and senior executives from Dabur Pharma was constituted to develop the future strategy keeping in view the Company's strengths and weaknesses as well as international trends in the pharma industry.

While this review is underway some operational changes are being made to make the Division more focused and independent. As part of this initiative, the entire pharma team has been relocated in one office premises and dedicated support staff have been provided to manage the support functions such as operations, purchase, finance, quality assurance, supply chain etc. This is expected to integrate and synergise all the sub-divisions of the business and enhance the efficiency levels in operations.

### Ayurvedic Specialities

In the year 2001-02 the division recorded a decline of 17.3% in its sales on account of a



massive pipeline correction. The pipeline had been built up in 2000-01 in expectation of increase in disposable incomes pursuant to good agriculture production and normal monsoon. However, the market remained sluggish in 2001-02 and a pipeline correction became necessary. During the year the division was exploring the OTC route for some of its products, thus the focus shifted from core business of ethical Ayurvedic products. This affected the performance of core products category.

Based on market analysis, it has been decided that the division will concentrate on marketing of ethical Ayurvedic products.

**Based on market analysis, it has been decided that the Ayurvedic Specialities Division will concentrate on marketing of ethical Ayurvedic products.**

The division has been focusing on promoting relationships with the Ayurvedic community comprising the Ayurvedic practitioners and students of Ayurveda. As part of this strategy Dabur extended the "Ayurmedha" award to 70 colleges and universities. The division also increased emphasis on interfacing with the Ayurvedic community and detailing the products to them.

### Research & Development



Dabur has set up world class Research and Development facilities and over the years its R&D efforts have been focussed on applied research on health care, personal care, pharmaceuticals, Ayurvedic medicines and food products as well on basic research in the area of oncology.

A pipeline of potential therapeutic and diagnostic molecules in the anti cancer area has been generated which are at different stages of development. The first anticancer molecule, DRF 7295, developed by Dabur is already in Phase I human clinical trials in India. A novel drug delivery system with reduced toxicity and a better therapeutic efficacy has been developed for a leading anti cancer drug. Preclinical studies on this novel formulation have been completed and clinical trials are expected to start shortly.

The Oncology and Bio technology wing of R&D launched its Molecular Diagnostics screening facility, in collaboration with Rajiv Gandhi Cancer Institute and Research Centre, which comprises of screening cancer patients using latest molecular techniques based upon genomics and proteomics. This facility is the first of its kind to be made available in the country.

The Company has launched the Phytotech initiative under which medicines derived from herbal and botanical sources are being developed as a safe and side effect free alternative to conventional medicines. As part of this initiative Osteofit, a product for musculo-skeletal disorders like Osteoporosis and Osteopaenia, has been developed and is being launched. Osteofit contains Cestrum diurnum leaves powder, having active Vitamin D metabolite and Amla powder, having Vitamin C and antioxidant properties. This formulation is an excellent source of Vitamin D, which facilitates absorption of calcium.

The company also developed and tested Dabur Shankhpushpi Syrup, an Ayurvedic product, which improves child's intelligence and learning capabilities. In the health care portfolio R&D developed a unique product - Dabur Baby Olive Oil, which is olive oil enriched with four herbs viz. almond, neem, chandan and tulsi.

APIs like Irinotecan Hydrochloride, Vinorelbine Tartrate, Fexofenadine Hydrochloride, Disodium Pamidronate and Amifostine were developed in-house and launched.

### Human Resources and Industrial Resolutions

Human Resource Development was a thrust area during the year and several initiatives were taken for training & development, capability enhancement and streamlining the manpower. The major ones include training in Thomas Profiling system for HR Department, training at Kalyani facility on GMP and safety, training at Baddi facility on planning engine module of Baan ERP and several programmes on leadership and motivation conducted across various departments. The manpower strength of the company as on 31<sup>st</sup> March, 2002 was 2130. Cordial relations were maintained among workmen and employees at all levels and in all locations.



The focus in HR division is on developing a performance culture with high standards of efficiency and innovation and the performance evaluation systems have been streamlined for the same.

### Internal Controls & Their Adequacy

The Company has always followed a strong internal audit and controls programme. In continuation of this, the company strengthened its Internal Audit Programmes at C&FA level. Three new processes were implemented for C&FA's viz. Revised Audit Programme, Control Self-Assessment Programme and Revised Stock Verification Programme. These programmes have been successfully implemented at all C&FA locations.

Earlier internal audit at head office was being conducted by Price Waterhouse whereas the internal audit at branches was handled by local internal audit firms. Now Price Waterhouse has been appointed as internal auditors for the entire company and its subsidiaries. This will ensure uniformity and strengthen the internal audit programme of the Company.

### In Active Collaboration with Nature

Dabur is dedicated to contributing to environment and nature through its work in the area of agro-biotechnology and tissue culture.

The Agrobiotechnology division of Dabur Research carries on R&D work in agro-horti-forestry system under which modern and result-oriented techniques are being evolved for cultivation of medicinal plants, which are then made available to farmers and cultivators.

**Dabur is dedicated to contributing to environment and nature through its work in the area of agro-biotechnology and tissue culture.**

The Plant For Life project started few years back is now in full swing. Four million plants of different categories listed in the red data book, which includes rare & endangered plants, have been produced and distributed for contract cultivation to various farming and tribal communities. This includes plants such as Riwanchini, Kutki, Himalayan Yew, Chirata, Jatamansi, Kuth. In addition, about half a million plants of different germplasm of many varieties like arjun, bahera, harad, neem, bael, ashok, etc. are produced, maintained and screened by the division. The division is also converting barren and infertile land into fertile and useful agricultural land by applying modern agro-scientific knowledge.



Under one of the projects undertaken for increasing availability of Long Pipali, the protocol of Long Pipali has been developed and transferred to commercial Tissue Culture Laboratory for mass production of five million plants. An area covering 200 acre has been identified in three southern states for contract cultivation of Long Pipali which will be taken up to 6000 acres in a phased manner.

### Dabur Nepal Private Limited

Nepal is one of the major manufacturing location for Dabur products sold in India and Nepal. Dabur Nepal Private Limited won the Best Exporter Award in Nepal for the year 2000. The turnover of the company increased by 19.53% to Rs.158.5 crore and the Net Profit increased by 30.45% to Rs.10.5 crore. The profitability improved significantly because of lower financial cost and administrative & selling expenses.



The company is implementing medicinal plant projects, which have made good progress. Under these projects satellite nursery centers were established at various high altitude regions like Marpha, Manang, Jumla etc. and outgrower plantations of different medicinal plants like Taxus, Kuth, Padmachal, Akarkara, Chiraito have been developed. The company has established protocols for successful cultivation of various medicinal plants

through contract farming in Nepal.

The company completed installation of 200 ml Fruit Juice line for Slim-line Pack of Real Fruit Juices, which have been launched. The new pack is a contemporary pack and is expected to provide a marketing edge to the Company.

### Dabur Foods Limited

This 100% subsidiary engaged in marketing of natural fruit juices and ethnic cooking pastes, recorded impressive sales growth of 44% to reach a turnover of Rs.53.28 Crore. The company achieved cash break even during the year. After writing off deferred adpro of Rs.1.15 Crore, the net loss for the year was Rs.1.11 Crore.



The flagship brand Real Fruit Juice further consolidated its leadership position in fruit juice market with the launch of Real Activ - a range of unsweetened juices – in two variants, Orange and Apple. Real Fruit Juice also added Red Grapes and Guava juice to its range, which already has Orange, Mango, Mixed Fruit and Tomato.

### Dabur Oncology Plc.

The 100% subsidiary which has set up modern cytotoxic facilities for anti cancer formulations in UK crossed its first major landmark by getting manufacturing approvals for its plant from Medicines Control Agency (MCA) of UK. The plant made its first dispatch of trial production to National Health Scheme of UK. This facility will facilitate Dabur's entry into developed markets like UK, USA and Europe.



### Risk and Concerns

As per the Retail Store Audit conducted by Brand Protection Committee(BPC) of FICCI counterfeit products take away a significant portion of the sales of the leading brands of most FMCG companies including Dabur. This is an area of concern. Your company has been making several efforts to counter this menace. Packaging changes to make the products more contemporary and difficult to copy are one way of countering this menace. Packaging upgradation is a continuous process at Dabur and introduction of Dabur Honey in a sleek square glass bottle was one such initiative taken during the year. Dabur continues to fight this battle by promoting the efforts of BPC as well as conducting raids and investigations on its own.

**The initiatives taken for cost control and efficiency enhancement are expected to lead to all round growth and consolidation in all segments of the business.**

Besides this, any further downtrend in the industry can impact the Company's business. Rural demand plays a significant role in performance of the FMCG sector. Any adverse development affecting rural areas can depress demand for the Company's products in the short run. However the Company has shown resilience in facing such challenges in the past and the impact of adverse events has been temporary, if any.

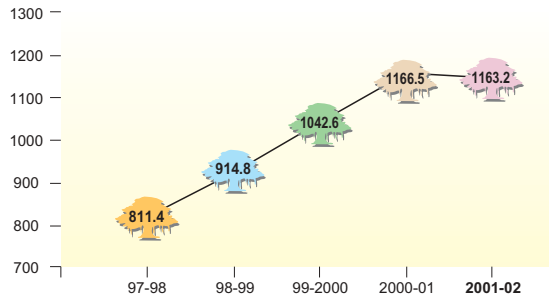
### Outlook

There are early signals of improving market conditions in the FMCG sector. We hope that these will continue throughout the year but we are not basing our business projections and strategy on a significant economic recovery. The Company has put in place several initiatives for cost control and efficiency enhancement which are expected to lead to all round growth and consolidation in all segments of the business.

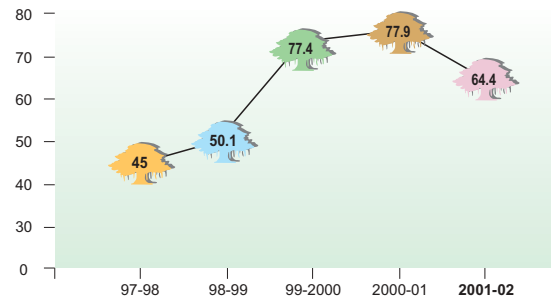


# DABUR INDIA LIMITED : PERFORMANCE AT A GLANCE

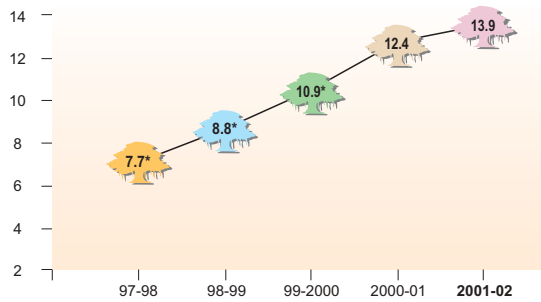
**Sales (Rs. crore)**



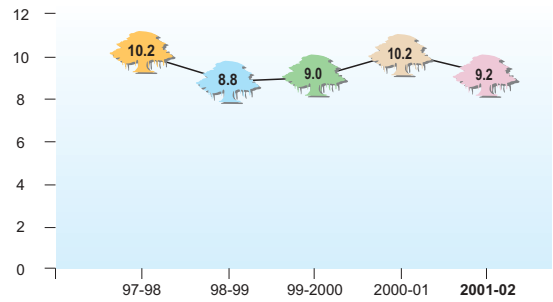
**Profit After Tax (Rs. crore)**



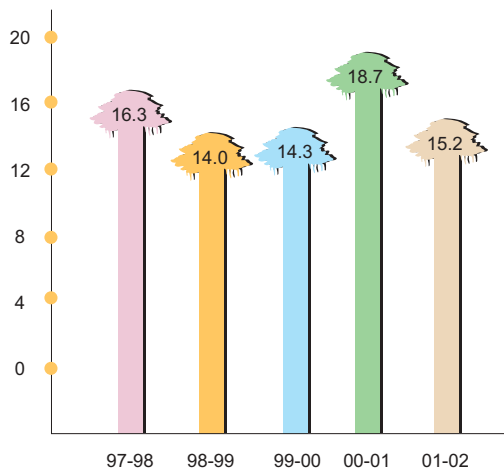
**Book Value Per Share (Rs.)**



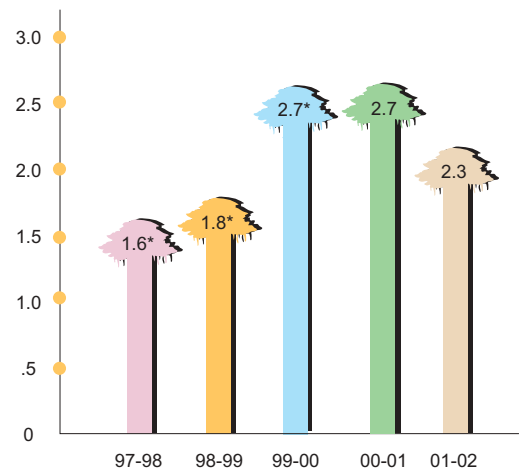
**Operating Margin (%)**



**Return on Capital Employed (%)**



**Basic Earnings Per Share (Rs.)**



\* Re Calculated on face value of Re.1 per share for comparison purpose





Vinorelbine – A chemotherapeutic agent used in treatment of breast cancer and non-small cell lung cancer and Bleomycin - A chemotherapeutic agent for many types of cancer. The **Phytotech** range consisting of the herbal formulations such as Liv Fit, Honitus and Ulgel performed well during the year and another addition to this range was **Artrex** which is a herbal formulation for Rheumatoid and Osteoarthritis. This drug was acquired from a Bio Ved a company engaged in research of herbal and Ayurvedic medicines.

The Pharma exports business grew at 1.8%, the growth drivers in the business being the oncology formulations exports. Many new product registrations have been made in countries such as Philippines, Malaysia, Thailand, Jordan, Peru, Belarus, Ukraine, Costa Rica, Mexico, Colombia, Barbados, Sri Lanka, Trinidad & Tobago continuing the division's foray into the global oncology market.

### Ayurvedic Specialities

Sales turnover from Ayurvedic Specialities recorded a decline of 18% during the year. The main reason was a major pipeline correction to reduce the inventory at the distributors' end. As the division had launched some OTC products like Isabgol, Shankhpushpi Syrup, New Ring Ring etc. the focus on ethical range got diluted during the year. This has been corrected now with renewed focus on the core Ayurvedic products to be sold through ethical route. The OTC products will be promoted through Health Care Products Division. Some of the new Ayurvedic ethical products launched during the year were Dabur Tarkeshwar Ras, Dabur Prabhakar Vati, Dabur Laksha Guggulu, Dabur Panchatikta Ghrit, Dabur Ras Manikya, Dabur Pushpdhanwa Ras, Dabur Sheetbhanji Ras etc.

### OPERATIONS

#### R&D facilities

Dabur Research Foundation (DRF) continued its support to the company and provided a sustainable competitive advantage by making available its research & development facilities.

A strong national collaboration network comprising of renowned scientists from CSIR laboratory, universities, DRDOs and other autonomous institutes has been set up which provides strong scientific and infrastructure inputs besides monetary support to the Oncology and Biotechnology R & D.

The first anticancer molecule, DRF7295, developed by Dabur Oncology is in Phase I human clinical trials in India. A novel drug delivery system with reduced toxicity and a better therapeutic efficacy has been developed for a leading anti cancer molecule. Preclinical studies on this novel formulation have been completed and clinical trials are expected to start shortly. A pipeline of potential therapeutic and diagnostic molecules has been generated which are at different stages of development.

The up-gradation of manufacturing processes and procedures for classical ayurvedic as well as proprietary products was carried out during the year.

DRF also focused on herbal pharmaceutical products in the Phytotech range and herbal healthcare products in the health care product division.

#### Production

During the year several initiatives were taken on the production front focusing on consolidation of manufacturing bases, reduction in wastage, improving capacity utilization, improving manpower productivity and enhancing the packaging quality. Some of the initiatives taken in this direction include energy saving on DG sets by Centrifugal Oil Cleaner, upgradation of manufacturing process of Asavs and Honey at Narendrapur plant, upgradation of Dabur Chyawanprash and Pharma plants at Baddi to high GMP standards and upgradation of Honey processing facilities to changeover to the new packaging.

### CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the year 2001-02. From the Consolidated Profit and Loss Accounts, it may be observed that the net profit after tax for the group at Rs. 68.63 crores is higher by Rs. 4.19 crores as compared to net profit after tax of Rs. 64.44 crores for the Company.

### INTERNAL CONTROL SYSTEM

Your Company's internal control system were comprising of audit and compliance by in-house Internal Audit Division supplemented by internal audit checks carried out by about 20 local independent Chartered Accountants firms under the overall guidance and control of Price Waterhouse, the internal auditors. Now Price Waterhouse have been appointed as the overall Internal Auditors and they will be handling internal audit for all locations and subdivisions. 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 function is ensured by a direct reporting of Internal Audit Division to the Audit Committee of the Board.

### FIXED DEPOSITS

All the Fixed deposits were prematurely repaid by the Company on 28<sup>th</sup> February, 2002. Deposits from 171 depositors aggregating Rs. 39.28 lacs (including interest accrued and due Rs. 5.84 lacs) have remained unclaimed as on 31<sup>st</sup> March, 2002.

### SUBSIDIARIES

The audited accounts together with Directors' Report, Auditors' Report and particulars as required under Section 212 of the Companies Act, 1956 in respect of the subsidiary companies are appended.

### 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.

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

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in Form A & B respectively, are attached herewith and form part of this report.

### EMPLOYEES STOCK OPTION PLAN

During the year 5,01,196 Options in two tranches were granted to eligible employees of the Company in terms of Employees Stock Option Plan (Dabur ESOP 2000). Out of this 75,017 Options were cancelled due to separation of employment of the eligible employees with the Company. 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 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 appended and form part of the Directors Report. However, as per provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 the Annual Report is being sent to all shareholders of the Company excluding the aforesaid information. The said document shall be available for inspection at the registered office of the Company during working hours w.e.f. 1<sup>st</sup> August 2002 till 5<sup>th</sup> September, 2002. However, any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### DIRECTORS

The Board suffered an unfortunate loss of Mr G C Burman who died of heart attack on 7<sup>th</sup> September, 2001. The Board places on record its heartiest condolences.

Due to restructuring of the Board Mr A C Burman, Mr Sidharth Burman, Air Chief Marshal N C Suri (Retd), Mr Ashok Goenka, Mr S M Datta and Raja Vijay Karan resigned as its members and Mr V C Burman resigned from the Whole-time Directorship of the Company. Mr Amit Burman was inducted as an additional director and also as whole time director of the Company. Mr Pradip Burman, who was a non-executive member of the Board, has also been appointed as whole time director.

The Board places on record its gratitude for the services rendered by directors during their tenure as member of the Board.

At the ensuing Annual General Meeting Mr V C Burman and Mr Uday S Kotak 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.

### 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.

### CORPORATE GOVERNANCE

Your Company has over the years been committed to good Corporate Governance practices. Your Company's Compliance report on Corporate Governance and the certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are attached and form part of this report.

### AUDITORS

M/s G. Basu & Company, Chartered Accountants, New Delhi, Statutory Auditors, M/s Bansal & Company Branch Auditors of Alwar Branch, M/s Waring & Partners, Branch Auditors of London Branch and M/s B D O Patel & Co. Branch Auditors of Jabel Ali, Dubai Branch of the Company retires at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for reappointment as statutory auditors & Branch Auditors respectively.

### COST AUDIT

M/s Ramanath Iyer & Company, Cost Accountants were appointed 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 2002-03.



## ENVIRONMENT & POLLUTION CONTROL

The company's plan is necessarily based on consideration of resource conservation and pollution abatement, which are enumerated as under :

### Liquid Effluents

1. Effluents from the factory plants are treated well; to match with the standards as prescribed by the Central/ State Water Pollution Control Boards.
2. Soil permeability are made prior to effluents being discharged into holding tanks for impoundment's and steps taken to prevent percolation and ground water contamination.
3. Special precautions are taken regarding flight patterns of birds in the area. Effluents containing toxic compounds, oil and grease have been known to cause death of migratory birds. Location of plants should be prohibited in such type of sensitive areas.
4. Deep well burial of toxic effluents is resorted to as it can result in re - surfacing and ground water contamination. Re - surfacing has been known to cause extensive damage to crop and live stocks.
5. In all cases, efforts are made for reutilisation of water and its conservation.

### Air Pollution

1. The emission levels of pollutants from the different stacks are conforming to the pollution control standards, as prescribed by the Central/ State Boards.
2. Adequate control equipment is installed for minimizing the emission of pollution from the various stacks.
3. In - plant control measures are taken to contain the fugitive emissions.
4. Infrastructure facilities are provided for monitoring the stack emissions and measuring the ambient quality including micro - meteorological data (wherever required) in the plant area.

### Enhancement of greenery cover

Company has a dedicated policy of promoting sustainable growth of herbal-based plantations in different climatic zones of the country by its Agro-biotechnology Division through developing satellite Nurseries for developing saplings for distribution to the farmers & interested parties including technical know how for the same.

Company has an ongoing policy to develop wastelands into fertile areas. Already about 500 Acres of such land is transformed to good cultivable areas, 1000 acres development is under future plans.

## HUMAN RESOURCE DEVELOPMENT

Dabur has always been committed to growth and development of its people. The company strongly believes that the employees are the real assets and are instrumental in providing the cutting edge viz-a-viz the competition. The past year has seen a lot of turbulence in the economy and the only means of countering the challenges is through multi- skilling our people and empowering them.

The Financial Year 2001-02 was a very important year for Dabur from the Human Resource perspective. Continuous endeavours were made in terms of new initiatives in HR inputs to the organization and further honing the existing HR practices and systems.

The company is also working towards improving manpower efficiency and productivity and controlling manpower costs through optimization of resources.

### Training & Development

Programs were conducted on various functional and behavioral topics including Leadership, mentoring, counseling etc. Besides such programmes regular training was provided to employees on Good Manufacturing Practices and improving Quality. Dabur also supports one of the most rigorous training programmes in the industry i.e. the 1-year long **Management Trainee program** for trainees in the field of Sales & Marketing, CSCC, CPPD and Operations. The programme aims at creating all-round future managers at Dabur.

Select members from the HR team were trained in the internationally renowned **Thomas Profiling System**, which is a scientific approach and tool used in recruitment, training & development, career progression, succession planning and other HR developmental initiatives.

### Industrial Relations

The industrial relation scenario throughout the company has been peaceful and we have not lost a single man-day in any of our manufacturing operations.

## ACKNOWLEDGEMENTS

Your Directors place on record their gratitude to the Central Government, State Governments, Financial Institutions and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. For the continuing support of Investors, Dealers, Business Associates and Employees at all levels for their unstinting efforts in ensuring an excellent all around operational performance despite an otherwise difficult economic environment, your directors also wish to place on records their sincere thanks and appreciation.

For and on behalf of the Board

New Delhi  
11<sup>th</sup> June, 2002

(V C BURMAN)  
CHAIRMAN

## Annexure to Directors' Report

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

		D A B U R I N D I A L I M I T E D						
1	Name of the Subsidiary	Dabur Nepal Pvt. Ltd.	Dabur Foods Ltd	Dabur Overseas Ltd.	Dabur Egypt Ltd.*	Dabur Finance Ltd.	Dabur Oncology Plc.	
2	Holding Company's Interest	6,38,520 Equity Shares of Nepalese Rs. 100 Each fully Paid Up	1,00,00,000 Equity Shares of Rs. 10 Each fully Paid Up	50,000 Equity Shares of US \$ 10 Each fully Paid Up	–	69,00,080 Equity Shares of Rs. 10 Each fully Paid Up	11,14,00,000 Equity Shares of Pens Sterling 1 Each fully Paid Up	
3	Extent of Holding	79.96%	100%	100%	–	100%	100%	
4	Subsidiary Financial Year ended on	31st March 2002	31st March 2002	31st March 2002	31st March 2002	31st March 2002	31st March 2002	
5	Net aggregate amount of subsidiaries Profit/(Loss) not dealt within the holding company's accounts :							
	(i) For the financial Year of the subsidiaries	Napalese Rs. 10,84,08,945	(Rs. 1,10,47,650)	US \$ 36,072	–	Rs. 43,98,302	(GB Pound 33,69,019)	
	(ii) For the previous financial year of the subsidiaries since they become the holding company's subsidiaries.	Napalese Rs. 23,12,24,260	(Rs. 20,07,49,900)	US \$ 1,06,307	–	(Rs. 2,55,01,922)	(GB Pound 13,96,839)	
6	Net aggregate amount of subsidiaries Profit/(Loss) dealt within the holding company's accounts :							
	(i) For the financial Year of the subsidiaries	Rs. 1,59,63,000	–	Rs. 35,36,000	–	–	–	
	(ii) For the previous financial year of the subsidiaries since they become the holding company's subsidiaries.	Rs. 10,78,59,392	–	Rs. 62,70,150	–	Rs. 3,01,22,906	–	

\* Subsidiary Under Section 4(1)(c)

New Delhi  
11th June, 2002

V. C. Burman  
Chairman

P.D. Narang  
Director

P.N. Vijay  
Director

Ashok Jain  
Company Secretary



## Annexure to Directors' Report

### FORM - A

#### Disclosure of particulars with respect to Conservation of Energy

##### A. Power and Fuel Consumption

	<u>2001-02</u>	<u>2000-01</u>
<b>1. Electricity</b>		
a) Purchased (Units)	<b>20854646</b>	19779827
Total amount (Rs)	<b>95096380</b>	84492959
Rate per unit	<b>4.56</b>	4.27
b) i) Own Generation:		
Through diesel generator (Units)	<b>3560620</b>	4205311
Unit per litre of diesel oil	<b>3.00</b>	3.00
Cost per unit	<b>5.39</b>	4.71
Total cost (Rs.)	<b>19190307</b>	19801435
ii) Through Steam Turbine Generator (Units)	<b>Nil</b>	Nil
Unit per litre of Fuel Oil		
Cost/Unit (Rs.)		
<b>2. Coal (specify quality and where used)</b>		
Quantity (tonnes)	<b>Nil</b>	Nil
Total cost		
Average rate per tonne (Rs)		
<b>3. Furnace Oil</b>		
Quantity (tonnes)	<b>5664.20</b>	5676.52
Total cost	<b>58782917</b>	62824929
Average rate per tonne (Rs)	<b>10377.98</b>	11067.52
<b>4. Other internal generation</b>		
<b>H S D</b>		
Quantity (Kilo ltr)	<b>285.59</b>	300.25
Total cost	<b>4607204.78</b>	4281379
Average rate per Kilo ltr (Rs)	<b>16132.23</b>	14259.48
<b>L D O</b>		
Quantity (Kilo ltr)	<b>508.14</b>	538.67
Total cost	<b>6991514.46</b>	7045939
Average rate per Kilo ltr (Rs)	<b>13759.09</b>	13080.37

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

### FORM - B

#### Disclosure of particulars with respect to Technology Absorption, Research & Development

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

Herbal and Ayurvedic Products development, Bulk Pharmaceutical substances and Formulation Development, Fruit Juices and Foods Products, Personal Care Products, Analytical Development, Clinical Experimental Research, Tissue Culture & Agro-technological Research, Oncology & Biotechnology Research, which include Screening of New Anti Cancer Drugs, New Drug Delivery Systems, Peptide research, Proteomics, Vaccine development, Peptidomimetics, Diagnostics for Cancer and Bio-informatics.

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

Development of high quality Herbal & Ayurvedic Products for both Domestic as well Export Markets, supported by Clinical Research to confirm Clinical Efficacy. New Dabur Balm was developed in advanced gel form that starts acting within few

# D A B U R I N D I A L I M I T E D

minutes. New natural herbal product osteofit under Phytotech range was developed and launched. Dabur Shankhpushpi Syrup which improve child's intelligence and learning capabilities was also developed & launched.

Formulation development, Scale-up and commercialization of Pharmaceutical products in oncology viz., Bleomycin for Injection, Amifostine for Injection 300 mg (AMIPHOS) and Ondansetron Injection USP (EMETRA); in radio-diagnostic category viz., Gadopentetate Dimeglumine Injection USP (MAGNISCAN); in branded pharma Fexofenadine Dispersible Tablets 30 mg (ALERNEX DISTAB). Other formulations developed and launched during the year include topical analgesic cream (BACK-AID).

In Personal Care Product range, Baby Olive Oil was developed and launched in highly innovative pack. Fairness cream under the brand name of Dabur Boroglow was developed and launched after several rounds of consumer studies. Dabur Chamomile natural soap, Dabur Sandalwood natural soap, Dabur Aloe vera natural soap and Dabur Neem natural soap were developed for export market.

Phytochemical investigations for the isolation, purification and characterization of Bioactive markers/chemical markers for quality standardization of raw materials and finished products. Bioactive markers isolated so far are Guggulsterones E & Z isomers, arjunic acid, andrographolide, shatavarin mixture, gymnemic acid A, chrysophanol, emodin, withanolide A, withanolide D, sitoindoside, nimbin, picroside-I, kutkoside, costuslactone, pellitorine.

### 3. Future plan of action:

To continue the R&D efforts in identifying new targets for screening of anticancer drugs, covering research leads from proteomics to cancer therapeutics, synthesizing novel amino acids, peptidomimetics and protein/peptide delivery system and in the areas listed above with a view to strengthen the technological base, develop products in new and niche areas.

### 4. Expenditure on R&D (2001 - 2002)

a) Capital	Nil
b) Recurring	Rs.1750 lacs
c) Total	Rs.1750 lacs
d) Total R&D expenditure as a percentage of Total Turnover	1.50%

## Technology Absorption, Adoption and Innovation

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

- Validation of Fruit Juices Plant at Nepal.
- Introduction of Lite Hair Oils in Personal Care Range and extension of Herbal Digestives.
- Extension of Oncology range by introduction of bulk drugs as well as finished products.
- Filing of process as well product patents with a view to consolidate intellectual property.
- Energy saving on DG sets by centrifugal oil cleaner.
- Centralisation of Hommade cooking pastes manufacturing to make a completely on line process.
- Innovative Packaging Concept
- Upgradation of manufacturing process of Asava and Honey at Narendrapur

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

- Implementation of improved formulation of Fruit Juices, Personal Care Products have resulted in uniform & high quality products and improved productivity.
- Improved hygiene condition, smooth operation, better controls high productivity and reduced conversion cost.
- Innovative packaging provided different appearance and modern look to products and Flip Top Cap ensured ease in dispensing.

### 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:

Not applicable

## Foreign exchange Earnings & Outgo:

During the year Foreign Exchange Earnings were Rs.6256.88 lacs and Foreign Exchange Outgo was Rs.3390.69 lacs.



## Annexure to Directors' Report

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, 2002.

		For the Year	Cumulative	
1. Number of Options issued under ESOP	:	501196	677327	
2. Pricing formula	:	Each option carries the right to the holder to apply for equity shares of the company at par.		
3. Options vested	:	37869	37869	
4. Options exercised	:	37869	37869	
5. Total number of shares arising as a result of exercise of option	:	378690	378690	
6. Options lapsed/ cancelled	:	190997	191397	
7. Variation in terms of options	:	None	None	
8. Money realized by exercise of options	:	Rs.3,78,690/-	Rs.3,78,690/-	
9. Total number of options in force	:	448061	448061	
10. Employee-wise details of options granted during the year to:				
i. Senior managerial personnel	:			
		Mr Ninu Khanna	Chief Executive Officer	188366
		Mr P D Narang	Director-Comm. & Corp.Affairs	99334
		Mr Sunil Duggal	Director-Sales & Mktg.	52496
		Mr Charanjit Mohan	V P-Operations	16500
		Dr Z M D'souza	General Manager-QA	4000
		Mr G Kashinath	Head - CSCC	6000
		Mr Shyam Sundar	General Manager-S&M	6000
		Mr Rajiv Garg	General Manager-Projects	4000
		Mr Ajay Kumar Vij	General Manager-Exports	6000
		Mr Mahatam Rai	General Manager-Operations	4000
		Mr JP GhoseDastidar	General Manager-Kolkata	4000
		Dr P S Srinivasan	General Manager-Chemicals	4000
		Mr Ashok Dasgupta	General Manager - Baddi	4000
		Mr Rajan Varma	Chief Financial Officer	6000
		Mr Gopal Shukla	Chief Information Officer	6000
		Mr Devender Garg	General Manager-S&M	4500
		Mr DevenderKhurana	General Manager-Exports	4000
		Mr Sunil Gulati	General Manager-S&M	2500
ii. Employees who received the options amounting to 5% or more of options granted during the year	:	Mr Ninu Khanna	Chief Executive Officer	188366
		Mr P D Narang	Director - Comm. & Corp.Affairs	99334
		Mr Sunil Duggal	Director - Sales & Mktg.	52496
iii. Employees who received the options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant:	:	None		
11. Diluted earning per share (EPS) pursuant to issuance of options under ESOP	:	Rs.2.25		

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Corporate Governance is the implementation of best corporate practices which enhance shareholder value in the long run at the same time protecting the interests of other stakeholders.

Fairness in striking deals, transparency in finalizing transactions and accountability for every act is the baseline for Corporate Governance. Realizing the importance of good governance, your company has been walking the road of good governance smoothly much before the code was framed and intends to continue and go well beyond it.

At Dabur, the thrust is on maintaining the confidence reposed on us by all interested groups: whether shareholders, customers, employees, associates or the State.

Our aim has always been to emerge out as a path-setter in whatever we do, which others can follow.

This report besides being in compliance with the Listing Agreement offers an insight into the process of functioning of the company.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy of corporate governance at Dabur is centered around the following aspects:

- ✓ Role of the Board of Directors in effective governance and overseeing critical aspects.
- ✓ Respecting the views of minority shareholders and protecting their interests.
- ✓ Having a fair and transparent decision-making and reporting system.
- ✓ Fullest and sincerest commitment of the Management and the Board to the maximization of shareholder value in the long run.
- ✓ Customer satisfaction through best quality at lowest price.
- ✓ Providing opportunities for career development & career advancement to all the employees of the company.

### 2. BOARD OF DIRECTORS

The Board at Dabur is in conformity with the Code of Corporate Governance. The Board was restructured during the year by reducing its size from 18 to 10. The restructured Board consists of four promoter directors (of whom one is non-executive), two non-promoter executive directors and four independent directors. The Chairman of the Board is a non-executive director. All the members including Non-executive Directors are professionally competent and distinguished personalities in their field of interest.

#### Board Meetings

Board of Directors met 7 times during the period under review. The maximum gap between two meetings was less than 4 months. Agenda papers for the Board Meetings were circulated to the members well in advance of each meeting. The Directors, including the Non-executive Directors, actively participated in the lengthy deliberations of the Board.

Details of Board Meetings held during the year 2001-02:

Date	15 <sup>th</sup> May, 2001	1 <sup>st</sup> June, 2001	26 <sup>th</sup> July, 2001	18 <sup>th</sup> Sept., 2001	27 <sup>th</sup> Nov., 2001	22 <sup>nd</sup> Jan., 2002	4 <sup>th</sup> March, 2002
Board Strength	15	18	18	17	17	16	16
No. of Directors Present	5	16	10	13	13	12	7

The attendance record of participating Directors at the Board Meetings and Annual General Meeting (AGM) between April 1, 2001 and March 31, 2002 is given below:

Name of the Director	Category ❖	Attendance Particulars			No. of other directorships and committee membership/chairmanships		
		Number of Board Meetings		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
V C Burman	PD / NED	7	5	Yes	4	2	None
Pradip Burman	PD / ED	7	6	Yes	4	2	None
Dr Anand Burman	PD / ED	7	3	Yes	3	None	None
Amit Burman ❖	PD / ED	3	3	NA	3	1	None
P D Narang	NPD / ED	7	7	Yes	6	2	1
Sunil Duggal	NPD / ED	7	5	Yes	1	None	None
Uday S Kotak	ID	7	1	No	12	1	4
HH Mah. Gaj Singh	ID	7	2	No	4	None	None
P N Vijay *	ID	6	6	Yes	4	3	4
Ajay Bahl *	ID	6	2	Yes	2	None	2
A C Burman ❖	NA	7	6	Yes	NA	NA	NA
G C Burman ❖	NA	3	3	NA	NA	NA	NA
Sidharth Burman❖	NA	7	6	Yes	NA	NA	NA
Ninu Khanna ☆	NA	5	5	Yes	NA	NA	NA
Air Chief Marshal N C Suri (Retd)❖	NA	7	3	No	NA	NA	NA
S M Datta❖	NA	7	5	Yes	NA	NA	NA
Ashok Goenka❖	NA	7	3	Yes	NA	NA	NA
Raja Vijay Karan❖	NA	7	1	No	NA	NA	NA
Dr A M Singhvi ❖	NA	3	1	No	NA	NA	NA

❖ PD – Promoter Director; NPD – Non-Promoter Director; ED – Executive Director; NED – Non-Executive Director; ID – Independent Director; NA – Not Applicable

❖ ceased to be directors w.e.f. 1<sup>st</sup> April, 2002

❖ appointed as director w.e.f. 1<sup>st</sup> November, 2001

\* appointed as directors w.e.f. 15<sup>th</sup> May, 2001

❖ expired on 7<sup>th</sup> September, 2001

☆ ceased to be director w.e.f. 22<sup>nd</sup> January, 2002

❖ appointed as director w.e.f. 15<sup>th</sup> May, 2001 and ceased to be director w.e.f. 21<sup>st</sup> September, 2001



None of the directors are members of more than ten committees of Board nor are they chairman of more than five committees in which they are members.

Apart from receiving directors remuneration, independent directors do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect independence of judgement of the director.

### 3. BOARD COMMITTEES

To comply with the Listing Agreement and recommendations of the Kumar Mangalam Birla Committee Report, Dabur constituted new committees. They comprise of Dabur's top management and Independent Non-Executive Directors. They ensured high standards of Corporate Governance in every sphere.

#### Dabur's Corporate Governance Committees

- Audit Committee
- Remuneration Committee
- Compensation Committee
- Nomination Committee
- Shareholders/Investors Grievance & Share Transfer Committee

#### a. Audit Committee

Meetings and attendance between April 1, 2001 to March 31, 2002

Name of Members	Status	No. of Meetings	
		Held	Attended
Mr. Ajay Bahl ❖	Chairman	4	2
Mr. Pradip Burman	Member	4	4
Mr. Sidharth Burman ☆	Member	4	4
Mr. P N Vijay ❖	Member	4	4
Raja Vijay Karan ☆	Member	4	1
Air Chief Marshal N C Suri (Retd) ☆	Chairman	4	2
Mr. S M Datta ❖	Member	—	—
Mr. Amit Burman ❖	Member	—	—

❖ admitted as member w.e.f. 15<sup>th</sup> May, 2001

⊙ ceased to be member w.e.f. 15<sup>th</sup> May, 2001

❖ admitted as member w.e.f. 1<sup>st</sup> April, 2002

☆ ceased to be members w.e.f. 1<sup>st</sup> April, 2002

Functions:

- ✓ 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 the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- ✓ Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- ✓ Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- ✓ Reviewing the adequacy of internal audit function, 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 external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- ✓ Reviewing the company's financial and risk management policies.
- ✓ 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.

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## b. Remuneration Committee

Meetings and attendance between April 1, 2001 to March 31, 2002

Name of Members	Status	No. of Meetings	
		Held	Attended
Air Chief Marshal N C Suri (Retd) ✧	Member	2	–
Raja Vijay Karan ✧	Member	2	2
Mr. Ashok Goenka ✧	Member	2	1
Mr. Sidharth Burman ✧	Member	2	1
Mr. V. C. Burman *	Member	–	–
Mr. Ajay Bahl *	Chairman	–	–
Mr. Pradip Burman*	Member	–	–

✧ ceased to be members w.e.f. 1<sup>st</sup> April, 2002

\* appointed as members w.e.f. 1<sup>st</sup> April, 2002

Functions:

- ✓ To frame & implement 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.
- ✓ To consider, approve and recommend to the Board the changes in designation, increase in salary of the Executive Directors.
- ✓ To ensure that remuneration policy is good enough to attract, retain and motivate the directors.
- ✓ To bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

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 in consonance with the existing industry practice.

### Details of remuneration paid to Directors during 2001-02

(Amount in Rupees)

Name of the Directors	Sitting Fee	Salary & Perquisites	Commission	Pension	Performance Linked Incentive	Stock Option	Notice Period (months)
V C Burman	-	77,80,791	13,86,666	6,14,177	-	-	Three
Pradip Burman	15,000	33,70,335	-	2,93,750	-	-	Three
Dr Anand Burman	-	86,22,470	-	-	-	-	Three
Amit Burman	-	12,20,613	-	90,000	-	-	Three
P D Narang	-	58,59,999	-	4,01,062	2,44,000	32,77,013	Three
Sunil Duggal	-	52,44,370	-	2,51,269	2,55,330	21,40,728	Three
Uday S Kotak	5,000	-	-	-	-	-	-
HH Mah. Gaj Singh	10,000	-	-	-	-	-	-
P N Vijay	30,000	-	-	-	-	-	-
Ajay Bahl	10,000	-	-	-	-	-	-
A C Burman	-	77,15,020	16,53,333	6,14,177	-	-	Three
G C Burman	-	25,48,139	9,10,000	1,96,250	-	-	Three
Sidharth Burman	30,000	-	-	-	-	-	-
Ninu Khanna	-	44,87,519	-	4,05,000	15,57,500	79,57,203	Three
Air Chief Marshal N C Suri (Retd)	15,000	-	-	-	-	-	-
S M Datta	25,000	-	12,00,000	-	-	-	-
Ashok Goenka	15,000	-	-	-	-	-	-
Raja Vijay Karan	5,000	-	-	-	-	-	-
Dr A M Singhvi	5,000	-	-	-	-	-	-
<b>Total</b>	<b>1,65,000</b>	<b>4,68,49,256</b>	<b>51,49,999</b>	<b>28,65,685</b>	<b>20,56,830</b>	<b>1,33,74,944</b>	

Pursuant to the approval of shareholders in their annual general meeting held on 9<sup>th</sup> September, 1998 and subsequently on 18<sup>th</sup> September, 2001, in addition to above remuneration, Mr. A C Burman, Mr V C Burman, Mr G C Burman, Dr Anand Burman, Mr Pradip Burman and Mr P D Narang are entitled to the severance fee as and when they cease to be directors of the Company.

## c. Compensation Committee

Meetings and attendance between April 1, 2001 to March 31, 2002

Name of Members	Status	No. of Meetings	
		Held	Attended
Air Chief Marshal N C Suri (Retd) ✧	Member	4	2
Mr. Ninu Khanna ★	Member	3	2
Mr. P D Narang	Member	4	3
Raja Vijay Karan ✧	Member	4	2
Mr. Ashok Goenka ✧	Member	4	3
Mr. V C Burman ✧	Member	–	–
Mr. Pradip Burman ✧	Member	–	–
Mr. P N Vijay ✧	Member	–	–

✧ ceased to be members w.e.f. 1<sup>st</sup> April, 2002

◇ admitted as members w.e.f. 1<sup>st</sup> April, 2002

★ ceased to be member w.e.f. 22<sup>nd</sup> January, 2002



Functions:

- ✓ 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 make/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 followings:
  - The quantum of options to be granted under the Scheme per employee and in aggregate;
  - The Vesting Period;
  - The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - The 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;
  - The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - The 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;
  - The 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;
  - The grant, vest and exercise of option in case of employees who are on long leave;
  - The procedure for cashless exercise of options;
  - The Forfeiture/cancellation of Options granted;
  - To take all other steps incidental to the implementation of ESOS.
- ✓ To issue grant/award letters;
- ✓ To allot shares upon exercise of vested options.

**d. Nomination Committee**

Meetings and attendance between April 1, 2001 to March 31, 2002

Name of Members	Status	No. of Meetings	
		Held	Attended
Mr. V C Burman	Member	2	2
Mr. G C Burman ✦	Member	1	1
Air Chief Marshal N C Suri (Retd) ☉	Member	2	–
Mr. S M Datta ☉	Member	2	–
Mr. Ashok Goenka ☉	Member	2	1
Mr. Pradip Burman ✦	Member	–	–

✦ expired on 7<sup>th</sup> September, 2001

☉ ceased to be members w.e.f. 1<sup>st</sup> April, 2002

✦ admitted as member w.e.f. 1<sup>st</sup> April, 2002

Functions:

- ✓ To identify and recommend the 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 appointment as Board member.
- ✓ To decide the remuneration of Consultants engaged by the Committee.

**e. Shareholders/Investors Grievance & Share Transfer Committee**

Meetings and attendance between April 1, 2001 to March 31, 2002

Name of Members	Status	No. of Meetings	
		Held	Attended
Air Chief Marshal N C Suri (Retd) ✦	Chairman	23	11
Mr. V C Burman	Member	23	23
Mr. A C Burman ✦	Member	23	23
Mr. P D Narang	Member	23	23
Raja Vijay Karan ✦	Member	23	–
Mr. P N Vijay ☐	Chairman	–	–

✦ ceased to be members w.e.f. 1<sup>st</sup> April, 2002

☐ admitted as member w.e.f. 1<sup>st</sup> April, 2002

Compliance Officer of the Company: Mr. Ashok Jain

Functions:

Empowered to perform all the functions of the Board in relation to Share Transfer/Transmission & allied matters and handling of Shareholders Grievances and more specifically for the following purposes:

- ✓ Transfer/Transmission of Shares/Debentures.
- ✓ Split-up/Sub-division and Consolidation of shares, debentures, letters of rights, renewals, letters of allotment, call notices.

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- ✓ Issue of new and duplicate share/debentures certificates.
- ✓ Registration of Power of Attorneys, Probate Letters of transmission or similar other documents.
- ✓ Grant extension of time for making allotment/First Call/Second and Final Call Payments.
- ✓ To open/close Bank Account(s) of the Company for depositing share/debenture application, allotment and call monies, authorise operation of such account(s) and issue instructions to the Bank from time to time in this regard.
- ✓ To look into the redressing of shareholder 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 hereinbefore specifically provided for.

An analysis of Queries and Grievances received and attended by the company during the year 2001-02 is stated below:

Nature of Complaint	Pending as on 01.04.2001	Received during the year	Answered during the year	Pending as on 31.03.2002
1. Transfer / Transmission / Duplicate	2	12	14	–
2. Non-receipt of Dividend	27	155	182	–
3. Dematerialisation /Rematerialisation of shares	8	48	56	–
4. Non-receipt of Annual Report / Request for Annual Report	10	263	273	–
5. Complaints received from:				
- Securities and Exchange Board of India	–	29	29	–
- Stock Exchanges	–	9	9	–
- Registrar of Companies/ Department of Company Affairs	–	1	1	–
6. Others	16	55	71	–
Total	63	572	635	–

The complaints received this year are below 50% in comparison to 1342 complaints received last year.

## 4. GENERAL BODY MEETINGS

Location and time of the last 4 General Meetings

Financial Year	Category ✦	Location of the meeting	Date	Time
1998-1999	AGM	Air Force Auditorium, Subroto Park, New Delhi – 110 010	September 9, 1999	11.00 AM
1999-2000	AGM	Same as above	September 13, 2000	11.00 AM
2000-2001	EGM	Same as above	March 13, 2001	11.00 AM
2000-2001	AGM	Same as above	September 18, 2001	11.00 AM

✦ AGM - Annual General Meeting, EGM - Extraordinary General Meeting

There were no special resolutions passed by the Company through postal ballot at any of the above meetings. The Company has already amended its Articles of Association to incorporate enabling provisions for ascertaining the vote of shareholders through postal ballot and shall comply with the requirements relating to postal ballot as and when the prescribed resolutions are taken up.

## 5. DISCLOSURE

- a. 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.**

Significant related party transactions have been disclosed in Note No.B12 in Schedule P annexed to and forming part of the Accounts for the year ended 31<sup>st</sup> March, 2002.

- b. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The company has complied with all the requirements of regulatory authorities and no penalties/stricture were imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

## 6. MEANS OF COMMUNICATION

### Half-yearly results:

Half-yearly declaration of financial information for the first half year ended 30<sup>th</sup> September, 2001 was sent to the households of all shareholders of the Company. The Company initiated the process during 2001-02 and intends to continue this process even in future. In addition, the results were also intimated through the Company's website [www.dabur.com](http://www.dabur.com).

### Quarterly results:

The Quarterly Results alongwith the Notes are normally published in Delhi & Mumbai editions of the Economic Times & Navbharat Times within 48 hours of approval by the Board. These are also displayed on the Company's website [www.dabur.com](http://www.dabur.com).



**Website:**

Quarterly results of the company are also displayed on the Company's website [www.dabur.com](http://www.dabur.com). It also displays official news releases and presentations made to institutional investors and to the analysts.

**Management Discussion and Analysis Report:**

A detailed Management Discussion and Analysis Report which forms part of this report is appended separately. The company has been following the practice of providing the report since the financial year 1999-2000.

**7. GENERAL SHAREHOLDER INFORMATION**

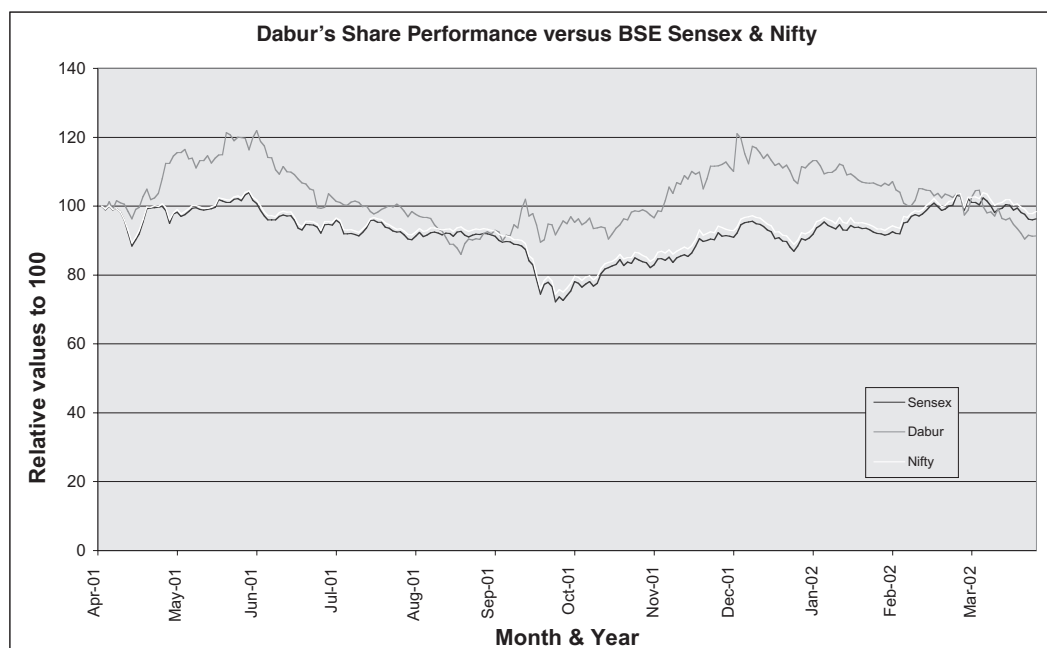
<b>Registered Office</b>	8/3, Asaf Ali Road, New Delhi – 110002 ☎ 011- 3253488; Fax: 011 – 3276739
<b>Annual General Meeting</b>	
• Date & Time	5 <sup>th</sup> September, 2002 at 11.00 AM
• Venue	Air Force Auditorium, Subroto Park, New Delhi – 110 010
<b>Financial Calendar</b>	
• 1 <sup>st</sup> Quarter Financial Results	30 <sup>th</sup> July, 2002
• 2 <sup>nd</sup> Quarter Financial Results	End October, 2002
• 3 <sup>rd</sup> Quarter Financial Results	End January, 2003
• 4 <sup>th</sup> Quarter Financial Results	End April, 2003
• Finalization of Accounts for the financial year 2002-03	May, 2003
• Annual General Meeting for the financial year 2002-03	September, 2003
<b>Date of Book Closure</b>	17 <sup>th</sup> August, 2002 to 5 <sup>th</sup> September, 2002 (both days inclusive)
<b>Dividend Payment Date</b>	19 <sup>th</sup> December, 2001 for interim dividend of Re.0.50 per equity share
<b>Listing on Stock Exchanges</b>	The equity shares of the company are listed on Stock Exchanges at Ahmedabad, Bangalore, Calcutta, Delhi, Jaipur, Kanpur, Ludhiana, Mumbai, Patna and National Stock Exchange.
<b>Listing Fees</b>	The annual listing fees for the financial year 2002-2003 has been paid to all the aforesaid stock exchanges.
<b>ISIN No:</b>	INE016A01026
<b>Delhi Stock Code:</b>	004020
<b>Mumbai Stock Code:</b>	500096
<b>National Stock Code:</b>	DABUR
<b>Bloomberg Code:</b>	DABUR IB
<b>Reuters Code:</b>	DABU.BO

**Stock Market Price Data**

Month	Mumbai Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos)	High (Rs.)	Low (Rs.)	Volume (Nos)
April 2001	70.15	55.75	1853068	70.45	56.15	1905254
May 2001	77.30	65.10	1924138	78.00	64.20	1982467
June 2001	75.50	59.80	1599443	75.80	59.30	1514052
July 2001	63.25	58.35	479968	63.45	58.70	853349
August 2001	59.70	51.00	764310	61.00	52.05	1326570
September 2001	63.50	54.00	1242488	63.50	54.00	2687472
October 2001	62.60	54.55	1235071	62.55	54.00	1335169
November 2001	72.50	58.45	5479027	72.25	58.60	5846642
December 2001	80.50	63.35	4059180	77.90	63.10	4862675
January 2002	71.00	63.60	1121957	69.95	61.05	1617558
February 2002	65.90	59.00	1014808	66.20	56.90	1864500
March 2002	68.65	55.00	1812241	69.00	53.40	2957229

# D A B U R I N D I A L I M I T E D

## Performance of Stock in comparison to broad based indices such as BSE Sensex and Nifty:



### Registrar and Transfer Agents

MCS Limited  
 Unit: Dabur India Limited  
 Sri Venkatesh Bhawan  
 212 – A, Shahpurjat, New Delhi – 110 049.  
 ☎ 011 – 6494830-31, 6495832  
 Fax: 011 – 6494152

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

### Share Transfer System

Requests for Share transfer in physical form can be lodged with the Registrar and Transfer Agents – MCS Limited at their address given above.

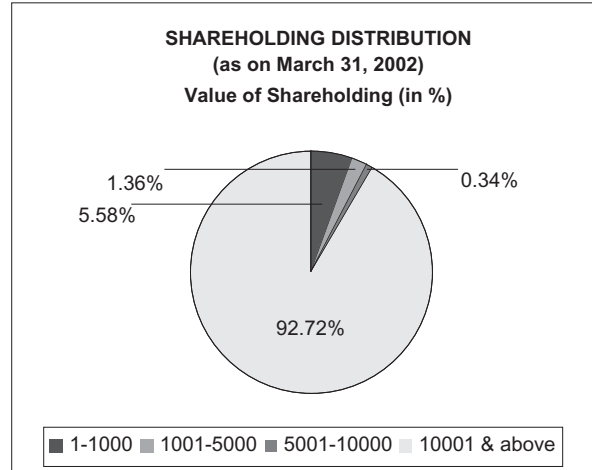
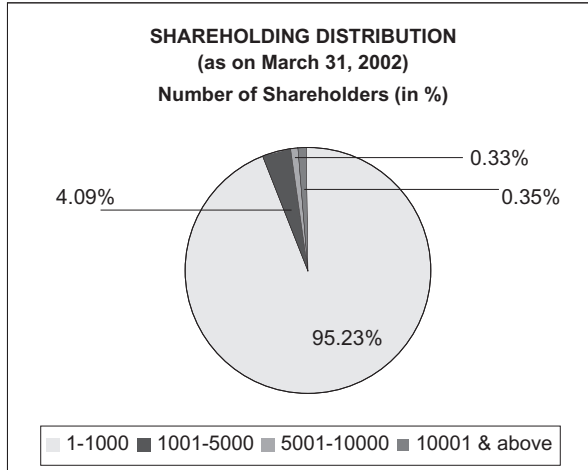
Shareholders/Investor Grievance & Share Transfer Committee is authorized to approve transfer of shares in the physical segment. The Committee is meeting at an interval of 15 days to approve the share transfers. Hence, shares are normally transferred within 20 days of receipt. In any case all share transfers are completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

In terms of SEBI directives, the Company extends the facility of simultaneous transfer and dematerialisation of shares to its shareholders. Under the system, the relative share certificates are held back after the share transfer is effected and a letter of option is mailed to the transferee. If the transferee consents to dematerialise the shares, he may submit the option letter to his Depository Participant (DP) who in turn would generate a demat request. On receipt of demat request from the DP, the Company dematerialises the shares. In case the shareholder desires to hold the shares in physical form and does not respond within 15 days of letter of option, the duly transferred share certificates are mailed to the transferee.

### Distribution of Shareholding

The distribution of the shareholding of the equity shares of the Company as on 31<sup>st</sup> March, 2002 is as follows:

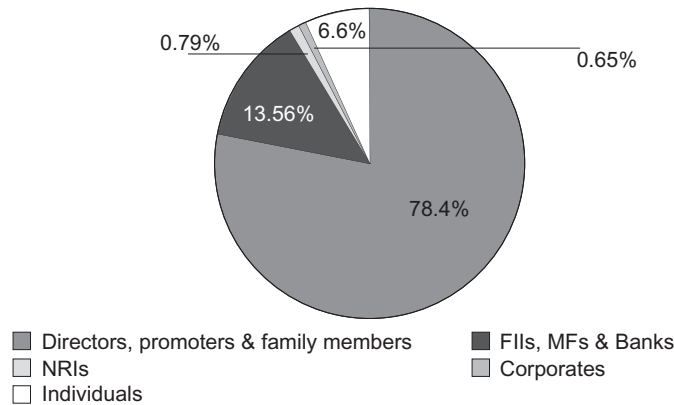
Number of equity shares held	Physical Form		Dematerialised Form		Total number of share-holders	% of share-holders	Total number of shares	% of share-holding
	No. of share holders	No. of shares	No. of shares holders	No. of shares				
1-1000	5926	5579560	33248	10368223	39174	95.23	15947783	5.58
1001-5000	289	674000	1394	3198526	1683	4.09	3872526	1.36
5001-10000	7	56000	129	922065	136	0.33	978065	0.34
10001 & above	4	109000	138	264686146	142	0.35	264795146	92.72
<b>Total</b>	<b>6226</b>	<b>6418560</b>	<b>34909</b>	<b>279174960</b>	<b>41135</b>	<b>100.00</b>	<b>285593520</b>	<b>100.00</b>



### Shareholding Pattern

Particulars	As on 31 <sup>st</sup> March, 2002				As on 31 <sup>st</sup> March, 2001			
	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 & family members	35	0.08	223898501	78.40	36	0.11	223975712	78.53
FII's	29	0.07	16607149	5.81	25	0.08	18329906	6.43
Mutual Funds	38	0.09	7630025	2.67	50	0.16	15883677	5.57
Financial Institutions/Banks	23	0.06	14493102	5.08	15	0.05	5856881	2.05
NRIs	2131	5.18	2263426	0.79	2141	6.71	2159990	0.76
Corporates	1455	3.54	1857696	0.65	801	2.51	1944901	0.68
Individuals	37424	90.98	18843621	6.60	28818	90.38	17063763	5.98
Total	41135	100.00	285593520	100.00	31886	100.00	285214830	100.00

### SHAREHOLDING PROFILE (By Group as on March 31, 2002)



### Dematerialization of shares and liquidity

Trading in equity shares of the Company became mandatory in dematerialised form w.e.f. 31<sup>st</sup> 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). The Company has entered into agreement with both these depositories. Shareholders can open account with any of the Depository Participant registered with any of these depositories.

As on March 31, 2002, over 97% shares of the Company were held in dematerialised form.

The equity shares of the Company are frequently traded at Mumbai and National Stock Exchange.

### Outstanding GDRs/ADRs/Warrants/Options

4,48,061 Options

# D A B U R I N D I A L I M I T E D

## Plant locations

Sahibabad	<i>Unit – I &amp; II</i> 22, Site IV, Industrial Area, Sahibabad, Ghaziabad (U.P.) ☎ 0120 – 4777901-25: Fax: 0120 – 4777816-17 <i>UNIT III</i> Plot No. 5/1, Site – IV, Sahibabad – 201 010, Ghaziabad (U.P.) ☎ 0120 – 4777901-25: Fax: 0120 – 4772407
Baddi	<i>Chyawanprash Unit</i> 220-221, HPSIDC Industrial Area, Baddi 173 205, Distt Solan, Himachal Pradesh <i>Hajmola Unit</i> 102, HPSIDC Industrial Area, Baddi 173 205, Distt Solan, Himachal Pradesh <i>Injectable Unit</i> 19, HPSIDC Industrial Area, Baddi 173 205, Distt Solan, Himachal Pradesh
Alwar	SPC 162, Matsya Industrial Area, Alwar 301 030, Rajasthan
Daburgram	P.O. Daburgram, Distt. Deoghar 814 132, Jharkhand
Kalyani	D-35, Industrial Area, Kalyani, Distt. Nadia 741 235, West Bengal
Katni	10.4, Mile Stone, Village Padia, Katni, Madhya Pradesh
Narendrapur	9, Netaji Subhash Chandra Bose Road, Narendrapur 743 508 Distt. 24 Parganas, West Bengal

## Address for Correspondence

For share transfer / dematerialisation of shares, payment of dividend and any other query relating to the shares	:	MCS Limited, Sri Venkatesh Bhawan, 212 A, Shahpurjat, New Delhi – 110 049. ☎ 011 – 649 4630-31 Fax: 011 – 649 4152
For queries of Analysts, FIs, Institutions, Mutual Funds, Banks and others	:	Mrs Gagan Ahluwalia/Mr Sharad Goel Kaushambi, Ghaziabad – 201 010 Uttar Pradesh ☎ 0120 – 4777901-25 Fax: 0120 – 4777833
For investors assistance	:	Mr. Ashok Jain Company Secretary, Punjabi Bhawan, 10, Rouse Avenue, New Delhi – 110 002. ☎ 011 – 322 1167 – 70 Fax: 011 – 322 2051

## 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 31st March, 2002, 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 was 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,

New Delhi  
11th June, 2002

(A.K. Basu)  
Partner



## AUDITORS' REPORT

To the members of Dabur India Limited,

We have audited the attached Balance Sheet of Dabur India Limited as at 31st March, 2002 and its Profit & Loss Account 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 statements. 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 Manufacturing and Other Companies (Auditors' Report) Order 1988 issued by the Company Law Board 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 hereby report that the report on the accounts of Alwar, London and Jab-el-Ali branches audited by the Branch Auditors were received and properly dealt with by us while preparing our report.
- iii. Accounts of the Moscow branch duly certified by the management have been incorporated in these accounts as the same branch is exempted from the requirements of Section 228 of the Companies Act, 1956 by virtue of Rule 3 of the Companies (Branch Audit Exemption) Rules, 1961.
- iv. We have obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purpose of audit.

- v. 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.
- vi. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts.
- vii. Subject to Note No. B(3) in Schedule 'P', Balance Sheet and Profit & Loss Account have been prepared in due compliances of Accounting Standard referred to in Sub-section (3C) of Section 211 of Companies Act, 1956.
- viii. As informed to us, none of the directors of the Company are disqualified for the Office of the Director within the meaning of Section 274 (1) (g) of the Companies Act, 1956.
- ix. In our opinion and according to the information and explanations given to us, the said accounts subject to note No. B (8) in Schedule "P" and 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 31st March, 2002, and,
  - b) In the case of Profit and Loss Account of the Profit for the year ended on that date.

For G. Basu & Co  
Chartered Accountants

New Delhi  
11th June, 2002

A.K. Basu  
Partner

### Annexure to the Auditors' Report as referred to in para i of the said report of even date

Based on the information and explanation furnished to us and the books and records examined by us in the normal course of audit, we report that in our opinion:

- i. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets in respect of all its locations except in Calcutta and Daburgram where the Fixed Assets Registers have been compiled on the basis of additions since 1975.
- b) The Fixed Assets of the Company have been physically verified by the Management at all locations and no material discrepancies between the book records and the physical inventories have been noticed.
- ii. There was no revaluation of Fixed Assets of the Company during the year.
- iii. The Company has conducted physical verification at all locations at reasonable intervals in respect of stocks of finished goods, stores (including spares) and raw materials.
- iv. In our opinion, the procedure of physical verification of stocks followed by the management are reasonable and

adequate in relation to the size of the Company and the nature of its business.

- v. Discrepancies noticed on verification between the physical stocks and the books records were insignificant and the same have been properly dealt with in the books of accounts.
- vi. We are satisfied that the valuation of closing stock at the close of the year is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii. The Company has taken unsecured loans from parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company. The Company has not taken loan secured or unsecured from Companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956.
- viii. The Company has not granted loans to companies, firms or other parties listed in the Register maintained under Section 301 of Companies Act, 1956 or Companies under

D A B U R I N D I A L I M I T E D

the same management as defined under Section 370 (1B) of the Companies Act, 1956.

- ix. In respect of Loans and Advances in the nature of Loans given by the Company to other parties, where stipulations have been made, parties are generally repaying the principal amounts as stipulated or as rescheduled and have also been regular in the payment of interest where applicable.
- x. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size and nature of business of the Company for purchase of stores, raw materials including components plant and machinery, equipment and other assets and for the sale of goods.
- xi. In our opinion and according to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and service made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 aggregating during the year, to Rs. 50,000/- or more in respect of each party were at prevailing market price.
- xii. As explained to us, Company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation and on the aforesaid basis, adequate amounts have been written off of such stocks in the accounts.
- xiii. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and rules framed thereunder with regard to the deposits accepted from the public.
- xiv. Reasonable records have been maintained by the Company for sale and disposal of the realizable scraps. There are no by products arising out of the manufacturing process of the Company.
- xv. In our opinion, the Company's present Internal Audit System is commensurate with the size and nature of its business.
- xvi. On the basis of the records produced, we are of the opinion that, prima facie the cost records and accounts prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 in respect of the products of the Company covered under the rules under

the 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.

- xvii. The Company has generally deposited Provident Fund and Employees State Insurance dues with appropriate authorities.
- xviii. According to the information and explanations given to us, there was no amount outstanding as on 31st March, 2002 in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, which were due for more than six months, from the date they become payable.
- xix. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- xx. The Company is not a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi. As regards Company's trading activities, damaged goods have been determined by the Company and consequential adjustment have been made in the accounts.
- xxii. Regarding financial and investment activities of the Company
  - a) Adequate documents and records have been maintained for loans sanctioned by the Company against pledge of securities.
  - b) Proper records have been maintained for transaction of securities (shares/ debentures/ mutual fund etc.) and timely entries have been made therein.Securities are always held in Company's own name.  
Other para of the order are not applicable for the Company.

For G Basu & Co  
Chartered Accountants

New Delhi  
11th June, 2002

A.K. Basu  
Partner



## BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule	As at 31st March, 2002 (Rs. in lacs)	As at 31st March, 2001 (Rs. in lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds :</b>			
(A) Share Capital	A	2855.94	2852.13
(B) Reserves and Surplus	B	37181.14	33368.09
		<u>40037.08</u>	<u>36220.22</u>
<b>Loan Funds :</b>			
(A) Secured Loans	C	3617.87	2752.94
(B) Unsecured Loans	D	17738.14	16856.85
<b>Total</b>		<u>21356.01</u>	<u>19609.79</u>
		<u>61393.09</u>	<u>55830.01</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets :</b>			
(A) Gross Block	F	39255.47	37640.26
(B) Less: Depreciation		14813.07	13353.33
(C) Net Block		<u>24442.40</u>	<u>24286.93</u>
<b>Investments</b>	G	12332.05	7273.06
<b>Current Assets, Loans and Advances :</b>	H		
(A) Inventories		15853.33	13925.14
(B) Sundry Debtors		11996.57	13768.46
(C) Cash & Bank Balances		2177.15	2343.70
(D) Loans & Advances		10730.01	9247.79
		<u>40757.06</u>	<u>39285.09</u>
<b>Less : Current Liabilities and Provisions :</b>	EA		
(A) Liabilities		12885.67	11285.72
(B) Provisions		1743.35	4467.76
		<u>14629.02</u>	<u>15753.48</u>
<b>Net Current Assets</b>		26128.04	23531.61
<b>Deferred Tax Liabilities (Net)</b>	EB	(1857.33)	—
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	IA	347.93	738.41
Notes to accounts	P		
<b>Total</b>		<u>61393.09</u>	<u>55830.01</u>

V. C. BURMAN  
Chairman

NEW DELHI  
11th June, 2002

P.D. NARANG  
Director

ASHOK JAIN  
Company Secretary

P.N. VIJAY  
Director

As per our report of  
even date attached  
for G. BASU & CO.  
CHARTERED ACCOUNTANTS

A. K. BASU  
Partner

D A B U R I N D I A L I M I T E D

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002**

Schedule	For the year Ended 31st March, 2002 (Rs. in lacs)	For the year Ended 31st March, 2001 (Rs. in lacs)
<b>INCOME</b>		
J		
Sales Less Returns	116319.49	116646.68
Other Income	<u>1387.04</u>	<u>1886.93</u>
Total Income	<u>117706.53</u>	<u>118533.61</u>
<b>EXPENDITURE</b>		
K		
Cost of Materials	51561.04	53847.27
Excise Duty	6060.58	5935.70
L		
Manufacturing Expenses	2693.73	2906.25
M		
Payments to and Provisions for employees	8448.61	7769.12
N		
Selling and Administrative Expenses	36457.17	33972.71
O		
Financial Expenses	2394.94	2966.40
IB		
Miscellaneous Expenditure Written Off	440.75	373.56
Depreciation	2098.63	2252.35
Less : Transferred from Capital Reserve	<u>—</u>	<u>7.09</u>
<b>Total Expenditure</b>	<u>110155.45</u>	<u>110016.27</u>
<b>Balance being Net Profit</b>	<u>7551.08</u>	<u>8517.34</u>
Balance Brought Forward	2585.30	862.66
Provision for Taxation of Earlier Years Written Back	96.12	11.92
Provision for Depreciation of Earlier Years Written Back	—	-0.74
Transferred from Debenture Redemption Reserve	<u>250.00</u>	<u>—</u>
	<u>10482.50</u>	<u>9391.18</u>
Provision for Taxation Current	551.00	725.00
Deferred	555.74	0.00
Provision for Taxation for Earlier Year	36.87	40.10
Interim Dividend	1427.47	—
Proposed Dividend - Interim	—	1426.07
Proposed Dividend - Final	—	1426.07
Corporate Tax on Interim Dividend	145.60	—
Corporate Tax on Proposed Interim Dividend	—	145.46
Corporate Tax on Proposed Final Dividend	—	145.46
Transferred to Capital Reserve	248.72	97.72
Transferred to General Reserve	3050.00	2800.00
<b>Balance Carried Over to Balance Sheet</b>	<u>4467.10</u>	<u>2585.30</u>
	<u>10482.50</u>	<u>9391.18</u>
<b>Earning per Share (in Rs.)</b>		
Basic	2.26	2.73
Diluted	2.25	2.73
<b>No. of Shares</b>		
Basic	285366429	285214830
Diluted	286001092	285543688
Notes to accounts	P	

V. C. BURMAN  
Chairman

P.D. NARANG  
Director

P.N. VIJAY  
Director

As per our report of  
even date attached  
for G. BASU & CO.  
CHARTERED ACCOUNTANTS

NEW DELHI  
11th June, 2002

ASHOK JAIN  
Company Secretary

A. K. BASU  
Partner



## SCHEDULE - A

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### SHARE CAPITAL

(Rs. in lacs)

	As at 31-3-2002	As at 31-3-2001
<b>AUTHORISED</b>		
500000000 Equity Shares of Re. 1 each (Previous Year 500000000 Equity Shares of Re. 1)	5000.00	5000.00
	<u>5000.00</u>	<u>5000.00</u>
<b>ISSUED AND SUBSCRIBED</b>		
285593520 Equity Shares of Re. 1 Each fully called up (Previous year 285214830 Equity Shares of Re. 1)	2855.94	2852.15
Less : Call Money in Arrears	-	0.02
	<u>2855.94</u>	<u>2852.13</u>

#### NOTES :

- Equity Shares Issued & Subscribed following issues for consideration other than cash:-
  - 4548000 Equity Shares of Rs. 10 each Fully Paid up were issued pursuant to the scheme of amalgamation (without payment being received in cash).
  - 18202080 Equity Shares of Rs. 10 each Fully Paid up were issued as Bonus Shares by way of capitalisation of free reserves to shareholders in the ratio of 4 Equity Shares for every share held as on 1st December, 1993.
- Pursuant to Section 94 of Companies Act 1956, Equity Shares of Rs. 10 were sub-divided in Equity Shares of Re. 1/- each on December 15, 2000 by way of issue of 10 Shares against each Share formerly held by a shareholder.
- 378690 Equity Shares of Re. 1 each were issued during the year under "Employee Stock Scheme". (Previous Year NIL).
- 644999 Equity Shares of Re. 1 each are outstanding under "Employee Stock Option Scheme" as on 31st March, 2002 (Previous Year 666235 Equity Shares).

## SCHEDULE - B

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### RESERVES AND SURPLUS

(Rs. in lacs)

	As at 31-3-2002	As at 31-3-2001
<b>CAPITAL RESERVE :</b>		
As per Last Account	1206.19	1978.47
Less : Transferred to Profit & Loss Account	-	7.09
	<u>1206.19</u>	<u>1971.38</u>
Add : Transferred from Profit & Loss Account	248.72	97.72
	<u>1454.91</u>	<u>2069.10</u>
Less : Revaluation Reserve Written Off	-	795.39
Less : Assets Sold	-	67.52
	<u>1454.91</u>	<u>1206.19</u>
<b>SHARE PREMIUM RESERVE :</b>	5029.53	5029.53
Less : Call Money in Arrears	-	0.12
	<u>5029.53</u>	<u>5029.41</u>
Add : Premium on Issue of Shares	263.17	-
	<u>5292.70</u>	<u>5029.41</u>
<b>CAPITAL REDEMPTION RESERVE :</b>		
As per Last Account	56.93	56.93
<b>GENERAL RESERVE :</b>		
As per Last Account	23009.59	20209.59
Add : Amount Transferred from Profit & Loss Account	3050.00	2800.00
	<u>26059.59</u>	<u>23009.59</u>
Less : Deferred Tax of earlier years	1301.59	-
	<u>24758.00</u>	<u>23009.59</u>
<b>DEBENTURE REDEMPTION RESERVE :</b>		
As per Last Account	750.00	750.00
Less : Amount Transferred to Profit & Loss Account	250.00	-
	<u>500.00</u>	<u>750.00</u>
<b>INVESTMENT ALLOWANCE RESERVE :</b>		
As per Last Account	82.58	82.58
<b>INVESTMENT DEPOSIT RESERVE :</b>		
As per Last Account	182.50	182.50
<b>PROFIT AND LOSS ACCOUNT</b>	4467.10	2585.30
<b>EMPLOYEE STOCK OPTION SCHEME OUTSTANDING</b>	386.42	465.59
<b>TOTAL</b>	<u>37181.14</u>	<u>33368.09</u>

## SCHEDULE - C

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### SECURED LOANS

(Rs. in lacs)

	As at 31-3-2002	As at 31-3-2001
<b>A. *DEBENTURES</b>		
1000000 - (Previous year 1500000) 14.75% Secured Redeemable Non-convertible Debentures of Rs.100 each as fully paid up and redeemable at par in 2 equal annual (Previous year 3) instalments on 23rd July 2002 & 2003. (Previous year 23rd July 2001, 2002, 2003)	<b>1000.00</b>	1500.00
<b>B. TERM LOANS :</b>		
# Housing Development Finance Corporation Limited	<b>462.18</b>	487.21
† Short Term Loans - From Banks	<b>2155.69</b>	765.73
	<b>3617.87</b>	2752.94
<b>* Debentures amounting to Rs. 1250 lacs (in term of original issue) secured by:</b>		
1) A mortgage by deposit of title deeds in respect of all company's immovable properties situated at 22, Site IV, Sahibabad, Distt. Ghaziabad, present and future.		
2) A first charge by way of hypothecation in respect of all the Company's movable plant & machinery, spares and stores, tools and accessories including all other movables both present and future situated at 22, Site IV, Sahibabad, Distt. Ghaziabad. Subject to prior charges created and/or to be created in favour of Exim Bank & IDBI for their terms loans, Company's Bankers for co-acceptance of bills for purchase of plant & machinery. The mortgage and charges created as aforesaid shall rank pari passu with the charges created/to be created in favour of Industrial Finance Corporation of India Limited.		
<b>* Debentures amounting to Rs. 250 lacs (in term of original issue) secured by:</b>		
1) A mortgage by deposit of title deeds in respect of all Company's immovable properties situated at Plot No. SP-C-162, MIA, Desula, Alwar, Rajasthan and Plot No. 7, NEPZ, Noida, Ghaziabad both present and future.		
2) A first charge by way of hypothecation in respect of all the Company's movable plant & machinery, spares and stores, tools and accessories including all other movables both present and future situated at Plot No. SP-C-162, MIA, Desula, Alwar, Rajasthan and Plot No. 7, NEPZ, Noida, Ghaziabad. Subject to prior charges created and/or to be created in favour of Company's Bankers on the stock of raw materials, semi finished goods, consumable stores and books debts and movables for securing borrowings for working capital assistance in the ordinary course of business.		
# Secured by hypothecation of Land & Building, Plant & Machinery installed at company's Factory at Daburgram, Deoghar, Jharkhand.		
† Secured by hypothecation of inventories and book debts ranking pari-passu among Punjab National Bank, Standard Chartered Grindlays Bank Ltd. Hongkong & Shanghai Banking Corporation Ltd., State Bank of India, ABN Amro Bank, Deutsche Bank, United Bank of India, American Express Bank Ltd, and Citi Bank N.A.		

## SCHEDULE - D

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### UNSECURED LOANS

(Rs. in lacs)

	As at 31-3-2002	As at 31-3-2001
<b>DEPOSITS :</b>		
Public - Active	-	4601.61
Public - Unclaimed (includes interest accrued and due - Rs. 5.84; Previous Year - Rs. 7.62)	<b>39.28</b>	66.13
Directors	-	795.85
Companies	<b>4214.74</b>	28.10
Security Deposit from dealers and others	<b>421.35</b>	523.95
<b>OTHER LOANS :</b>		
Interest Free Sales Tax Loan :		
Sales Tax Deferred	<b>1357.09</b>	1110.24
West Bengal State Industrial Development Corporation Ltd.	-	9.17
	<b>1357.09</b>	1119.41
Book Overdraft of Current Account with Banks	<b>277.85</b>	8.70
Commercial Papers	<b>7500.00</b>	3500.00
External Commercial Borrowings (from Banks):		
- ABN Amro Bank NV	<b>3927.83</b>	3756.39
- Hongkong & Shanghai Banking Corporation Ltd.	-	2456.71
	<b>3927.83</b>	6213.10
	<b>17738.14</b>	16856.85

- Notes :**
1. Other Loans include amounts due within one year Rs.0.50 (Previous year Rs. 2456.71).
  2. Maximum amount of Commercial Papers outstanding during the year Rs. 15000 (Previous year Rs. 10000).



## SCHEDULE - EA

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### CURRENT LIABILITIES AND PROVISIONS

(Rs. in lacs)

	As at 31-3-2002		As at 31-3-2001	
<b>A. CURRENT LIABILITIES :</b>				
Acceptances	4777.23		3073.64	
Amount due to SSI Units	1154.09		949.36	
Creditors for Goods	2151.47		2564.74	
Creditors for expenses and other Liabilities	4024.49		3659.12	
	<b>12107.28</b>		<b>10246.86</b>	
Unclaimed Dividend	57.72		38.03	
Advances from Customers	610.69		371.44	
Interest accrued but not due on loans	42.59		528.90	
Deposits - Others	67.39	12885.67	100.49	11285.72
<b>B. PROVISIONS :</b>				
For Dividend (proposed) - Final	-		-	1426.07
For Dividend (proposed) - Interim	-		-	1426.07
For Corporate Tax on Proposed Dividend - Final	-		-	145.46
For Corporate Tax on Proposed Dividend - Interim	-		-	145.46
For Leave Salary	-	191.18	-	174.19
For Taxation : Brought Forward	1150.51		577.41	
Provision for the year	551.00		725.00	
	<b>1701.51</b>		<b>1302.41</b>	
Adjusted during year	149.34	1552.17	151.90	1150.51
		<b>14629.02</b>		<b>15753.48</b>

## SCHEDULE - EB

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### DEFERRED TAX LIABILITIES (NET)

(Rs. in lacs)

	As at 31-3-2002		As at 31-3-2001	
<b>DEFERRED TAX LIABILITY:</b>				
Depreciation	1778.93		-	
Strategic Consultancy Expenses	87.97	1866.90	-	
<b>LESS: DEFERRED TAX ASSETS</b>				
VRS Payment	9.57	9.57		
		<b>1857.33</b>		

## SCHEDULE - F

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### FIXED ASSETS

(Rs. in lacs)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.01	Addi- tions	Adjust- ment	As on 31.03.02	As on 31.03.01	For the year	Adjust- ment	As on 31.03.02	As on 31.03.02	As on 31.03.01
Freehold land	741.70	12.15	1.27	752.58	-	-	-	-	752.58	741.70
Leasehold Land	603.07	-	1.70	601.37	21.78	4.04	1.10	24.72	576.65	581.29
Building, Roads & Culvert	11040.15	484.30	216.55	11307.90	2458.44	365.94	156.70	2667.68	8640.22	8581.71
Plant & Machinery	16545.51	923.35	358.56	17110.30	7287.01	1044.79	270.62	8061.18	9049.12	9258.50
Vehicles	928.01	159.32	169.54	917.79	460.66	128.14	116.38	472.42	445.37	467.35
Furniture & Office Equip.	3097.55	566.46	43.33	3620.68	1298.71	191.65	27.11	1463.25	2157.43	1798.84
Computers	2926.52	152.93	70.66	3008.79	1776.48	316.92	66.98	2026.42	982.37	1150.04
Patents	330.00	-	-	330.00	50.25	47.15	-	97.40	232.60	279.75
Live Stock	0.22	-	-	0.22	-	-	-	-	0.22	0.22
Capital Work in Progress	1427.53	1588.62	1410.31	1605.84	-	-	-	-	1605.84	1427.53
<b>Total</b>	<b>37640.26</b>	<b>3887.13</b>	<b>2271.92</b>	<b>39255.47</b>	<b>13353.33</b>	<b>2098.63</b>	<b>638.89</b>	<b>14813.07</b>	<b>24442.40</b>	<b>24286.93</b>
Previous year	36790.65	3061.95	2212.34	37640.26	11707.20	2252.35	606.22	13353.33	24286.93	25083.45

- Notes :**
1. Land, Building and Plant & Machinery were revalued as on 30th June, 1985 as per the report of approved Government valuer. Freehold land includes Rs. 376.64 on account of revaluation of assets as on 31st March, 1993 as per report of Government approved valuer.
  2. Additions during the year include Rs. 230.75 on account of fluctuation in rate of exchange of foreign loan.
  3. Capital work in progress includes advance against capital goods Rs. 953.18 (Previous Year Rs. 980.91)

# D A B U R I N D I A L I M I T E D

## SCHEDULE - G

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### INVESTMENTS (AT COST)

(Rs. in lacs)

	No. of Shares/debentures/ Units fully paid up	As at 31-3-2002	As at 31-3-2001
<b>A. QUOTED-OTHER THAN TRADE</b>			
1. Alliance 95- Dividend	490918	200.00	200.00
2. ICICI - Prudential Balance Fund - Dividend	1879699	200.00	200.00
3. Birla Balance - Dividend	1793722	200.00	200.00
4. Unit Trust of India (Unit 64 Scheme)	464286	65.00	65.00
<b>B. UNQUOTED</b>			
<b>(I) Unquoted - Trade Investments</b>			
1. Dabur Ayurved Limited (11110 Shares sold during the year)	-	-	1.11
2. Dabur Ayurvedic Specialities Ltd. (1010 Shares sold during the year)	-	-	0.10
3. Sanat Products Ltd.	50000	105.00	105.00
4. Dabon International Limited (2000000 Shares allotted during the year)	13500000	1350.00	1150.00
<b>(II) Unquoted - Trade Investments in Subsidiary Companies</b>			
1. Dabur Finance Limited	6900080	698.61	698.61
2. Dabur Overseas Limited	50000	161.06	161.06
3. Dabur Nepal Private Limited	638520	699.07	699.07
4. Dabur Foods Limited (4999930 Shares allotted during the year)	10000000	1000.00	500.01
5. Dabur Oncology Plc (72750000 Shares allotted during the year)	111400000	7652.02	2591.82
<b>(III) Unquoted - Other than Trade Investments</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 Bazaar	500	0.05	0.05
6. Himal Laboratories Private Ltd.	10000	1.00	1.00
7. Vertex Broadcasting Private Limited	1000	0.10	0.10
<b>C. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
		0.01	700.00
		<b>12332.05</b>	<b>7273.06</b>
<b>Notes :</b>			
Aggregate Book Value of Unquoted Investments		11667.04	5908.06
Aggregate Book Value of Quoted Investments		665.00	665.00
Aggregate Market Value of Quoted Investments (Based on 30th March, 2002 Quotation)		487.89	503.76
Share Application Money		0.01	700.00

## SCHEDULE - H

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in lacs)

	As at 31-3-2002	As at 31-3-2001
<b>A. CURRENT ASSETS :</b>		
<b>Stock-in-Trade : (As taken, valued and certified by the management)</b>		
- Raw Materials	3390.23	3063.61
- Packing materials, stores and spares	1139.45	1223.75
- Stock in Process	2256.39	2208.60
- Finished Goods	9067.26	7429.18
	<b>15853.33</b>	<b>13925.14</b>
<b>Sundry Debtors (unsecured):</b>		
Debts outstanding for a period exceeding six months :		
- Considered good	783.61	542.48
- Considered doubtful	8.82	8.82
	<b>792.43</b>	<b>551.30</b>
Less : Provision for doubtful debts	8.82	8.82
	<b>783.61</b>	<b>542.48</b>
Other debts (Considered good)	11212.96	13225.98
	<b>11996.57</b>	<b>13768.46</b>



## SCHEDULE - H (Contd.)

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in lacs)

	As at 31-3-2002		As at 31-3-2001	
<b>Cash and Bank Balances:</b>				
Cash in hand at head office and other offices	27.86		56.27	
Balance with Scheduled Banks				
- In other current accounts (includes Rs. 57.72 in unpaid dividend account; previous year Rs. 38.08)	1222.35		1851.86	
- In Fixed Deposit Accounts	16.66		63.80	
Balance with Non-Scheduled Banks				
- In Other Current Accounts	332.31		79.68	
- In Fixed Deposit Accounts	504.17		139.82	
Postal Savings Bank Accounts (Deposited with excise authority)	0.95		0.95	
Remittance-in-transit & cheques-in-hand	72.85	2177.15	151.32	2343.70
		<b>30027.05</b>		<b>30037.30</b>
<b>B. LOANS AND ADVANCES</b>				
(Unsecured, considered good unless stated otherwise):				
Loans & Advances to subsidiaries	1825.66		201.37	
Loans & Advances to Others (Including Secured Advances Rs. 199.47; Previous year Rs. 173.20)	563.88		537.86	
Security Deposit with various authorities (including Deposit with Govt. Authorities Rs. 1046.79; Previous year Rs. 795.40)	1503.06		1198.83	
Advance Payment of Tax	1864.81		1235.73	
Advances to Suppliers	1683.86		1613.39	
Advances to Employees	1072.27		1325.54	
Balance with Excise Authorities	822.11		725.86	
Other Advances	1394.36	10730.01	2409.21	9247.79
Total (A + B)		<b>40757.06</b>		<b>39285.09</b>

**Notes:** Loans and advances :

A. Debts due by an Officer of the Company

169.67

183.82

B. Maximum amount due by an Officer of the Company at any time during the year

183.32

197.47

## SCHEDULE - I A

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

(Rs. in lacs)

	As at 31-3-2002		As at 31-3-2001	
Share Issue Expenses	75.64		113.47	
Less : Amortised during the period	37.83	37.81	37.83	75.64
Technical knowhow fees paid	2.48		4.95	
Less : Amortised during the period	2.48	-	2.47	2.48
Strategic Management Consultancy Expenses	339.26		585.66	
Less : Amortised during the period	246.40	92.86	246.40	339.26
Deffered Employee Compensation Under ESOP :				
Opening Balance	321.03		-	
Addition during the period	184.01		465.60	
Less : Amortised during the period	287.78	217.26	144.57	321.03
		<b>347.93</b>		<b>738.41</b>

D A B U R I N D I A L I M I T E D

## SCHEDULE - J

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### SALES AND OTHER INCOME

(Rs. in lacs)

	For the year ended 31-3-2002	For the year ended 31-3-2001
<b>A. SALES :</b>		
Domestic Sales less returns	106464.39	106229.29
Export Sales	9855.10	10417.39
	116319.49	116646.68
<b>B. OTHER INCOME :</b>		
Export Subsidy	147.55	287.09
Rent Realised (Tax deducted at source Rs. 12.97; Previous year Rs. 4.55)	54.39	118.16
Sale of Scrap	113.81	112.43
Dividend from subsidiary companies	194.99	194.18
Other dividend : (Other than trade investment)	14.46	49.13
Royalty Received	179.47	214.86
Miscellaneous receipts	333.11	786.93
Profit on sale of fixed assets (Net of loss Rs. 18.34; Previous year Rs.42.48) (including capital profit of Rs. 248.72; Previous year Rs. 97.72)	349.26	124.15
	1387.04	1886.93

## SCHEDULE - K

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### COST OF MATERIALS

(Rs. in lacs)

	For the year ended 31-3-2002	For the year ended 31-3-2001
<b>Raw Materials Consumed :</b>		
i) Opening stock	3063.61	2679.65
ii) Add: Purchases	16112.63	16166.65
	19176.24	18846.30
iii) Less: Closing Stock	3390.23	3063.61
	15786.01	15782.69
<b>Packing Materials Consumed :</b>		
i) Opening Stock	790.76	887.37
ii) Add : Purchases	6470.78	6461.06
	7261.54	7348.43
iii) Less: Closing Stock	700.27	790.76
	6561.27	6557.67
<b>Purchase of Finished Products</b>	<b>30899.63</b>	<b>30778.61</b>
<b>Adjustment of Stocks:</b>		
Opening Stock:		
Stock in Process	□□□2208.60	1600.25
Finished Products	7429.18	8765.83
	9637.78	10366.08
Closing Stock:		
Stock in Process	2256.39	2208.60
Finished Products	9067.26	7429.18
	11323.65	9637.78
Increase (-)/Decrease in Stock	(1685.87)	728.30
	51561.04	53847.27



## SCHEDULE - L

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### MANUFACTURING AND OPERATING EXPENSES

(Rs. in lacs)

	For the year ended 31-3-2002	For the year ended 31-3-2001
Power and Fuel	1831.38	1865.70
Stores & Spares consumed	356.67	378.89
Repairs & Maintenance :		
— Building	165.51	231.57
— Plant & Machinery	84.48	170.41
— Others	181.32	132.08
Processing charges	74.37	127.60
	<b>2693.73</b>	<b>2906.25</b>

## SCHEDULE - M

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

(Rs. in lacs)

	For the year ended 31-3-2002	For the year ended 31-3-2001
Salaries, Wages and Bonus	4674.48	4955.71
Contribution to Provident and Other Funds	835.61	632.96
Workmen and Staff Welfare	2235.55	1584.49
Directors' Remuneration (including perquisites Rs. 364.12; Previous year Rs. 252.30)	702.97	595.96
	<b>8448.61</b>	<b>7769.12</b>

## SCHEDULE - N

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### SELLING AND ADMINISTRATIVE EXPENSES

(Rs. in lacs)

	For the year ended 31-3-2002	For the year ended 31-3-2001
Rent	459.31	380.74
Rates and Taxes	105.96	169.09
Insurance	204.15	174.69
Sales Tax	7534.95	6673.04
Freight and Forwarding charges	2481.69	2323.83
Cartage and Coolie	43.93	75.83
Commission, Discount and Rebate	2743.15	2506.18
Advertising and Publicity	15445.25	14607.44
Travel & Conveyance	2281.44	2133.24
Legal & Professional	589.82	317.09
Telephone, Fax Expenses	535.29	492.44
Security Expenses	106.31	129.01
General Expenses	2089.38	2018.25
Directors' Fees	1.65	0.12
Auditors' Remuneration :		
— Audit Fee	6.50	5.25
— Branch Auditors' Fee	4.08	4.61
— Reimbursement of Expenses	7.87	6.04
— Provident Fund and Certificates	1.49	1.49
Donation	36.79	77.77
Contribution for Scientific Research Expenses	1750.00	1230.20
Bad Debts	28.16	297.26
Loss on Sale of Investments	—	349.10
(Net of Profit Rs. NIL; Previous year Rs. 16.20)		
	<b>36457.17</b>	<b>33972.71</b>

## SCHEDULE - O

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### FINANCIAL EXPENSES

(Rs. in lacs)

	For the year ended 31-3-2002		For the year ended 31-3-2001	
Interest paid on :				
– Fixed Period Loan	1334.25		1791.90	
– Others	610.40	1944.65	739.48	2531.38
(Net of Int. received Rs. 268.79; Previous Year Rs. 386.93 - Tax deducted at Source Rs. 22.45; Previous Year Rs. 54.94)				
Bank Charges		450.29		435.02
		2394.94		2966.40

## SCHEDULE - I B

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### MISCELLANEOUS EXPENDITURE WRITTEN OFF

(Rs. in lacs)

	For the year ended 31-3-2002		For the year ended 31-3-2001	
Share issue expenses		37.83		37.83
Technical knowhow fees paid		2.48		2.47
Strategic Management Consultancy Expenses		246.40		246.40
Deferred Employee Compensation under ESOP	287.78		144.57	
Less : Transfer to Directors' Remuneration	133.74	154.04	57.71	86.86
		440.75		373.56

## SCHEDULE - P

Annexed to and forming part of the Accounts for the year ended 31st March, 2002

### ACCOUNTING POLICIES & NOTES TO ACCOUNTS

(Rupees in lacs)

#### A) ACCOUNTING POLICIES

Significant accounting policies are summarized below :

##### a. Accounting Convention :

The accounts have been prepared in accordance with the historical cost convention modified by revaluation of certain fixed assets.

##### b. Fixed Assets and Depreciation :

- \* Fixed assets are stated at cost except for Plant and Machinery & Land and Building, which were revalued on 30th June, 1985 & freehold land which was again revalued on 31st March, 1993 and shown at revalued amount.
- \* Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation.
- \* In respect of revalued assets the difference between the written down value of the assets as on the date of revaluation and the revalued amount have been transferred to Capital Reserve.
- \* As regards fixed assets acquired out of loan taken in foreign currencies, loss or gain on such loans at the year-end is adjusted to the value of such fixed assets.
- \* The Company capitalises interest on the loan utilized for acquisition of Fixed Assets for the new projects upto the date of commencement of commercial production of respective projects.
- \* Depreciation on Fixed Assets has been provided on written down value method at rates specified in Schedule XIV of the Companies Act except for Baddi, Katni, Kalyani, 5/1, Sahibabad Unit and Corporate Office, Sahibabad, where depreciation have been provided on straight line method at the rates specified in the aforesaid Schedule. Depreciation on differential increase in value arising out of revaluation is charged against capital reserve.
- \* Depreciation on the differential amounts of fixed assets arising out of exchange loss or gain on foreign currency loan as stated above are adjusted over the remaining life of the concerned fixed assets.

##### c. Investments :

Investments made by the Company are strategic and non strategic. The total market/breakup value of investments of strategic and non-strategic on global basis exceeds cost. Hence, no provision has been made in these accounts as required by Mandatory Accounting Standard 13.

##### d. Inventories :

Stocks are valued at :

- |   |   |
|---|---|
| * Raw materials, Packing materials, stores and spares | At cost on FIFO basis                       |
| * Work-in-process                                     | At cost upto the completed stage of process |
| * Finished goods                                      | At lower of cost and net realizable value   |



**e. 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.

**f. Retirement Benefits :**

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

- \* leave salary of employees of the company on the basis of actuarial valuation.
- \* Gratuity liability on the basis of payment advice from Life Insurance Corporation of India from whom the company's gratuity trust has taken the Group Gratuity Insurance Policy.
- \* Liability for superannuation fund on the basis of the premium paid to Life Insurance Corporation of India in respect of employees covered under the Superannuation Fund Policy.

**g. Income :**

- \* Sales are accounted for on the basis of passing of title to the goods to the buyer.
- \* Sales comprise of sale price of goods including excise duty and sales tax but exclude discount.
- \* Exports Sales are accounted for on the basis of date of bill of lading.

**h. Deferred Taxation:**

The liability of company is estimated considering the provision of the Income Tax, 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 period and capable of reversal in one or subsequent periods.

**i. Contingent Liabilities :**

Disputed liabilities and claims against the company including claims by tax authorities (e.g. Sales Tax, Income Tax, Excise etc.) pending in appeal, are treated as contingent liabilities and are not provided for in the accounts but are disclosed by way of note in Notes to Accounts.

**j. Foreign Currency Translation :**

In respect of foreign branches/offices, 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 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 charged to the Profit and Loss Account. As regards payables in respect of fixed assets, refer to item (b) above.

**k. Employee Stock Option Scheme (ESOS):**

Aggregate of quantum of option granted under the scheme in monetary term has been shown as Employees Stock Option Scheme Outstanding in Reserve and Surplus head of the Balance Sheet by way of debiting Deferred Employee Compensation under ESOP as per guidelines to the effect issued by SEBI.

**l. Miscellaneous Expenditure :**

- \* Share issue expenses are being amortised over a period of ten years.
- \* Technical Know-how fees paid to Technical Collaborators are being amortised over a period of six years.
- \* Strategic Management Consultancy Expenses are being amortised over a period of five years.
- \* Deferred Employees Compensation under ESOP are being amortized on straight line basis over vesting period.

**B) NOTES TO ACCOUNTS**

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

	<u>As at 31st March, 2002</u>	<u>As at 31st March, 2001</u>
Cost/Revalued	7180.35	7041.64
Written Down Values	5281.11	5367.50

2. Loans and Advances include Rs. 46.67 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 adjustment in respect of recovery/refund will be made as per the arbitration proceedings.

3. Investments made by the Company are both strategic and non strategic. The total market/breakup value of investments of both strategic and non-strategic on global basis exceeds cost. Hence, no provision has been made in these accounts as required by Accounting Standard 13.

4. Contingent Liabilities :

- i. Claims against the company not acknowledged as debts:
  - a) In respect of civil suits filed against the company Rs. 160.42 (Previous period Rs. 159.75).
  - b) In respect of claims by employees Rs. 4.87 (Previous period Rs. 7.33).
- ii. In respect of letters of credit Rs. 661.20(Previous period Rs. 1288.38).
- iii. In respect of Bank Guarantees executed Rs. 134.38 (Previous period Rs. 133.04).
- iv. In respect of Sales Tax under appeal Rs. 295.31 (Previous period Rs. 928.80).
- v. In respect of excise duty disputes pending with various judicial authorities Rs. 3883.31 (Previous period Rs. 2670.67).
- vi. In respect of Corporate Guarantees given by the Company Rs. 5377.25 (Previous period Rs. 7944.51).
- vii. In respect of Income tax under appeal Rs. 173.19 (Previous period Rs. 99.80).

5. Estimated Amount of contract remaining to be executed on capital Account Rs. 990.46 net of advance (Previous period Rs. 397.53).

**D A B U R I N D I A L I M I T E D**

6A. Particulars of consumption of important raw Materials

Class of Goods	Unit	Quantity	Value
Sugar and Molasses	Tonnes	13327.55 (13520.57)	1982.92 (1949.11)
Others			13803.10 (13833.58)
			15786.01 (15782.69)

6B. Particulars in respect of goods manufactured

Class of Goods	Unit	Licenced Capacity	Installed Capacity	Production Quantity	Opening Stock		Closing Stock		Sale	
					Quantity	Value	Quantity	Value	Quantity	Value
Chyawanprash	Tonnes		20000.000 (20000.000)	10504.326 (9943.049)	488.244 (733.014)	466.32 (804.45)	386.507 (488.244)	576.92 (466.32)	10606.063 (10187.819)	13798.82 (11955.37)
Hair Oils	Kilo-Ltrs	2825.000 (2825.000)	2825.000 (2825.000)	2597.644 (2556.381)	48.009 (81.243)	66.04 (111.71)	21.109 (48.009)	33.83 (66.039)	2624.544 (2589.615)	4430.91 (4887.50)
Others						4709.84 (4326.04)		6043.12 (4709.84)		48225.52 (46665.91)
						5242.20 (5242.20)		6653.87 (5242.20)		66455.25 (63508.79)

\* Hajmola Tabs figure are not given as it does not form 10% of the total Sales Value.

\* Hair Oil 400.00 KL License Granted under expansion.

6C. Particulars of traded goods

Class of Goods	Unit	Purchase		Opening Stock		Closing Stock		Sale	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Hair Oils	Kilo-Ltrs	7891.822 (7966.475)	7974.73 (8005.46)	194.411 (208.812)	254.28 (281.380)	171.800 (194.411)	239.29 (254.285)	7914.433 (7980.876)	12982.44 (14219.75)
Ayurvedic Tooth Powder	Tonnes	8353.524 (7956.144)	7318.19 (7950.88)	260.377 (374.881)	300.83 (420.530)	216.422 (260.377)	253.44 (300.833)	8397.479 (8070.648)	13444.08 (13213.01)
Vatika Hair Oil	Kilo-Ltrs	3614.443 (3346.486)	3274.02 (3350.76)	102.541 (189.074)	140.80 (257.730)	298.709 (102.541)	414.71 (140.799)	3418.276 (3433.019)	6096.61 (6622.09)
Others			12332.70 (11471.51)		1491.07 (1164.88)		1505.95 (1491.07)		17341.10 (19083.03)
			30899.63 (30778.61)		2186.98 (2124.52)		2413.39 (2186.98)		49864.24 (53137.89)

**2001-2002**

**2000-2001**

6D. Expenditure in Foreign Currency :

- Professional and Consultation Fees	218.90	12.78	
- Interest	243.58	546.19	
- Others	263.53	503.18	1062.15

6E. C.I.F. Value of Imports :

- Raw Materials	2533.58	2349.10
- Stores and Spares (including packing material)	86.83	43.85
- Capital goods	41.55	35.91

6F. Earning in Foreign Exchange :

- Export sales at FOB	6106.35	5556.53
- Royalty/Technical Consultancy	114.97	156.51
- Interest/Dividend	35.36	181.00
- Others	-	51.82

6G. Value of raw materials, stores and spare parts consumed :

	Raw Materials				Packing Materials, Stores & Spares			
	2001-2002		2000-2001		2001-2002		2000-2001	
	Value	%	Value	%	Value	%	Value	%
Imported	3087.44	19.56	3337.45	21.14	93.70	1.35	93.73	1.35
Indigenous	12698.57	80.44	12445.32	78.86	6824.24	98.65	6842.83	98.65
Total	15786.01	100.00	15782.77	100.00	6917.94	100.00	6936.56	100.00

6H. Net Dividend remitted in foreign currency

	2001-2002	2000-2001
2000-01 Interim to 190 shareholders on 192000 shares	0.96	-
2000-01 Final to 176 shareholders on 178000 shares	0.89	-
2001-02 Interim to 171 shareholders on 173000 shares	0.87	-
1999-00 II Interim to 231 shareholders on 23300 shares	-	1.17
	2.72	1.17



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

	<b>31.03.2002</b>	<b>31.03.2001</b>
Salary	233.99	199.99
Commission (as computed below)	51.50	97.00
Contribution to Provident Fund	24.71	20.74
Residential Accommodation	145.00	37.17
Medical & Leave Travel Benefits	9.77	12.32
Contribution to Superannuation Fund	28.65	25.92
Others [incl. Rs. 133.74 (previous year Rs. 57.72) under stock option scheme]	209.35	202.82
	<b>702.97</b>	<b>595.96</b>

Computation of Net Profit in accordance with Section 198 & 309 (5) of the Companies Act, 1956 and calculations of Directors' Commission.

	<b>31.03.2002</b>
Profit for the year before taxation as per Profit & Loss Account	7551.08
Add : Managerial Remuneration	702.97
Directors' Fees	1.65
Loss on Investment	-
	<b>704.62</b>
Less: Capital Profit	248.72
Adjusted Net Profit	<b>8006.98</b>
Commission payable : a) To 3 Whole Time Directors	39.50
b) To Non-whole time Director	12.00

8. Total outstanding dues to small scale industries have been determined to the extent such parties have been identified on the basis of information available with the Company. The list of small scale industries to whom the Company owes a sum exceeding Rs. 1 lac, which is outstanding for more than 30 days at the year end date are :

Maxcare Laboratories Ltd.	Sharda Containers Pvt. Ltd.	Domino Printech India Pvt. Ltd.
Burman Laboratories Pvt. Ltd.	Morisha Enterprises	Ace Print & Pack Pvt. Ltd.
4R Health Care Products	Classic Bottle Caps Pvt. Ltd.	Nav Bharat Enterprises
Green Valley Products P. Ltd.	Anipra Chemicals Pvt. Ltd.	Adchem Industries
Cure N Care Products P. Ltd.	Panchal Enterprises	Jyoti Coaters Pvt. Ltd.
Northern Aromatics Ltd.	Perfect Plastic Industries	Sahu Sons
Varahi Plastics Pvt. Ltd.	Shree Nath Printers	Highland Industries
Health Guard Laboratories	Navdeep Mktg. P. Ltd.	V M Pkgg & Home Appliances PV
Amita Polymers Pvt. Ltd.	Sun Control Systems	Supreme Plastic Industries
Tanuk Pharma India Ltd.	Surya Print Process Pvt. Ltd.	New Gaurav Printers
New Samudra Art Centres	P S Press Service Pvt. Ltd.	B M Traders
Jasmer Packers Pvt. Ltd.	Care Marketing Co. Pvt. Ltd.	Bajjal Packaging India Pvt. Ltd.
Prem Industries	M C Packaging Pvt. Ltd.	Penguin Plastics
Ajanta Packaging	Deep Packaging Industries	Esskay Printers P. Ltd.
Vipul Plastics	Print & Publicity Pvt. Ltd.	Alpha Packaging
V P Poly Udyog	Skylab Industries	Gorki Industries
Sunshine Polymers Private Limited	CNC Plastic Private Limited	Flex Alloys Pvt. Ltd.
Super Pack Industries	S A Packaging Pvt. Ltd.	Graphic Printpack
Unick Fix-A-Form and Printers	Shyam Adarsh Pack Pvt. Ltd.	Salicylates & Chemicals Pvt. Ltd.
Sheel Packaging Pvt. Ltd.	Bee Kay Enterprises	Penguin
Dynamic Sticker Industries	Paper Management (India)	Sea-Shell Chemicals Pvt. Ltd.
Pacwel Plastics Pvt. Ltd.	Flex Alloys Pvt. Ltd.	Classic Caps
Shree Govindo Glass	Agreni Polymers Ltd.	Triveni Polymers Pvt. Ltd.
Print-N-Wrap	Nutech Packagings	West Bengal Packaging Industries
Swastik Packaging	Svar Plastics Pvt. Ltd.	Faridabad Plastics
New Samudra Art Centre	HBD Packaging Pvt. Ltd.	Ambika Parenterals Containers
Magadh Plas Pvt. Ltd.	Abhinav Printing & Packagings	Krishna Packaging
Stellar Pkg. Pvt. Ltd.	Rototech	Print & Publicity Pvt. Ltd.

9. Particulars of Balances with Non-Scheduled Banks:

	<b>Balance as on</b>	<b>Maximum Balance</b>	Balance as on	Maximum Balance
	<b>31.03.2002</b>	<b>during the year</b>	31.03.2001	during the year
a) In Current Account				
i. Standard Chartered Bank, Jebel Ali	3.32	157.09	6.85	23.09
ii. ABN Amro Bank, Jebel Ali	0.64	210.69	2.94	3.00
iii. Bank of Foreign Trade, Moscow	0.24	10.28	2.18	2.18
iv. Barclays Bank, London	324.60	324.60	64.25	466.43
v. SBI, London	3.76	3.76	3.45	3.52
b) Barclays Bank, Deposit A/c, London	504.17	504.17	139.82	516.82

10. The company's freehold land situated at Sahibabad measuring about 7.58 acres was acquired by UP 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.

11. Figures for the previous year have been rearranged/regrouped as and where necessary in terms of current year's grouping.

# D A B U R I N D I A L I M I T E D

## 12A. Related party Disclosures

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

Name of related party and nature of related party relationship where control exists:

### I) Ownership

Dabur Foods Ltd.	(Domestic Subsidiary)
Dabur Finance Ltd.	(Domestic Subsidiary)
Dabur Nepal Pvt. Ltd.	(Foreign Subsidiary Company)
Dabur Oncology Plc	(Foreign Subsidiary Company)
Dabur Egypt Ltd.	(Foreign Subsidiary Company)
Dabur Overseas Ltd.	(Foreign Subsidiary Company)

### II) Substantial Interest in Voting Power

Dabon International Pvt. Ltd.
Luna Trading Co. Pvt. Ltd.

## 12B. Transaction with related parties during the year 2001-2002

	Subsidiary	Fellow Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total	Outstanding As on 31.03.2002
Purchases of Goods	7124.78	—	1712.21	—	—	8836.99	514.05
Sale of Goods	564.46	25.03	888.59	—	—	1478.08	157.02
Rendering Services	1125.22	5.16	5937.46	—	—	7067.84	2260.28
Receiving of Services	1.39	—	—	—	—	1.39	1.39
Repayment of Deposits	—	—	—	54.90	255.89	310.79	—
Finance (incl. Loans & equity contributions in cash or kind)	975.00	—	8094.30	372.80	—	9442.10	4031.23
Interest of financing	—	—	260.14	49.11	18.56	327.81	—
Guarantees & collaterals	4739.38	394.13	—	—	—	5133.51	5133.51
Royalty	64.50	—	114.97	—	—	179.47	179.47

**Note : List of parties forming part of transaction with related party:**

<p><b>I) Key Management Personnel (whole time directors)</b></p> <p>a) V.C. Burman</p> <p>b) Pradip Burman</p> <p>c) Dr. Anand Burman</p> <p>d) Amit Burman</p> <p>e) P.D. Narang</p> <p>f) Sunil Duggal</p> <p>g) A. C. Burman</p> <p>h) Ninu Khanna</p> <p>i) Rukma S Rana</p>	<p><b>Relatives of Key Management Personnel</b></p> <p>Monica Burman Chandrakala Burman A. C. Burman</p> <p>Brij Rani Burman</p> <p>Minnie Burman Aditya Burman Anisha Burman A. C. Burman Sudha Burman</p> <p>—</p> <p>—</p> <p>—</p> <p>Sudha Burman Dr. Anand Burman Chandrakala Burman V.C. Burman</p> <p>—</p> <p>—</p>	<p><b>II) Entities over which key management personnel are able to exercise significant influence</b></p> <p>a) Malhotra Trading Co. Mohit Burman holds 99% shares and Directorship</p> <p>b) Adbur Pvt. Ltd. Monica Burman 25%</p> <p>c) Jetways Travels Pvt. Ltd. Asha Burman 45%</p> <p><b>III) An enterprise owned by any directors of Dabur India Ltd.,</b></p> <p>a) VIC Enterprises Pvt. Ltd.</p> <p>b) Ratna Commercial Enterprises Pvt. Ltd.</p> <p><b>IV) An enterprise owned by major shareholders (major shareholders of Dabur India Limited are):</b></p> <p>a) Acee Enterprises</p> <p>b) VIC Enterprises Pvt. Ltd.</p> <p>c) Puran Associates Pvt. Ltd.</p> <p>d) Gyan Enterprises Pvt. Ltd.</p> <p>e) Ratna Commercial Enterprises Pvt. Ltd.</p> <p>f) Chowdry Associates</p> <p><b>Companies Owned by major shareholders are :</b></p> <p>a) Milky Investment &amp; Trading Co.</p> <p>b) Sanat Products Ltd.</p>
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13. Information about primary business segments

	FMCG <i>Current Year</i>	Pharmaceuticals <i>Current Year</i>	Ayurvedic <i>Current Year</i>	Others <i>Current Year</i>	Dabur India Ltd. <i>Current Year</i>
<b>REVENUE</b>					
External Sales	88790.8	16290.1	8624.7	2613.9	116319.5
Inter-segment sales	-	-	-	-	-
<b>Total Revenue</b>	<b>88790.8</b>	<b>16290.1</b>	<b>8624.7</b>	<b>2613.9</b>	<b>116319.5</b>
<b>RESULT</b>					
Segment result	13180.6	1384.5	1401.3	298.2	16264.5
Unallocated corporate expenses	-	-	-	-	(6318.5)
<b>Operating Profit</b>	<b>13180.6</b>	<b>1384.5</b>	<b>1401.3</b>	<b>298.2</b>	<b>9946.0</b>
Interest expense (Net of Interest Income)	-	-	-	-	(2394.9)
Income Tax (Current + Deffered)	-	-	-	-	1106.7
<b>Profit from ordinary activities</b>	<b>13180.6</b>	<b>1384.5</b>	<b>1401.3</b>	<b>298.2</b>	<b>6444.3</b>
Extraordinary loss: uninsured earthquake damage to factory	-	-	-	-	-
<b>Net Profit</b>	<b>13180.6</b>	<b>1384.5</b>	<b>1401.3</b>	<b>298.2</b>	<b>6444.3</b>
<b>OTHER INFORMATION</b>					
Segment assets	26893.3	10621.7	3462.0	1251.5	42228.5
Unallocated corporate assets	-	-	-	-	35303.0
<b>Total Assets</b>	<b>26893.3</b>	<b>10621.7</b>	<b>3462.0</b>	<b>1251.5</b>	<b>77531.5</b>
Segment Liabilities	(7942.2)	(715.4)	(1221.0)	(198.1)	(10076.8)
Unallocated corporate liabilities	-	-	-	-	(6409.6)
<b>Total Liabilities</b>	<b>(7942.2)</b>	<b>(715.4)</b>	<b>(1221.0)</b>	<b>(198.1)</b>	<b>(16486.4)</b>
<b>Capital Expenditure</b>	<b>18951.0</b>	<b>9906.3</b>	<b>2241.0</b>	<b>1053.5</b>	<b>61045.1</b>
Depreciation	838.5	288.5	116.4	119.7	2098.6
Non-cash expenses other than depreciation	-	-	-	-	347.9

**Secondary Segment**

As the company also exports, the secondary segment for the company is based on the location of customers. Out of the total sales of Rs. 116319.49 lacs, the export sales is of Rs. 9855.10 lacs and domestic sale is 106464.39 lacs.

14. Pursuant to the introduction of Accounting Standard No. 22 as issued by the Institute of Chartered Accountants of India, profit for the year and the year end net worth of the company have been reduced by Rs. 555.74. Further the Provision for deferred Taxation pertaining to the period prior to 1st April 2001 amounting to Rs. 1301.09 has been adjusted against the General Reserve with consequent effect on year end reserve and net worth.

15. All monetary figures are expressed in Rupees Lac.

16. Additional information as required under Part IV of Schedule VI of the Companies Act, 1956:

<p><b>I. Registration Details</b></p> <p>Registration No. 7908</p> <p>State Code : 55</p> <p>Balance Sheet Date: 31.03.2002</p> <p><b>II. Capital raised during the year (Amount in Rs. Thousand)</b></p> <p>Public Issue **NIL</p> <p>Rights Issue NIL</p> <p>Bonus Issue NIL</p> <p>Private Placement 379</p> <p><i>**Received Call Money Rs. 2 during the year</i></p> <p><b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)</b></p> <p>Total Liabilities 7787944</p> <p>Total Assets 7787944</p> <p><b>Sources of Funds</b></p> <p>Paid up capital 285594</p> <p>Reserves &amp; Surplus 3718114</p> <p>Secured Loans 361787</p> <p>Unsecured Loans 1773814</p>	<p><b>Application of Funds</b></p> <p>Net Fixed Assets 2444240</p> <p>Investments 1233205</p> <p>Net Current Assets 2612804</p> <p>Misc. Expenditure 34793</p> <p>Deferred Tax Assets (185733.00)</p> <p><b>IV. Performance of Company (Amount in Rs. Thousand)</b></p> <p>Turnover 11770653</p> <p>Total Expenditure 11015545</p> <p>Profit/(Loss) Before Tax 755108</p> <p>Profit/(Loss) After Tax 644434</p> <p>Earning per share in Rs. 2.26</p> <p>Dividend Rate % 50%</p> <p><b>V. Generic names of three Principal Products/Services of company (As per monetary terms)</b></p> <p>Item Code No. (ITC Code) 30049001</p> <p>Product Description Ayurvedic Medicines</p> <p>Item Code No. (ITC Code) 33059001</p> <p>Product Description Hair Oils</p> <p>Item Code No. (ITC Code) 33061000</p> <p>Product Description Dentifrices</p>
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Signatures to the Schedules "A" to "P" Annexed to and forming part of the Accounts.

<p>V. C. BURMAN Chairman</p> <p>NEW DELHI 11th June, 2002</p>	<p>P.D. NARANG Director</p> <p>ASHOK JAIN Company Secretary</p>	<p>P.N. VIJAY Director</p> <p>A. K. BASU Partner</p>	<p>As per our report of even date attached for G. BASU &amp; CO. CHARTERED ACCOUNTANTS</p>
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D A B U R I N D I A L I M I T E D

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002**

	(Rs. in lacs)	
	2001-2002	2000-2001
<b>A. Cash Flow from operating Activities</b>		
Net Profit before tax and extra ordinary items	7551.08	8517.34
Add :		
Depreciation	2098.63	2245.26
Loss on Sale of Investment	-	349.10
Miscellaneous Exp. written off	440.75	373.56
Miscellaneous Exp. Written off (included in Director Remun.)	133.74	-
Interest	2394.94	2966.40
	5068.06	5934.32
	12619.14	14451.66
Less :		
Dividend received	209.45	243.31
Profit on Sale of Brand	-	300.00
Profit on Sale of Assets	349.26	124.15
	558.71	667.46
Operating Profit before working capital changes	12060.43	13784.20
Working Capital Changes		
Increase/(Decrease) in Inventories	1928.19	(504.15)
Increase/(Decrease) in Debtors	(2011.13)	2003.69
Decrease/(Increase) in Trade Payables	(1877.41)	(2770.12)
	(1960.35)	(1270.58)
Increase/(Decrease) in Working Capital	(1960.35)	(1270.58)
Cash Generated from Operating Activities	14020.78	15054.78
Interest Paid	2881.25	2842.48
Tax Paid	895.18	710.82
Income Tax Refund	(176.30)	23.48
Corporate Tax on Dividend	436.52	3686.64
	4036.65	156.82
Cash used (-)/(+) Generated for operating activities (A)	9984.13	11368.14
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2476.82)	(2757.33)
Sale of Fixed Assets	571.81	563.14
Profit on Sale of Brand	-	300.00
Purchases of Investment including Investment in Subsidiaries	(5060.20)	(2929.23)
Sale of Investments	1.21	24.47
Dividend Received	209.45	243.31
	(6754.55)	(4555.64)
Cash used (-)/(+) generated for investing activities (B)	(6754.55)	(4555.64)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from share capital & premium	3.81	0.65
Repayment (-)/Proceeds (+) of Long term Secured Liabilities	(525.03)	9.15
Repayment (-)/Proceeds (+) from Short Term Loans	1389.96	(3557.07)
Proceeds from Deposits	(1373.36)	1127.52
Repayment (-)/Proceeds (+) from other Unsecured Loan	2221.55	(6908.60)
Payment of other Advances	(853.14)	(616.25)
Payment of Dividend	(4259.93)	(1434.76)
	(3396.13)	(11379.36)
Cash used (-)/(+) (generated) in Financing Activities (C)	(3396.13)	(11379.36)
Net increase (+)/decrease (-) in Cash and Cash Equivalents (A+B+C)	(166.55)	(4566.85)
Cash and Cash Equivalents opening Balance	2343.70	6910.55
Cash and Cash Equivalents closing Balance	2177.15	2343.70

For and on behalf of the Board  
(V.C. BURMAN)  
Chairman

New Delhi  
June 11, 2002

**AUDITORS CERTIFICATE**

We have verified the above Cash Flow Statement of Dabur India Ltd. derived from the Audited Financial Statements for the years ended March, 31, 2002 and March 31, 2001 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with the Stock Exchanges.

For G. BASU & CO.  
Chartered Accountants

New Delhi  
June 11, 2002

(A. K. BASU)  
Partner



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Auditors' report to the Board of Directors of Dabur India Limited on the consolidated financial statements of Dabur India Limited and its subsidiaries.

We have examined the attached consolidated balance sheet of Dabur India Limited and its subsidiaries ("the group") as at March 31, 2002 and the consolidated profit and loss account for the year then ended.

These financial statements are the responsibility of Dabur India Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance, with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In the said Consolidated Financial Statements have been incorporated accounts of four foreign body corporates audited by other auditors as per the law of the countries in which they are incorporated, and two

body corporates incorporated in India; one of them being audited by other auditor. Report on the accounts of subsidiaries audited by other auditors as well as that of us pertaining to the accounts of subsidiary companies consolidated herein as received by us have been properly dealt with by us while preparing our report. Our report herein is based on the consideration of audit reports on the individual financial statements.

Subject to Accounting Policy of the investments held by the parent company other than those in subsidiaries and gradual amortization of advertisement and publicity expenses of Dabur Foods Ltd. as against parent Company's policy of charging the same in the year of incurrence thereby adding to profit and miscellaneous expenditure by Rs.229 lacs each, in our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of Dabur India Limited and its subsidiaries as at March 31, 2002 and of the consolidated results of their operations and consolidated cash flows for the year ended on that date in accordance with generally accepted accounting principles.

For G. Basu & Co  
Chartered Accountants

New Delhi  
11th June, 2002

A.K. Basu  
Partner

D A B U R I N D I A L I M I T E D ( C O N S O L I D A T E D )

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2002**

	Schedule		As at 31st March, 2002 (Rs. in lacs)
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
A) Share Capital	A	2855.94	
B) Reserves And Surplus	B1	<u>36480.42</u>	39336.36
<b>Minority Interest</b>			
	B2		782.65
<b>Loan Funds:</b>			
A) Secured Loans	C	8471.48	
B) Unsecured Loans	D	<u>21939.30</u>	30410.78
<b>Total</b>			<u><u>70529.79</u></u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
A) Gross Block	F	54336.20	
B) Less : Depreciation		<u>17260.72</u>	
C) Net Block			37075.48
<b>Investments</b>			
	G		2674.94
<b>Current Assets, Loans and Advances</b>			
A) Inventories		20182.56	
B) Sundry Debtors		14204.53	
C) Cash & Bank Balances		3567.06	
D) Loans & Advances		<u>12464.73</u>	
		<u>50418.88</u>	
Less: Current Liabilities and Provisions	EA		
A) Liabilities		15791.93	
B) Provisions		<u>2475.74</u>	
		<u>18267.67</u>	
<b>Net Current Assets</b>			32151.21
<b>Deferred Tax Liabilities</b>			
	EB		(1990.51)
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	1A		618.67
Notes to Accounts	P		
<b>Total</b>			<u><u>70529.79</u></u>

V. C. BURMAN  
Chairman

P.D. NARANG  
Director

P.N. VIJAY  
Director

As per our report of  
even date attached  
for G. BASU & CO.  
CHARTERED ACCOUNTANTS

NEW DELHI  
11th June, 2002

ASHOK JAIN  
Company Secretary

A. K. BASU  
Partner



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	For the year Ended 31st March, 2002 (Rs. in lacs)
<b>INCOME</b>	J	
Sales Less Returns		128096.25
Other Income		1198.54
<b>Total Income</b>		<b>129294.79</b>
<b>Expenditure</b>		
Cost of Materials	K	56296.17
Excise Duty		6062.47
Manufacturing Expenses	L	3358.36
Payments to and Provisions for Employees	M	9389.81
Selling and Administrative Expenses	N	39191.53
Financial Expenses	O	3331.66
Miscellaneous Expenditure written off	IB	566.71
Depreciation		2867.93
Total Expenditure		<b>121064.64</b>
<b>Balance being Net Profit</b>		<b>8230.15</b>
Balance brought forward		2028.86
Prior period Expenses		(14.76)
Provision for Taxation of earlier years written back		96.12
Transferred from Debenture Redemption Reserve		250.00
		<b>10590.37</b>
Provision for Taxation: Current		678.50
Deffered		688.92
Provision for Taxation for earlier year		36.87
Interim Dividend		1467.47
Employees Sharing of Profit		3.80
Corporate Tax on Interim Dividend		145.60
Transferred to Capital Reserve		248.72
Transferred to General Reserve		3114.40
Minority Interest		508.37
<b>Balance carried over to Balance Sheet</b>		<b>3697.72</b>
		<b>10590.37</b>
<b>EPS Rs.</b>		
Basic		2.33
Diluted		2.32
<b>No. of Shares</b>		
Basic		285366429
Diluted		286001092

Notes to Accounts

P

V. C. BURMAN  
Chairman

P.D. NARANG  
Director

P.N. VIJAY  
Director

As per our report of  
even date attached  
for G. BASU & CO.  
CHARTERED ACCOUNTANTS

NEW DELHI  
11th June, 2002

ASHOK JAIN  
Company Secretary

A. K. BASU  
Partner

D A B U R I N D I A L I M I T E D ( C O N S O L I D A T E D )

## SCHEDULE - A

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### SHARE CAPITAL

(Rs. in lacs)

		As at 31-3-2002
<b>Authorised :</b>		
500000000	Equity Shares of Re. 1 each (Previous year 500000000 Equity Shares of Re. 1)	5000.00
		5000.00
<b>Issued and Subscribed:</b>		
285593520	Equity shares of Re. 1 each fully called up (Previous year - 285214830 Equity shares of Re. 1)	2855.94
		2855.94

## SCHEDULE - B1

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### RESERVES AND SURPLUS

(Rs. in lacs)

		As at 31-3-2002
Capital Reserve		1475.19
Share Premium Reserve		5292.70
Capital Redemption Reserve		56.93
General Reserve		24806.38
Debenture Redemption Reserve		500.00
Investment Allowance Reserve		82.58
Investment Deposit Reserve		182.50
Profit and Loss Account		3697.72
Employee Stock Option Scheme Outstanding		386.42
TOTAL		36480.42

## SCHEDULE - B2

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### MINORITY INTEREST

(Rs. in lacs)

		As at 31-3-2002
Share Capital		161.57
Share Premium		75.00
General Reserve		37.71
Profit & Loss		508.37
		782.65

## SCHEDULE - C

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### SECURED LOANS

(Rs. in lacs)

		As at 31-3-2002
<b>A. DEBENTURES :</b>		
	1000000 - 14.75% Secured Redeemable Non - Convertible Debentures of Rs. 100 each as fully paid up and redeemable at par in 2 equal annual instalments payable on 23rd July 2002 & 2003	1000.00
<b>B. TERMS LOANS: FROM BANKS/ FINANCIAL INSTITUTIONS</b>		
		7471.48
		8471.48

Details of security are given in the schedule of Companies under consolidation



## SCHEDULE - D

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### UNSECURED LOANS

(Rs. in lacs)

		As at 31-3-2002
<b>DEPOSITS :</b>		
Public - active	-	
Public - unclaimed (includes interest accrued and due -5.84)	41.55	
Companies	4224.49	4266.04
Security deposit from dealers and others		456.78
<b>OTHER LOANS :</b>		
Interest free Sales Tax loan - Sales Tax deferred		1357.09
Book Overdraft of current account with banks		3294.81
Short Term Loan - from banks *		1093.82
Commercial Papers		7500.00
Long Terms Loan		42.94
External Commercial Borrowings		3927.83
		21939.30

\* Includes Rs.394.12 (EGP 3750000) loan taken by Dabur Egypt from HSBC Egypt which is counter guaranteed by Dabur India Ltd to HSBC New Delhi

## SCHEDULE - EA

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### CURRENT LIABILITIES AND PROVISIONS

(Rs. in lacs)

		As at 31-3-2002
<b>A. CURRENT LIABILITIES</b>		
Acceptance	5468.08	
Amount due to SSI units	1154.09	
Creditors for goods	2695.47	
Creditors for expenses and other liabilities	5629.81	
	14947.45	
Unclaimed dividend	57.72	
Advances from customers	658.83	
Interest accrued but not due on loans	59.41	
Deposits - others	68.52	15791.93
<b>B. PROVISIONS</b>		
For leave salary	222.49	
For housing, bonus & gratuity	329.00	
For taxation	1924.25	2475.74
		18267.67

## SCHEDULE - EB

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### DEFERRED TAX LIABILITIES (NET)

(Rs. in lacs)

		As at 31-3-2002
<b>DEFERRED TAX LIABILITY :</b>		
Depreciation	1912.11	
Strategic Consultancy Expenses	87.97	2000.08
<b>LESS: DEFERRED TAX ASSETS :</b>		
VRS Payment	9.57	9.57
Total		1990.51

**D A B U R I N D I A L I M I T E D ( C O N S O L I D A T E D )**

**SCHEDULE - F**

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

**FIXED ASSETS**

(Rs. in lacs)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.01	Addi- tions	Adjust- ment	As on 31.03.02	As on 31.03.01	For the year	Adjust- ment	As on 31.03.02	As on 31.03.02	As on 31.03.01
Freehold Land	1115.48	12.15	1.27	1126.36	–	–	–	–	<b>1126.36</b>	1115.48
Leasehold Land	603.07	–	1.70	601.37	21.78	4.04	1.11	24.71	<b>576.66</b>	581.29
Building, Roads & Culvert	12700.47	594.53	226.49	13068.51	2821.95	488.30	160.69	3149.56	9918.95	9878.52
Plant & Machinery	21052.25	1355.96	719.38	21688.83	8439.18	1548.09	417.90	9569.37	<b>12119.46</b>	12613.07
Vehicles	1241.48	166.48	232.76	1175.20	599.56	180.78	167.39	612.95	<b>562.25</b>	641.92
Furniture & Off Equip.	3642.85	628.65	47.78	4223.72	1493.98	258.19	27.16	1725.01	<b>2498.71</b>	2148.87
Computers	3003.40	173.99	70.66	3106.73	1807.26	341.38	66.92	2081.72	<b>1025.01</b>	1196.14
Patents	330.00	–	–	330.00	50.25	47.15	–	97.40	<b>232.60</b>	279.75
Live Stock	0.22	–	–	0.22	–	–	–	–	<b>0.22</b>	0.22
Capital Work In Progress	6092.33	4873.77	1950.84	9015.26	–	–	–	–	<b>9015.26</b>	6092.33
<b>Total</b>	<b>49781.55</b>	<b>7805.53</b>	<b>3250.88</b>	<b>54336.20</b>	<b>15233.96</b>	<b>2867.93</b>	<b>841.17</b>	<b>17260.72</b>	<b>37075.48</b>	<b>34547.59</b>

**SCHEDULE - G**

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

**INVESTMENTS (AT COST)**

(Rs. in lacs)

	No. of Shares/debentures/ Units fully paid up	As at 31-3-2002
<b>A. QUOTED OTHER THAN TRADE</b>		
1. Alliances 95-Dividend	490918	<b>200.00</b>
2. ICICI-Prudential Balance Fund -Dividend	1879699	<b>200.00</b>
3. Birla Balance - Dividend	1793722	<b>200.00</b>
4. Unit Trust of India (Unit 64 Scheme)	464286	<b>65.00</b>
<b>B. UNQUOTED</b>		
<b>I) Unquoted - Trade Investments</b>		
1. Dabur Ayurved Limited (11110 Shares sold during the year)	–	–
2. Dabur Ayurvedic Specialities Ltd (1010 Shares sold during the year)	–	–
3. Sanat Product Ltd.	50000	<b>105.00</b>
4. Dabon International Limited (2000000 Shares allotted during the year)	13500000	<b>1350.00</b>
<b>II) Unquoted - Other than Trade Investments</b>		
1. Commerce Centre Cooperative Housing Society Limited	15	<b>0.02</b>
2. Capexil (Agencies) Limited	3	<b>0.01</b>
3. Dabur Employees Consumers Co-op Stores Limited	250	<b>0.03</b>
4. Dabur Employees Cooperative Credit Society Ltd	650	<b>0.07</b>
5. Co-operative Stores Limited, Super Bazar	500	<b>0.05</b>
6. Himal Laboratories Private Ltd.	10000	<b>1.00</b>
7. Vertex Broadcasting P Ltd	1000	<b>0.10</b>
8. 5% Special Nepal Govt. Bond 2063	3	<b>69.65</b>
9. 12.50% Maharashtra State Development Loan 2004	3	<b>3.24</b>
10. VIII Series National Saving Certificates	1	<b>0.20</b>
11. Vertex Broadcating P Ltd - Preference Shares	1187500	<b>80.18</b>
12. Vertex Bhopal Broadcasting P Ltd - Preference Shares	100	<b>0.01</b>
13. Vertex Deccan Broadcasting P Ltd - Preference Shares	100	<b>0.01</b>
14. Dabur Securities Pvt. Ltd	300010	<b>30.00</b>
<b>C. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		<b>373.46</b>
Total		<b>2678.03</b>
Less: Provision for Diminution		<b>3.09</b>
		<b>2674.94</b>



## SCHEDULE - H

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in lacs)

		As at 31-3-2002
<b>A. CURRENT ASSETS</b>		
Stock in Trade:		
- Raw Materials	5663.82	
- Packing Materials, Stores and Spares	2115.95	
- Stock in Process	2406.57	
- Finished Goods	9996.22	
	<u>20182.56</u>	20182.56
Sundry Debtors (Unsecured)		
- Debts Outstanding for a period exceeding six months:		
Considered Good	878.83	
- Other Debts (Considered Good)	13325.70	
	<u>14204.53</u>	14204.53
Cash and Bank Balances :		
- Cash in Hand at Head office and other offices	34.17	
- Balance with Scheduled Banks:		
In other Current Accounts (Includes Rs. 57.72 in unpaid Dividend Account)	1574.69	
In Fixed Deposit Accounts	845.38	
- Balance with Non Scheduled Banks		
In Current Accounts	533.08	
In Fixed Deposit Accounts	504.17	
- Postal Saving Bank Accounts (Deposited with Excise Authority)	0.95	
- Remittance-in-Transit & Cheques-in Hand	74.62	
	<u>3567.06</u>	3567.06
		<u>37954.15</u>
<b>B. LOANS AND ADVANCES (Unsecured, considered good, unless stated otherwise)</b>		
Loans and Advances to Others (Including Secured Advances Rs. 199.47)	601.06	
Security Deposit with various Authorities (Including Deposit with Govt. Authorised Rs. 1046.79)	3908.25	
Advance Payment of tax	2240.75	
Advances to Suppliers	2105.34	
Advances to Employees	1265.81	
Balance with Excise Authorities	822.11	
Other Advances	1521.41	
	<u>12464.73</u>	12464.73
Total (A+B)		<u>50418.88</u>

## SCHEDULE - I A

Annexed to and forming part of the Balance Sheet as at 31st March, 2002

### MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

(Rs. in lacs)

		As at 31-3-2002
Share Issue Expenses	75.64	
Less: Amortised During the year	<u>37.83</u>	37.81
Technical Know how Fees Paid	14.33	
Less Amortised During the year	<u>5.91</u>	8.42
Strategic Management Consultancy Expenses	339.26	
Less: Amortised during the year	<u>246.40</u>	92.86
Deferred Advertisement & Publicity	343.96	
Less: Amortised during the year	<u>114.65</u>	229.31
Preliminary Expenses	40.89	
Less: Amortised during the year	<u>7.88</u>	33.01
Deferred Employee Compensation under ESOP		
Opening Balance	321.03	
Addition during the period	184.01	
Less Amortised during the period	<u>287.79</u>	217.26
		<u>618.67</u>

D A B U R I N D I A L I M I T E D ( C O N S O L I D A T E D )

## SCHEDULE - J

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### SALES AND OTHER INCOME

(Rs. in lacs)

	For the year ended 31-3-2002
<b>A. SALES :</b>	
Domestic Sales less returns	116621.83
Export Sales	11474.42
	128096.25
<b>B. OTHER INCOME :</b>	
Export subsidy	147.55
Rent realised (Tax deducted at source rs. 12.97)	88.50
Sale of scrap	150.79
Dividend received (other than trade investment)	17.17
Royalty received	114.97
Miscellaneous receipts	376.37
Profit on sale of assets (Net of loss Rs. 18.34) (Including capital profit of Rs. 248.72)	303.19
	1198.54

## SCHEDULE - K

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### COST OF MATERIALS

(Rs. in lacs)

	For the year ended 31-3-2002
<b>Raw Materials consumed :</b>	
i) Opening Stock	5383.74
ii) Add : Purchases	24090.13
	29473.87
iii) Less : Closing Stock	5550.93
	23922.94
<b>Packing materials consumed :</b>	
i) Opening Stock	1444.38
ii) Add : Purchases	9531.89
	10976.27
iii) Less : closing stock	1473.55
	9502.72
<b>Purchase of finished products</b>	24711.19
<b>Adjustment of Stocks :</b>	
Opening stock : Stock in process	2396.72
Finished products	8153.45
	10550.17
Closing stock : Stock-in-process	2406.57
Finished products	9984.28
	12390.85
Increase(-)/Decrease in stock	(1840.68)
	56296.17

## SCHEDULE - L

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### MANUFACTURING AND OPERATING EXPENSES

(Rs. in lacs)

	For the year ended 31-3-2002
Power and Fuel	2239.09
Stores & Spares consumed	418.69
Repairs & Maintenance:	
– Building	181.62
– Plant & Machinery	222.02
– Others	220.68
Processing Charges	76.26
	3358.36



## SCHEDULE - M

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

	(Rs. in lacs)
	For the year ended 31-3-2002
Salaries, Wages and Bonus	5427.40
Contribution to Provident and other Funds	883.57
Workmen and Staff Welfare	2366.23
Directors' remuneration (including perquisites Rs. 364.12)	712.61
	<u>9389.81</u>

## SCHEDULE - N

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### SELLING AND ADMINISTRATIVE EXPENSES

	(Rs. in lacs)
	For the year ended 31-3-2002
Rent	560.22
Rates and Taxes	106.46
Insurance	237.44
Sales Tax	8057.50
Freight and Forwarding Charges	2872.73
Cartage and Coolie	68.26
Commission, Discount and Rebate	2774.13
Advertising and Publicity	16350.82
Travel & Conveyance	2510.30
Legal & Professional	588.05
Telephone, Fax Expenses	546.52
Security Expenses	106.31
General Expenses	2533.66
Directors' Fees	1.76
Auditors' Remuneration:	24.19
Donation	65.69
Contribution for Scientific Research Expenses	1750.00
Bad Debts	32.85
Loss on Sale of Investments	4.64
	<u>39191.53</u>

## SCHEDULE - O

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### FINANCIAL EXPENSES

	(Rs. in lacs)
	For the year ended 31-3-2002
Interest paid on :	
– Fixed Period Loan	1751.96
– Others (Net of Int. received Rs. 276.41)	1015.92
Bank Charges	563.78
	<u>3331.66</u>

## SCHEDULE - I B

Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

### MISCELLANEOUS EXPENDITURE WRITTEN OFF

	(Rs. in lacs)
	For the year ended 31-3-2002
Share Issue Expenses	37.83
Technical Knowhow Fees Paid	5.91
Strategic Management Consultancy Expenses	246.40
Deferred Advertisement & Publicity	114.65
Preliminary Expenses	7.88
Deffered Employee Compensation under ESOP	287.78
Less: Transfer to Directors' Remuneration	133.74
Total	<u>566.71</u>

## Schedule P annexed to and forming part of the Accounts for the year ended 31st March, 2002

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figures in Rupees Lacs)

### A. ACCOUNTING POLICIES

#### 1. Principles of consolidation :

The Consolidated Financial Statement relates to Dabur India Ltd. (the parent company) and Dabur Foods Ltd. and Dabur Finance Ltd., (both wholly owned subsidiary companies incorporated in India) Dabur Overseas Ltd; Dabur Oncology Plc. (both wholly owned subsidiary companies incorporated in British Virgin Islands & United Kingdom respectively), DNPL (a subsidiary body corporate incorporated in Nepal, the extent of holding of parent company being 79.96%), and Dabur Egypt Ltd. (a subsidiary body corporate incorporated in Egypt, 76% of stake wherein is held by Dabur Overseas Ltd.; one of the wholly owned foreign subsidiaries of parent company).

The consolidated financial statements have been prepared on the basis of AS-21, issued by ICAI 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 crediting the difference of the two in terms of aggregate in 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 reported currency upto the date of commercial production (i.e. the date, their assets were due to capitalization) on account of exchange fluctuation has been credited to capital reserve. Subsequent generation of reserve other than that of the nature of capital reserve including gain/loss arising on account of translating the transactions of the year, year-end assets and liabilities of the foreign subsidiaries for the purpose of consolidating with parent company's assets at exchange rates ruling on year-end-date has been recognized as reserve specifically earmarked for the purpose.

- II. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's separate financial statements unless stated otherwise from paragraph "2" to "5" to follow.

Recognition of income, classification of assets, provisioning thereon pertaining to accounts of Dabur Finance Ltd. remain as per guidelines issued by RBI as disclosed in the accounting policy of said company which are not necessarily consistent with the accounting policies of the parent company.

- 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, income and expenses of overseas subsidiaries have been translated in reporting currency in terms of exchange rates prevailing on year-end date.

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.

- V. Impact of exchange fluctuation, whether revenue or capital in nature appearing in the accounts of the foreign subsidiaries are directly charged to revenue in Consolidated Financial Statement.

#### 2. Depreciation

- In respect of Holding Company, depreciation on fixed assets has been provided on written down value method rates specified in Schedule XIV of the Companies Act, except for Baddi, Katni, Kalyani, 5/1 Sahibabad unit and Corporate Office in Sahibabad, where depreciation have been provided on straight line method at the rates specified in aforesaid Schedule. Depreciation on differential increase in value arising out of revaluation is charged against capital reserve.

- Depreciation on differential amounts of fixed assets arising out of exchange loss or gain on foreign currency loan are adjusted over the remaining life of the concerned fixed assets.

In respect of Dabur Egypt Limited, a subsidiary, depreciation is calculated using straight-line method over the estimated useful lives.

- In respect of Dabur Finance Limited, another subsidiary, on owned assets normal depreciation has been provided by using straight line method rates as prescribed under Schedule XIV of the Companies Act, 1956.

On leased assets, depreciation has been provided on the amount equal to annual lease charges as per method recommended by The Institute of Chartered Accountants of India under which cost of the leased assets (net of Margin, if any) is depreciated over primary period of lease applying interest rate implicit in the lease to the outstanding investment in lease to calculate finance earnings for the period and the difference between the lease rental and finance earnings is charged as depreciation.

#### 3. Miscellaneous Expenditure

- Deferred advertisement, publicity and sales promotion expenses are being amortized over a period of five years in Dabur Foods Ltd., one of the subsidiaries.



#### 4. Recognition of income and expenditure of Dabur Finance Ltd. from Lease, Hire purchase transaction and provisioning of non-performing assets

- Lease rentals are recognized as Income when the same become receivable in terms of the lease agreements except where payments of lease rentals have been rescheduled, the same are recognized as income to the extent of receipts.
- Income from Hire Purchase transactions are recognized by applying the implicit rate in-built on diminishing balance transactions except where payments of Hire Purchase rentals have been rescheduled, the same are recognized as Income to the extent of receipts.
- Bad Debts are written off and provision in respect of performing and other class of assets is made based on period review of receivable and guidelines of RBI over and above such provisions bad debts are being written off in such cases as determined by the company.

#### 5. Investment

Investment of Dabur Finance Ltd. is unquoted equity shares held as current investments and are carried at cost net of provision for diminution in the value of current investment.

#### 6. Taxation

Deferred tax being the tax effect of timing differences representing the differences between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent periods, has been considered for all companies under consolidation except for Dabur Egypt Limited & Dabur Overseas Limited where the same is not mandatorily applicable.

### B. NOTES TO ACCOUNT

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

	As at 31 <sup>st</sup> March 2002	As at 31 <sup>st</sup> March 2001
Cost/Revalued	7180.35	7041.64
Written Down Values	5281.11	5367.50

2. Loans and Advances include Rs.46.67 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 Adjustment in respect of recovery/refund will be made as per the arbitration proceedings.

3. Contingent Liabilities :

- Claims against the company not acknowledged as debts :
  - In respect of civil suits filed against the company Rs.160.42.
  - In respect of claims by employees Rs.4.87.
- In respect of letters of credit Rs.2404.12.
- In respect of Bank Guarantees executed Rs.259.24.
- In respect of Sales Tax under appeal Rs.295.31.
- In respect of excise duty disputes pending with various judicial authorities Rs.3889.77.
- In respect of Corporate guarantees given by the Company Rs.5377.25.
- In respect of Income tax under appeal Rs.223.39.

4. Estimated Amount of contract remaining to be executed on capital account Rs.1145.40 net of Advance.

5. Further to Para (I) of Accounting Policies:

- Rs.20.26 (net) has been credited against capital reserve on account of appreciation in carrying cost of investment in foreign subsidiaries vis-a-vis cost of the same due to exchange fluctuation between the date of the investment, and the date of commencement of commercial production on the part of these subsidiaries.
- Rs. 300 adjusted from Share Premium account on account of elimination of investment in Dabur Nepal Pvt. Ltd. against proportionate stake of parent company at time of establishment of parent-subsidiary relationship.
- Rs. 174.82 and Rs.2.58 Debited and Credited against General Reserve on account of translating depreciation charge and technical knowhow of Dabur Nepal Pvt. Ltd. in terms of parent company's accounting policy.

6. The Other Notes to Account containing inter-alia explanatory material & Security particulars on secured loans haven't been included here as the same are disclosed with the accounts of different companies under consolidation except for quantitative particulars pertaining to foreign subsidiaries disclosure of which is not required under respective statute.

# D A B U R I N D I A L I M I T E D ( C O N S O L I D A T E D )

## 7. Information about primary business segments

	FMCG Current Year	Pharmaceuticals Current Year	Foods Current Year	Ayurvedic Current Year	Eliminations Current Year	Others Current Year	Total Consolidated Current Year
<b>REVENUE</b>							
External Sales	96291.9	16290.1	8467.2	8624.7	–	8771.8	138445.7
Inter-segment sales	(3650.5)	–	(2813.9)	–	–	(3885.0)	(10349.4)
<b>Total Revenue</b>	<b>92641.4</b>	<b>16290.1</b>	<b>5653.2</b>	<b>8624.7</b>	<b>–</b>	<b>4886.8</b>	<b>128096.3</b>
<b>RESULT</b>							
Segment result	14879.5	1170.5	166.2	1401.3	–	1107.5	18724.9
Unallocated corporate expenses	–	–	–	–	–	–	(7386.7)
<b>Operating profit</b>	<b>14879.5</b>	<b>1170.5</b>	<b>166.2</b>	<b>1401.3</b>	<b>–</b>	<b>1107.5</b>	<b>11338.2</b>
Interest expense (Net of Interest Income)	–	–	–	–	–	–	(3108.0)
Income Tax (Current + Deferred)	–	–	–	–	–	–	1367.4
<b>Profit from ordinary activities</b>	<b>14879.5</b>	<b>1170.5</b>	<b>166.2</b>	<b>1401.3</b>	<b>–</b>	<b>1107.5</b>	<b>6862.7</b>
Extraordinary loss : uninsured earthquake damage to factory	–	–	–	–	–	–	–
<b>Net Profit</b>	<b>14879.5</b>	<b>1170.5</b>	<b>166.2</b>	<b>1401.3</b>	<b>–</b>	<b>1107.5</b>	<b>6862.7</b>
<b>OTHER INFORMATION</b>							
Segment assets	31073.2	27696.1	4317.3	3462.0	(13579.4)	9493.6	62462.8
Unallocated corporate assets	–	–	–	–	–	–	27703.0
<b>Total assets</b>	<b>31073.2</b>	<b>27696.1</b>	<b>4317.3</b>	<b>3462.0</b>	<b>(13579.4)</b>	<b>9493.6</b>	<b>90165.8</b>
Segment liabilities	(8021.2)	(1105.4)	(1383.0)	(1221.0)	1185.6	(3303.5)	(13848.6)
Unallocated corporate liabilities	–	–	–	–	–	–	(6409.6)
<b>Total Liabilities</b>	<b>(8021.2)</b>	<b>(1105.4)</b>	<b>(1383.0)</b>	<b>(1221.0)</b>	<b>1185.6</b>	<b>(3303.5)</b>	<b>(20258.2)</b>
<b>Capital expenditure</b>	<b>23052.0</b>	<b>26590.6</b>	<b>2934.3</b>	<b>2241.0</b>	<b>(12393.8)</b>	<b>6190.1</b>	<b>69907.6</b>
Depreciation	1034.4	288.5	160.5	116.4	55.0	477.6	2867.9
Non-cash expenses other than depreciation	–	–	–	–	–	–	618.7

### Secondary Segment

As the company also exports, the secondary segment for the company is based on the location of customers. Out of the total sales of Rs. 128096.26 Lacs, the export sales is of Rs. 11474.42 Lacs and domestic sales is 116621.83 Lacs.

### 8. Related party Disclosures

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

#### Substantial Interest in Voting Power

Dabon International Pvt. Ltd.  
Luna Trading Company Pvt. Ltd.

d) Amit Burman	–
e) P.D. Narang	–
f) Sunil Duggal	–
g) A. C. Burman	Sudha Burman Dr. Anand Burman Chandrakala Burman V.C. Burman
h) Ninu Khanna	–
i) Rukma S Rana	–

#### Transaction with related parties during the year 2001-2002

	ASSOCIATES	KEY MGT. PERSONNEL	RELATIVES OF KEY MGT. PERSONNEL	TOTAL OUTSTANDING AS ON 31.03.2002	
Purchases of Goods	1712.21	–	–	1712.21	514.05
Sales of Goods	1745.22	–	–	1745.22	326.80
Rendering Services	5937.46	–	–	5937.46	2260.28
Receiving of Services	–	–	–	–	–
Repayment of Deposits	–	54.90	255.89	310.79	–
Finance (incl. Loans & equity contributions In cash or kind)	8117.00	372.80	53.34	9442.10	4107.27
Interest of financing	260.14	49.11	18.56	327.81	–
Guarantees & collaterals	–	–	–	5133.51	5133.51
Royalty	114.97	–	–	179.47	179.47

#### Note: List of parties forming part of transaction with related party:

Key Management Personnel (whole time directors)	Relatives of Key Management Personnel
a) V.C. Burman	Monica Burman Chandrakala Burman A. C. Burman
b) Pradip Burman	Brij Rani Burman
c) Dr. Anand Burman	Minnie Burman Aditya Burman Anisha Burman A. C. Burman Sudha Burman

#### Entities over which key management personnel are able to exercise significant influence

a) Malhotra Trading Co.	Mohit Burman holds 99% shares and Directorship
b) Adbur Pvt. Ltd.	Monica Burman 25%
c) Jetways Travels Pvt. Ltd.	Asha Burman 45%
d) Luna Trading Co. Pvt. Ltd.	

#### An enterprise owned by any directors of Dabur India Ltd.

a) VIC Enterprises Pvt. Ltd.
b) Ratna Commercial Enterprises Pvt. Ltd.

#### An enterprise owned by major shareholders (major shareholders of Dabur India Limited are):

a) Acee Enterprises
b) VIC Enterprises Pvt. Ltd.
c) Puran Associates Pvt. Ltd.
d) Gyan Enterprises Pvt. Ltd.
e) Ratna Commercial Enterprises Pvt. Ltd.
f) Chowdry Associates

#### Companies Owned by major shareholders are :

a) Milky Investment & Trading Co.
b) Sanat Products Ltd.

- Grouping and heads of accounts of the subsidiaries have been rearranged in terms of presentation of those of parent company as and when necessary.
- The consolidated financial statements have been prepared in compliance of clause 32 of the listing agreement stock exchanges.

V. C. BURMAN  
Chairman

P.D. NARANG  
Director

P.N. VIJAY  
Director

As per our report of  
even date attached  
for G. BASU & CO.  
CHARTERED ACCOUNTANTS

NEW DELHI  
11th June, 2002

ASHOK JAIN  
Company Secretary

A. K. BASU  
Partner



## Consolidated cash flow statement for the year ended 31st march 2002

(Rs. in lacs)

PARTICULARS	2001-2002
<b>A. Cash Flow from operating activities</b>	
Net profit before tax and extraordinary items	8230.15
Add :	
Depreciation	2867.93
Miscellaneous Exp. Written off	566.71
Miscellaneous exp. written off (included in director remuneration)	133.74
Interest	3331.66
	<u>6900.04</u>
	15130.19
Less :	
Dividend received	17.17
Profit on sale of assets	303.19
	<u>320.36</u>
Operating profit before working capital changes	14809.83
Working capital changes	
Increase/(decrease) in inventories	2315.07
Increase/(decrease) in debtors	(1493.75)
Decrease/(increase) in trade payables	(2609.36)
Increase/(decrease) in working capital	<u>(1788.04)</u>
Cash generated from operating activities	16597.87
Interest paid	3342.25
Tax paid	989.46
Income Tax Refund	(176.30)
Corporate Tax on dividend	455.49
	<u>4610.90</u>
<b>Cash used (-)/(+) generated for operating activities (A)</b>	<b>11986.97</b>
<b>B. Cash flow from investing activities</b>	
Purchase of fixed assets	(7442.32)
Sale of fixed assets	762.06
Purchases of investment	(355.65)
Sale of investments	1.21
Dividend received	17.17
	<u>17.17</u>
<b>Cash used (-)/(+) generated for investing activities (B)</b>	<b>(7017.53)</b>
<b>C. Cash flow from financing activities</b>	
Proceeds from share capital & premium	3.81
Repayment (-)/proceeds(+) of long term secured liabilities	(2081.33)
Repayment (-)/proceeds(+) from short term loans	1169.33
Proceeds from deposits	(1424.57)
Repayment(-)/proceeds(+) from other unsecured loans	2065.03
Payment of other advances	235.40
Payment of dividend	(4313.84)
	<u>(4313.84)</u>
<b>Cash used (-)/(+) generated for investing activities (C)</b>	<b>(4346.17)</b>
<b>Net increase(+)/decrease(-) in cash and cash equivalents (A+B+C)</b>	<b>623.27</b>
<b>Cash and cash equivalents opening balance</b>	<b>2943.79</b>
<b>Cash and cash equivalents closing balance</b>	<b>3567.06</b>

For and on behalf of the Board

New Delhi,  
June 11, 2002

(V.C. Burman)  
Chairman

## AUDITORS CERTIFICATE

We have verified the above Consolidated Cash Flow Statement of Dabur India Ltd. derived from the Audited consolidated financial statement for the year ended March 31, 2002 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with the stock exchanges.

For G. BASU & CO.  
Chartered Accountants

New Delhi,  
June 11, 2002

(A.K. Basu)  
Partner

# D A B U R N E P A L P R I V A T E L I M I T E D

## DIRECTORS' REPORT

This report has been prepared for the purpose of annexing the Annual Accounts of the Company with the Annual Accounts of Dabur India Ltd., the holding company. The report is based on the performance of the Company during the period 1st April 2001 to 31st March, 2002. The financial year of the Company will end on 16th July 2002 as per the Nepal Law.

### Financial results

The Financial Results for the Company's working are as follows:

	(Nepalese Rs. in Lacs)	
	2001-2002	2000-2001
Turnover including other income	25351.70	21208.84
Profit after depreciation and before provisions	2190.82	1604.95
Less: Provision for housing facility	109.54	80.25
Less: Provision for bonus	208.13	152.47
Less: Provision for income tax	198.00	88.00
Net Profit after tax	1675.15	1284.23
Add: Balance in Profit & Loss Account brought forward from the previous year	2510.45	1645.63
Profit available for appropriation	<u>4185.60</u>	<u>2929.86</u>
<b>Appropriations :</b>		
Interim dividend	319.41	319.41
Transfer to General Reserve	100.00	100.00
Balance carried to Balance Sheet	3766.19	2510.45
	<u>4185.60</u>	<u>2929.86</u>

### Operations

The turnover of the company has increased by 19.53% and the Net Profit after tax by 30.45%. The profitability has also improved because of lower financial cost and administrative & selling expenses. During the year the gross block of the company has increased by Rs. 4.26 crore, which is net of sale of fixed assets. Out of this the major amount is towards expansion of Fruit Juice (Tetrapak), Taxin Resin and Vatika Shampoo. The company continues to emphasize on efficient utilization of capital aimed towards improving return on capital.

During the year under review, your Company has started export of baby Olive Oil, Tomato Puree and Binaca Tooth Powder.

### Expansion/Modernization program

During the year, your Company has completed installation of 200ml Fruit Juice line for Slime-line Pack. The new pack is a contemporary pack and will provide a marketing edge to the Company.

During the year under review, your Company has decided to add some balancing equipments in Fruit Juice Plant and modernisation/expansion in Hajmola Tablet,

Vatika Shampoo section. It has further decided to purchase land for development of housing for employees near its factory from its provision for housing facility as per HMGN requirement.

### Investment

During the year, your Company sold its investment in two unlisted companies as a strategic decision. The money realised has been used into Working Capital. Further, your Company has received 5 year Government Bond in lieu of part settlement of its claim with HMG of Nepal for Customs Duty Drawback. Consequent to getting the Government Bond, the claim of the Company for Customs Duty Drawback has become secured.

### The Medicinal Plant Project

The medicinal plant project has been progressing successfully. The satellite nursery centers were established at various high altitude regions like Marpha, Manang, Jumla etc. and outgrower plantation of different medicinal plants like Taxus, Kuth, Padmachal, Akarkara, Chiraito etc. was done. The required final produce from these plantations have started giving economic returns to the organization with very high quality standard of raw materials. DNPL has established protocols for successful cultivation of various medicinal plants through contract farming and medicinal plants like Chiraito, Akarkara and Satawari seemed to have great potential in Nepal for sustainable cultivation.

Your Company will be successfully completing the joint project with Hill Agricultural Research Project (British INGO) on development of Agro Forestry systems in nepal with the medicinal plants. Recently, ICIMOD (International Center for Integrated Mountain Development) has signed MOU with your Company for conducting the research trials for the medicinal plants at Jumla and Bajura districts with a funding of Rs. 10 million. The Bagmati Watershed Management project is developing a "model" with forest user groups in which your Company's resources and technical expertise for the cultivation of medicinal plants will be given with an objective of generating employment and increase the income of the locals of the remote regions.

### Dividend

An interim dividend of Rs. 40.00 per equity share was declared in March 2002.

### Acknowledgement

The directors wish to place on record their appreciation for the continued support and co-operation extended by Dabur India Ltd., Shareholders, Dealers, Customers and all the employees of the company.

They also wish to place on record their sincere appreciation for the co-operation, assistance and guidance received from various officers of His Majesty's Government of Nepal and Government of India.

Kathmandu, Nepal  
30th April 2002

For and on behalf of the Board  
A.C. Burman  
Chairman Emeritus

## AUDITORS' REPORT

To the Shareholders of Dabur Nepal Private Limited

We have audited the attached Balance Sheet of Dabur Nepal (P) Ltd. as at 31st March 2002 and its Profit & Loss Account and Cash Flow Statement for the year ended on that date and report that:-

- 1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
- 2) 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.
- 3) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the book of accounts.

- 4) In our opinion and according to the information and explanations given to us, the said accounts subject to notes appearing in "Schedule N" give the information required by the Companies Act, 2053, in the manner so required and give a true and fair view:

- a) In the case of Balance Sheet of the State of Affairs of the company as at 31st March, 2002, and
- b) In the case of Profit and Loss Account of the Profit for the year ended of that date.

For J.P. Khandelwal & Co.  
Chartered Accountants

Birgunj, Nepal  
30th April 2002

(J.P. Khandelwal)  
Proprietor



## BALANCE SHEET AS AT 31ST MARCH, 2002

PARTICULARS	Schedule	31st March 2002 (Nrs. in Lacs)		31st March 2001 (Nrs. in Lacs)
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Fund</b>				
(a) Share Capital	A	798.52	798.52	
(b) Reserve & Surplus		4825.49	3469.75	4268.27
<b>Loan Funds</b>				
(a) Secured Loans	B	6596.37	5901.21	
(b) Unsecured Loans		4339.50	5577.00	11478.21
Total		16559.88	16559.88	15746.48
<b>APPLICATIONS OF FUNDS</b>				
<b>Fixed Assets :</b>				
(a) Gross Block	C	11488.86	11343.20	
(b) Less: Depreciation		3175.74	2352.19	
(c) Net Block				8991.01
<b>Investments</b>				
	D		111.46	22.50
<b>Current Assets, Loans &amp; Advances</b>				
(a) Inventories	E	5527.52	5341.10	
(b) Sundry Debtors		1965.78	1601.73	
(c) Cash & Bank Balance		36.37	37.23	
(d) Loans and Advances		1160.70	875.69	
(e) Deposits and Other Receivables		3833.94	2281.20	
		12524.31	10136.95	
<b>Less : Current Liabilities &amp; Provisions</b>				
(a) Liabilities	F	3581.29	3045.87	
(b) Provisions		836.40	405.75	
		4417.69	3451.62	
<b>Net Current Assets</b>				
			8106.62	6685.33
<b>Pre-Operative &amp; Miscellaneous Expenditure</b>				
(To the extent not written off or adjusted)			28.68	47.64
Total			16559.88	15746.48
Accounting Policies	N			

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

PARTICULARS	Schedule	31st March 2002 (Nrs. in Lacs)		31st March 2001 (Nrs. in Lacs)
<b>INCOME</b>				
Sales	G	25283.94	21149.09	
Other Income	H	67.74	59.75	21208.84
<b>EXPENDITURE</b>				
Cost of Materials	I	17563.85	14657.83	
Manufacturing Expenses	J	1231.21	972.16	15629.99
<b>Gross Profit</b>				
			6556.62	5578.85
Payments & Benefits to Employees	K	623.42	469.08	
Administrative & Selling Expenses	L	1320.31	1322.87	
Financial Expenses	M	1298.99	1303.55	
Amortisation of Miscellaneous Expenses		18.96	19.78	
Depreciation		1028.93	850.13	3965.41
<b>Net Profit Before Extraordinary Items</b>				
			2266.01	1613.44
Loss on Sale of Fixed Assets			75.19	8.49
<b>Net Profit Before Provisions</b>				
			2190.82	1604.95
Provision for Housing			109.54	80.25
Provision for Bonus			208.13	152.47
<b>Net Profit Before Taxation</b>				
			1873.15	1372.23
Provision for Taxation			198.00	88.00
<b>Net Profit After Tax</b>				
			1675.15	1284.23
Surplus B/F from Previous Year			2510.45	1645.63
<b>Profit Available for Appropriation</b>				
			4185.60	2929.86
<b>Appropriation / Allocation</b>				
General Reserve			100.00	100.00
Interim Dividend			319.41	319.41
<b>Balance carried over to Balance Sheet</b>				
			3766.19	2510.45
			4185.60	2929.86
Accounting Policies	N			

A. C. Burman  
Chairman Emeritus

R. S. Rana  
Managing Director

T. K. Gupta  
Director

As per our report of even date attached  
For J.P. Khandelwal & Co.  
Chartered Accountants

Birganj, Nepal  
30th April, 2002

A. Mehra  
Chief Fin. Controller & Co. Secretary

S. K. Dudhoria  
Head-Mgmt. Accounting

(J. P. Khandelwal)  
Proprietor

**D A B U R N E P A L P R I V A T E L I M I T E D**

**SCHEDULES - A to F annexed to and forming part of the Balance Sheet**

	31st March 2002 (Nrs. in Lacs)	31st March 2001 (Nrs. in Lacs)	31st March 2002 (Nrs. in Lacs)	31st March 2001 (Nrs. in Lacs)
<b>A SHAREHOLDERS' FUNDS</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
1400000 Equity Shares of Rs.100 each (Previous Year : 1400000 Equity Shares of Rs. 100 each)	1400.00	1400.00		
<b>Issued</b>				
800000 Equity Shares of Rs. 100 each (Previous Year: 800000 Equity Shares of Rs. 100 each)	800.00	800.00		
<b>Subscribed &amp; Paid up</b>				
798520 Equity Shares of Rs. 100 each fully paid up (Previous Year: 798520 Equity Shares of Rs. 100 each)	798.52	798.52		
<b>RESERVES AND SURPLUS</b>				
Share Premium Reserve	600.00	600.00		
General Reserve	459.30	359.30		
Profit and Loss Account	3766.19	2510.45		
	<b>4825.49</b>	<b>3469.75</b>		

**B LOAN FUNDS**

**SECURED LOANS\***

**Working Capital Loans**

NABIL Bank Ltd.	3102.19	2572.54		
Stan.Chart. Bank Nepal Ltd.	1946.89	661.90		
Nepal SBI Bank Ltd.	390.79	873.17	4107.61	

**B LOAN FUNDS (Contd.)**

**Trust Receipt Loan**

NABIL Bank Ltd.	308.99	144.99		
Stan.Chart. Bank Nepal Ltd.	252.45	561.44	592.80	737.79

**Term Loan**

Stan.Chart. Bank Nepal Ltd.	-	102.58		
Nepal SBI Bank Ltd.	141.60	141.60	188.80	291.38

**Other Long Term Loans**

Acceptances	453.46	764.43		
	<b>6596.37</b>	<b>5901.21</b>		

**UNSECURED LOANS**

NABIL Bank Ltd.	1000.00	1537.50		
Stan.Chart. Bank Nepal Ltd.	2137.50	2837.50		
Nepal SBI Bank Ltd.	1125.00	1125.00		
Others	77.00	77.00		
	<b>4339.50</b>	<b>5577.00</b>		

\*(All the above loans are secured by execution of registered mortgage by deposit of title deeds of Company's entire land situated at Rampur Tokani, Bara district and the entire immovable properties, present & future, built thereon, and hypothecation & assignment of entire current assets, present and future, ranking pari-passu amongst NABIL Bank Ltd., Standard Chartered Bank Nepal Ltd., and Nepal SBI Bank Ltd., subject to the priorities that Banks extending term loans (except that which is covered by guarantees of Indian banks) shall have first charge on the fixed assets and second charge on current assets while the participating banks extending working capital, overdraft and cash credit shall have pari-passu first charge on the current assets and second charge on fixed assets; and are further secured by a corporate guarantee by the Company's parent company, Dabur India Ltd., New Delhi, India and by personal guarantee by a Director of the Company.)

**C FIXED ASSETS**

(Nrs. in Lacs)

Name of Assets	Depreciation (%)	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 31.03.01	Addition 2001-2002	Adjustment 2001-2002	As on 31.03.02	As on 31.03.01	For the year 2001-2002	Adjustment 2001-2002	As on 31.03.02	As on 31.03.01	As on 31.03.02
		Land	-	495.18	-	-	495.18	-	-	-	495.18
Land for Housing Colony (BRJ)	-	102.86	-	-	102.86	-	-	-	102.86	102.86	
Building, Roads & Bridges	5.00	2233.78	137.68	5.59	2635.87	277.42	105.62	5.59	377.45	1956.36	1988.42
Worker's Quarter	5.00	66.54	37.84	-	104.38	13.24	3.77	-	17.01	53.30	87.37
Plant & Machinery	15.00	6524.43	668.73	520.78	6672.37	1645.45	750.41	195.43	2200.43	4878.98	4471.94
Furniture & Fixture	10.00	300.32	35.99	-	336.31	70.03	24.54	-	9.57	230.29	241.73
Tools & Implements	15.00	237.85	17.81	-	255.66	55.98	28.78	-	84.76	181.87	170.90
Laboratory Equipment	15.00	87.56	0.64	-	88.20	19.75	10.25	-	30.00	67.81	58.19
Electrical Installation	15.00	447.78	36.96	-	484.74	133.25	48.40	-	181.65	314.53	303.09
Vehicles	15.00	304.62	11.45	12.03	304.04	83.46	33.99	4.36	113.10	221.16	190.94
Office Equipment	15.00	180.79	51.16	-	231.95	53.61	23.16	-	76.77	127.18	155.18
Capital Work in Progress (Inc. capital items in transit)	-	361.49	550.67	864.85	47.31	-	-	-	-	361.49	47.31
<b>Total</b>		<b>11343.20</b>	<b>1548.91</b>	<b>1403.25</b>	<b>11488.86</b>	<b>2352.19</b>	<b>1028.93</b>	<b>205.38</b>	<b>3175.74</b>	<b>8991.01</b>	<b>8313.12</b>

**D INVESTMENTS**

Luna Trading Co. Pvt. Ltd. (11000 Equity Shares of Rs. 100 each)	-	11.00		
Bibhuti Pvt. Ltd. (11500 Equity Shares of Rs. 100 each)	-	11.50		
5% Special Govt. Bond 2063 (Three Bonds)	111.46	-		
	<b>111.46</b>	<b>22.50</b>		

**E CURRENT ASSETS, LOANS AND ADVANCES**

**Inventories**

(As taken, valued and certified by the Management)				
-Raw Materials	3338.28	3508.10		
-Packing Materials	1183.25	958.07		
-Stores and Spares	257.17	199.48		
-Stock in Process	235.58	252.83		
-Finished Goods	513.24	422.62	5341.10	

**Sundry Debtors**

(Unsecured, considered good)				
-Over six Months	152.35	86.65		
-Others	1813.43	1965.78	1515.08	1601.73

**Cash & Bank Balances**

-Cash in Hand	7.40	5.39		
-Balance with Banks	28.97	36.37	31.84	37.23

**Loans & Advances**

(Unsecured considered good unless otherwise stated)				
Advances Recoverable in Cash or kind or for Values to be recovered				
-Advance to Employees	239.79	179.02		
-Advance to Suppliers	440.09	309.85		
-Margin Money with Bank	24.78	31.71		

**E CURRENT ASSETS, LOANS AND ADVANCES (Contd.)**

-Prepaid Expenses	61.90	67.09		
-Advance Income Tax	224.99	74.06		
-Other Advances	169.15	1160.70	213.96	875.69

**Deposits and Other Receivables**

-Security Deposit	28.44	23.59		
-VAT Deposit	768.71	637.88		
-Custom duty drawback receivable	1959.78	1370.65		
-Local Development Tax Deposit	265.16	115.48		
-Custom duty & special duty deposit	792.09	100.60		
-Insurance Claim	19.76	3833.94	33.00	2281.20
	<b>12524.31</b>	<b>10136.95</b>		

**F CURRENT LIABILITIES & PROVISIONS**

**Liabilities:**

Creditors for goods	1030.11	1182.54		
Acceptances	1105.37	1144.24		
Creditors for exp. & other liabilities	1436.84	395.59		
Advance agst. Supplies & Exp.	8.97	3581.29	289.23	3011.60

**Provisions:**

Provision for Housing	369.07	259.52		
Provision for Bonus	96.31	56.93		
Provision for Gratuity	61.02	34.27		
Provision for Earned Leave Salary	23.16	-		
Provision for Income Tax	286.84	836.40	89.30	440.02
	<b>4417.69</b>	<b>3451.62</b>		



## SCHEDULES - G to M annexed to and forming part of the Profit & Loss Account

	For the year ended 31st March 2002 (Nrs. in Lacs)	For the year ended 31st March 2001 (Nrs. in Lacs)	For the year ended 31st March 2002 (Nrs. in Lacs)	For the year ended 31st March 2001 (Nrs. in Lacs)
<b>G SALES</b>				
Domestic Sales	1741.95	1280.97		
Export Sales	23541.99	19868.12		
	<u>25283.94</u>	<u>21149.09</u>		
<b>H OTHER INCOME</b>				
Interest Received	8.57	6.66		
Scrap Sales	59.17	49.79		
Dividend Received	—	3.30		
	<u>67.74</u>	<u>59.75</u>		
<b>I COST OF MATERIALS</b>				
<b>Cost of Materials Consumed:</b>				
Raw Material:				
Opening Stock	3508.10	2477.24		
Purchase	13040.10	12416.07		
Less : Closing Stock	3338.28	3508.10		
Raw Material Consumed	13209.92	11385.21		
Packing Material:				
Opening Stock	958.07	933.32		
Purchase	4652.48	3463.67		
Less: Closing Stock	1183.25	958.07		
Packing Material Consumed	4427.30	3438.92		
Work in Process:				
Opening Stock	252.83	224.76		
Less: Closing Stock	235.58	252.83		—28.07
<b>Cost of Materials Consumed</b>	<b>17654.47</b>	<b>14796.06</b>		
<b>Adjustment of Finished Goods Stock</b>				
Opening stock	422.62	284.39		
Less : Closing Stock	513.24	422.62		—138.23
	<u>17563.85</u>	<u>14657.83</u>		
<b>J MANUFACTURING EXPENSES</b>				
Power & Fuel	646.93	513.45		
Repair & Maintenance (Machinery)	208.95	225.57		
Repair & Maintenance (Building)	25.77	21.97		
Repair & Maintenance (Others)	62.72	21.53		
Consumable Stores	99.22	49.80		
Custom Duty (Others)	37.11	23.18		
Manufacturing Expenses	59.20	47.55		
Laboratory Expenses	8.83	8.87		
Nursery Expenses	42.83	29.48		
Cartage & Coolie	38.92	29.31		
Sarlahi Apiculture Expenses	0.73	1.45		
	<u>1231.21</u>	<u>972.16</u>		
<b>K PAYMENTS &amp; BENEFITS TO EMPLOYEES</b>				
Salaries & Allowances	270.58	204.39		
Wages & Workmen Welfare	198.77	157.66		
Staff Welfare Expenses	91.64	45.99		
Gratuity	28.36	34.49		
Directors Remuneration	15.43	10.69		
Employer's Share to P.F.	18.64	15.86		
	<u>623.42</u>	<u>469.08</u>		
<b>L ADMINISTRATIVE &amp; SELLING EXPENSES</b>				
Postage, Telephone & E-mail charges	101.92	83.40		
Vehicle Running Expenses	91.43	83.37		
Travelling Expenses	115.76	103.87		
Legal & Professional Charges	29.23	34.13		
Insurance	48.94	33.30		
Auditor's Remuneration:				
– Statutory Audit Fee	1.00	—		
– Internal Audit Fee	1.76	1.76		
– Tax Audit Fee	0.25	0.20		1.96
Selling & Distribution Expenses	248.76	350.28		
Advertisement	226.65	228.54		
Royalty	103.20	83.66		
Excise Duty	2.99	—		
Rent	132.27	120.81		
Printing & Stationery	19.07	14.87		
Guest House Expenses	10.41	8.45		
Books & Periodicals	16.90	16.79		
Entertainment Expenses	13.67	12.35		
Donation & Subscription	18.58	20.31		
General Charges	15.67	31.80		
Director's Sitting Fee	0.17	0.05		
Watch & Ward Expenses	35.38	29.29		
Business Development Expenses	39.23	28.16		
Other Administrative Expenses	47.07	37.48		
	<u>1320.31</u>	<u>1322.87</u>		
<b>M FINANCIAL EXPENSES</b>				
<b>INTEREST</b>				
Term Loans	483.53	671.20		
Working Capital Loans	657.41	496.25	1140.94	1167.45
	<u>158.05</u>	<u>136.10</u>		
<b>BANK CHARGES</b>	<u>1298.99</u>	<u>1303.55</u>		
<b>N NOTES TO ACCOUNTS</b>				
<b>A) ACCOUNTING POLICIES</b>				
Significant accounting policies are summarized below:				
<b>1. Accounting Convention :</b> The accounts have been prepared in accordance with the historical cost convention.				
<b>2. Fixed Assets &amp; Depreciation:</b>				
* Fixed Assets are stated at cost less depreciation.				
* Capital work-in-progress include advances on capital account.				
* Cost include inward freight, duties and expenses incidental to acquisition and installation of the Assets.				
* Depreciation is provided on diminishing balance method at the rate prescribed in the Income Tax Regulation 2049 and prorata depreciation has been provided on the assets added/disposed during the year as decided by the management.				
* Addition to Plant & Machinery includes Nrs. 6.73 lacs towards fluctuation in the rate of exchange on deferred purchase.				
<b>3. Inventories:</b>				
Stocks are valued at:				
* Raw materials, packing materials and stores and spares			At cost on FIFO basis.	
* Work-in-process			At cost including proportionate factory overhead.	
* Finished Goods			At lower of cost including proportionate factory overhead or net realisable value.	
<b>4. Investments:</b> Investments are shown at cost. Dividend income is accounted for on receipt basis. Interest on investments has been accounted for on accrued basis.				
<b>5. Pre-operative and Miscellaneous Expenditure:</b>				
* Technical know-how fees paid to technical collaborator are amortised over a period of five years.				
* Pre-operative expenses incurred before the commercial production of new projects are amortised over a period of five years.				
<b>6. Foreign Currency Translation:</b>				
* Transactions in foreign currencies are translated at the exchange rates prevailing on the dates of transactions and in case of purchase of materials and sales of goods, the exchange gain/losses on the settlement during the year are adjusted to profit and loss account.				
* Current assets & current liabilities denominated in foreign currencies are translated at contracted rates where covered by forward contracts and in other cases, at the rates prevailing on the date of the Balance Sheet, the resultant exchange gain/loss are dealt with in the Profit and Loss Account.				
<b>7. Retirement Benefits:</b>				
* Contributions in respect of provident fund are invested in Fixed Deposits with Banks.				
* Gratuity provision has been made on accrued basis.				
* Provision for leave encashment has been made on accrued basis.				
<b>B) BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT</b>				
<b>1. Acceptances denote liabilities for suppliers bills accepted/discounted.</b>				
<b>2. Contingent liabilities:</b>				
* In respect of Letters of Credit: Nrs. 1832.82 lacs.				
* In respect of Bills discounted Nrs. 510.09 lacs.				
* In respect of Bank Guarantees executed: Nrs. 194.89 lacs.				
* In respect of IT in appeal: Nrs. 1.69 lacs.				
* In respect of Dividend Tax in appeal: Nrs. 78.65 lacs.				
* In respect of Custom Duty disputes: Nrs. 10.33 lacs.				
<b>3. Nrs. 103.20 lacs has been provided as Royalty payable to Dabur India Limited during the year as per Joint Venture Agreement.</b>				
<b>4. Nrs. 1959.78 lacs is receivable against Custom Duty Draw Back from HMG of Nepal against export of goods.</b>				
<b>5. Out of total provision of Nrs. 369.07 lacs for housing up to the financial year 2001-02, Nrs. 102.86 lacs has been spent for purchase of land for employees housing colony and Nrs. 104.38 lacs has been spent for construction of worker's quarter.</b>				
<b>6. Previous Year's figures have been re-grouped wherever necessary.</b>				

# D A B U R N E P A L P R I V A T E L I M I T E D

## C. QUANTITATIVE DETAILS OF MAJOR PRODUCTS

	Unit	2001-02		2000-2001	
		Qty.	Nrs. in Lacs	Qty.	Nrs. in Lacs
<b>1. Production</b>					
Lal Dant Manjan	Cases	417940	-	333435	-
Binaca Tooth Powder	Cases	1965	-	-	-
Vatika Hair Oil	Cases	24232	-	25484	-
Vatika Shampoo	Cases	228601	-	25813	-
Amla Hair Oil	Cases	175204	-	138003	-
Baby Olive Oil	Cases	11398	-	-	-
Special Hair Oil	Cases	5541	-	5831	-
Hajmola Tablet	Cases	260199	-	288448	-
Hajmola Candy	Cases	16376	-	72593	-
Real Fruit Juice	Cases	1188530	-	719520	-
Glucose D Powder	Cases	41548	-	39812	-
Kshudhavadhak Churan	MT	603	-	529	-
Chywanprash Prakshep	MT	371	-	352	-
Dantashakti/Dantmukta	MT	2223	-	1939	-
Taxin Resin	MT	104	-	72	-
Honey	MT	1326	-	1302	-
<b>2. Sales</b>					
Lal Dant Manjan	Cases	419171	3762.06	333380	3437.01
Binaca Tooth Powder	Cases	1763	16.95	-	-
Vatika Hair Oil	Cases	23664	181.27	27309	249.89
Vatika Shampoo	Cases	226770	1711.03	29879	252.28
Amla Hair Oil	Cases	171195	1603.91	142522	1234.83
Special Hair Oil	Cases	5560	90.53	5815	76.07
Baby Olive Oil	Cases	11352	188.66	-	-
Hajmola Tablet	Cases	260290	3298.82	291461	3796.29
Hajmola Candy	Cases	16257	193.27	74061	809.66
Real Fruit Juice	Cases	1194672	4530.41	714351	3027.73
Glucose D Powder	Cases	41445	491.44	39288	440.04
Kshudhavadhak Churan	MT	596	980.08	534	1006.06
Chywanprash Prakshep	MT	371	2359.35	352	1807.19
Dantashakti/Dantmukta	MT	2223	3664.18	1944	3336.32
Taxin Resin	MT	102	858.59	71	567.51
Honey	MT	1182	1232.90	1109	788.75
<b>3. Closing Stock</b>					
Lal Dant Manjan	Cases	2669	16.85	3900	35.55
BinacaTooth Powder	Cases	202	1.67	-	-
Vatika Hair Oil	Cases	803	5.67	235	2.34
Baby Olive Oil	Cases	46	0.74	-	-
Vatika Shampoo	Cases	2171	13.04	340	5.52
Amla Hair Oil	Cases	5121	27.94	1112	12.32
Special Hair Oil	Cases	6	0.06	25	0.45
Hajmola Tablet	Cases	2411	22.88	2502	27.19
Hajmola Candy	Cases	123	1.55	4	0.04
Real Fruit Juice	Cases	1857	6.71	7999	56.80
Glucose D Powder	Cases	712	5.90	609	4.50
Kshudhavadhak Churan	MT	11	18.51	4.24	8.56
Taxin Resin	MT	3	22.14	1	10.56
Honey	MT	337	312.36	193	202.26
Bee Frames	Pcs	34450	14.61	34450	14.61
Bee Hives	Pcs	1542	19.00	1542	19.00
Brood Chambers	Pcs	1801	22.19	1801	22.19

## Cash Flow Statement for the year ended 31st March, 2002

	31st March 2002 (Nrs. in Lacs)	31st March 2001 (Nrs. in Lacs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit as per profit & loss account	1675.15	1284.23
Add: Depreciation	1028.93	850.13
Amortisation of	18.96	19.78
Misc. Expenses		
Interest	1140.94	1167.45
Loss on sale of assets	75.19	8.49
	<b>2264.02</b>	<b>2045.85</b>
Less: Dividend received	-	3.30
Interest Received	8.57	6.66
Operating Profit before working Capital Changes	<b>3930.60</b>	<b>3320.12</b>
<b>Working Capital Changes:</b>		
(Increase)/Decrease in Inventories	-186.42	-1241.57
(Increase)/Decrease in Debtors	-364.05	-614.24
(Increase)/Decrease in Loans & Advances	-134.17	-319.50
(Increase)/Decrease in Deposits & Receivables	-1552.74	-923.37
(Decrease)/Increase in Liabilities	544.93	949.37
(Decrease)/Increase in Provisions	430.65	200.34
Increase in Working Capital	-1261.80	-1948.97
Cash Generated from Operation	<b>2668.80</b>	<b>1371.15</b>
Less: Interest Paid	1150.45	1124.13
Advance Tax Paid	150.85	44.00
Net Cash Generated from Operating Activities (A)	<b>1367.50</b>	<b>203.02</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed assets	-684.06	-2141.88
Net Increase in Investments	-88.96	-
Sale of Fixed Assets	257.84	14.10
Dividend Received	-	3.30
Cash outflow from investing activities	<b>-515.18</b>	<b>-2124.48</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in borrowings for working capital	1155.91	2061.72
Repayment of Term Loans to Banks	-1387.28	-614.95
Increase in unsecured loans	-	22.00
Deferred Financing from supplier	-310.97	764.43
Payment of Dividend	-303.44	-303.44
Tax on dividend	-15.97	-15.97
Interest Received	8.57	6.66
Cash flow from Financing Activities	<b>-853.18</b>	<b>1920.45</b>
Net increase in Cash inflow	-0.86	-1.01
Opening Cash & Bank balances	37.23	38.24
Closing Cash & Bank balances	<b>36.37</b>	<b>37.23</b>

A. C. Burman  
Chairman Emeritus

R. S. Rana  
Managing Director

T. K. Gupta  
Director

As per our report of even date attached  
For J.P. Khandelwal & Co.  
Chartered Accountants

Birganj, Nepal  
30th April, 2002

A. Mehra  
Chief Fin. Controller & Co. Secretary

S. K. Dudhoria  
Head-Mgmt. Accounting

(J. P. Khandelwal)  
Proprietor



## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 5<sup>th</sup> Annual Report on the business and operations of the Company together with the audited statement of Accounts for the year ended 31<sup>st</sup> March, 2002.

### BUSINESS PERSPECTIVE AND FINANCIAL RESULTS

Sustaining its direction towards a profitable business, your company achieved a turnover of over Rs 50 crores and achieved a breakeven in the current financial year. The overall business grew faster than the previous year. The strong business growth has been delivered on account of the following initiatives:

- Introduction of new variants and line extension on Real fruit Juices.
- Appointment of the Company as National Distributor for Tang (brand from Phillip Morris Inc.)

Growth for Real Fruit Juice continued at an aggressive pace. The growth was further fuelled by introduction of two new flavors - Red Grape Juice and Pink Guava Nectar. Your brand has further strengthened its position in the market through these new flavors and today offers the largest range of flavors to the Indian consumers.

Your company further extended the Real brand to Real Active - 100% Pure Fruit juices with no added sugar. Identifying another segment of fitness conscious young adults who were adopting juices, your company was quick to launch another sub-brand under the Real brand to appeal to them. The launch has been a successful one garnering 25% of the share of the segment within the first six month of launch. Given its strong distribution network in foods distribution and logistics, Phillip Morris Inc appointed Dabur Foods as its exclusive distributors in India for its subsidiary Kraft Foods Limited. The company launched the internationally acclaimed market leading brand TANG in the country. The brand was sold in the top metros only.

Further system and cost improvements initiated last year have given significant results in the current financial year. There is a significant improvement in the operating gross margins for the business.

The company had a sales turnover of Rs. 5328 Las and had a net profit of Rs 4 lacs, before adjustment of amortized expenses.

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- that the directors 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.
- that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2002 on a 'going concern' basis.

### AUDIT COMMITTEE

The Audit Committee comprises of Mr V C Burman, Mr Amit Burman and Mr P D Narang, all non executive Directors with Mr V C Burman as its Chairman. The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 1956.

### FURTHER ISSUE OF SHARES

During the year under review, the Company has issued 4999930 equity shares of Rs.10/- each to its holding Company, Dabur India Limited, amounting to Rs.499.993 lacs.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr V C Burman, Director retire by rotation and being eligible offer himself for re-appointment.

In terms of requirement of Section 269 of the Companies Act, 1956 Mr Sanjay Sharma, Head Marketing has been appointed as Manager w.e.f. 6<sup>th</sup> October, 2001.

### AUDITORS

M/s. Jhalani & Company, Chartered Accountants, New Delhi, Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

The Company has no manufacturing unit, hence the requirement relating to Conservation of Energy and Technology Absorption are not applicable.

### FOREIGN EXCHANGE EARNINGS AND OUTGOING

The Company do not have any Foreign Exchange earnings and outgo during the year.

### FIXED DEPOSITS

The Company has not accepted Fixed Deposits pursuant to Section 58A of the Companies Act, 1956.

### PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 regarding employees is annexed.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the continued support and co-operation received from the Customers, Dealers, Bankers, Government authorities and shareholders. They also wish to place on record their appreciation for the dedication and hard work put in by the employees of the Company at all levels.

For and on behalf of the Board

Place : New Delhi  
Dated : 4th June, 2002

V C Burman  
Chairman

### Statement of Particulars under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Name	Designation/ nature of duties	Remunera- tion received (Rs.)	Qualifications	Experience (Yrs.)	Date of commence- ment of employment	Age (yrs.)	Particulars of last employment held
Sharma Sanjay	Head-Marketing	15,22,099	B.Sc., MBA	11	01.04.99	35	Head-Marketing Dabur India Limited

### Notes:

- Gross remuneration shown above is subject to tax and comprises salary (including arrears, allowances, rent, medical reimbursements, leave travel benefits, provident fund and superannuation under LIC scheme) in terms of actual expenditure incurred by the company.
- In addition to the above, employee is entitled to gratuity benefits as per company rules.
- The appointment is contractual in nature,
- The employee is not a relative of any director of the Company.

On behalf of the Board

New Delhi  
4th June, 2002

V.C. Burman  
Chairman

## AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of Dabur Foods Ltd. as at 31st March, 2002 and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that:
2. As required by Manufacturing and other Companies (Auditor's Report) Order 1988 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a Statement on the matters specified in paragraphs 4& 5 of the said Order.
3. Further to our comments in the Annexure referred to above, that:
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account have been kept as required by Law so far as appears from our examination of those books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of account.
  - d) In our opinion, the profit and loss account and the balance sheet comply with the accounting standards specified by the Institute of Chartered Accountants of India, referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
  - e) On the basis of representations received from the directors as on 31st March 2002, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the accounting policies and notes thereon and attached thereto give the information required by the Companies Act, 1956 and also give a true and fair view:-
    - i) In the case of the Balance Sheet of the State of affairs as at 31st March, 2002.
    - and
    - ii) In the case of Profit and Loss Account of the Loss for the year ended on that date.

For JHALANI & CO.  
Chartered Accountants

New Delhi  
4th June, 2002

(V.K. JHALANI)  
Partner

### Annexure referred to in paragraph (2) of our report of evendate to the members of Dabur Foods Limited on the accounts as at and for the year ended 31st March, 2002

1. The Company has maintained proper records to show full particulars, including quantitative details and situation of its Fixed Assets. The Fixed Assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
2. The Fixed Assets of the company have not been revalued during the year.
3. The stocks of finished goods have been physically verified by the management during the year. In our opinion, the frequency of verification is reason-

able. In case of stock of raw & packing materials lying at third parties premises, confirmation has been received for the stock with them.

4. In our opinion and according to information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the books of records were not significant and were properly dealt with the books of accounts.
6. In our opinion, the valuation of stocks of finished goods, raw materials has been fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
7. The Company has taken unsecured loan from its holding company and in our opinion, the terms and conditions of the same is not prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of section 370 (1B) of the Companies Act 1956 are not applicable w.e.f. 31st October, 1998.
8. The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register maintained under Section 301 of the Act.
9. In respect of loans and advances in the nature of loans given by the company, where stipulations have been made, except in case of few left employees, parties/employees, are generally repaying the principal amount as stipulated or as rescheduled and have also been regular in the payment of interest where applicable.
10. In our opinion, there is and adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of finished goods, raw materials, packing materials and other assets, and for the sale of goods.
11. As per the entries made in the register of contracts maintained in terms of Section 301 (2) of the Companies Act, 1956 the company has purchased during the financial year finished goods exceeding Rs. 50,000/- in value from its holding company and other parties in which directors are interested. In our opinion, as informed to us by the management, the prices charged are not comparable as these are of specialised in nature.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public under section 58A of the Companies Act, 1956 and the rules made thereunder.
14. In our opinion, since the company is not engaged in manufacturing activity, it does not generate any realizable by product and scrap.
15. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.
16. Since company does not carry out any manufacturing activity, it is not required to maintain cost records under Sec. 209 (1) (d) of the Companies Act, 1956.
17. According to the information and explanations given to us, the company has regularly deposited, during the year Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. At the last day of the financial year, there was no amount outstanding in respect of undisputed income-tax, sales tax customs duty and excise duty which were due for more than six months from the date they became payable.
19. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses, which have been charged to the profit and loss account, nor have we been informed of any such case by the management other than those payable under contractual obligation and/or accepted business practices.
20. The provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable in the company for the year under report.
21. As regards company's trading activities, damaged goods have been determined by the company and consequential adjustments have been made in accounts.

For JHALANI & CO.  
Chartered Accountants

New Delhi  
4th June, 2002

(V.K. JHALANI)  
Partner



## BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule		As at 31/03/2002 (Rs. '000)		As at 31/03/2001 (Rs. '000)
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' funds</b>					
Share Capital	A	100000.70	100000.70	100000.70	100000.70
<b>Loans Funds</b>					
Secured Loans	B	72485.16		93790.10	
Unsecured Loans	C	99966.85	172452.01	116094.38	209884.48
Total			<u>272452.71</u>		<u>309885.18</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	E	263.92		236.52	
Less : Depreciation		126.77		94.52	
Net Block			137.15		142.00
<b>Investments</b>					
	F		20.00		20.00
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	G	68140.11		48988.64	
Sundry Debtors		63821.97		45250.89	
Cash and Bank balances		34129.33		13036.43	
Loans & advances		21390.44		16559.16	
		<u>187481.85</u>		<u>123835.12</u>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Liabilities	D	148716.15		46730.82	
Provisions		1202.85		1059.57	
		<u>149918.99</u>		<u>47790.39</u>	
Net Current Assets			37562.86		76044.73
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)					
	H		22935.15		34404.99
<b>Profit &amp; Loss</b>					
Total			<u>272452.71</u>		<u>309885.18</u>
Notes to Accounts	O				

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule		For the Year Ended March 31, 2002 (Rs. '000)		For the Year Ended March 31, 2001 (Rs. '000)
<b>INCOME</b>					
Sales less returns	I		532828.95		371220.78
Other Income			699.37		326.90
Total Income			<u>533528.32</u>		<u>371547.68</u>
<b>EXPENDITURE</b>					
Cost of Materials	J		315914.23		256233.97
Payment to & provisions for employees	K		28304.72		28974.77
Selling & Administrative Expenses	L		179971.60		146279.91
Financial Expenses	M		8878.26		11903.05
Miscellaneous Expenditure Written Off	N		11469.84		11469.84
Depreciation			37.32		59.15
Total Expenditure			<u>544575.97</u>		<u>454920.69</u>
Balance Being Loss			-11047.65		-83373.01
Prior Period expenses			-1476.44		-
Loss Brought Forward			-199273.46		-115900.45
			<u>-211797.55</u>		<u>-199273.46</u>

As per our report of even date attached  
For **JHALANI & CO.**  
Chartered Accountants

NEW DELHI  
4th June, 2002

AMIT BURMAN  
Director

P.D. NARANG  
Director

NEERAJ AGGARWAL  
Company Secretary

V.K. JHALANI  
Partner





## SCHEDULE - I to N annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2002

	For the year ended 31st March, 2002 (Rs.'000)	For the year ended 31st March, 2001 (Rs.'000)	
<b>I SALES AND OTHER INCOME</b>			
<b>A SALES</b>			
Domestic Sales less returns	532828.95	367996.73	
Export Sales	-	3224.05	
	<u>532828.95</u>	<u>371220.78</u>	
<b>B OTHER INCOME</b>			
Interest Received	307.47	2.78	
Miscellaneous Receipts	391.90	324.12	
	<u>699.37</u>	<u>326.90</u>	
<b>J COST OF MATERIALS</b>			
<b>Raw Materials Consumed:</b>			
i) Opening Stock	10358.26	3344.78	
ii) Add : Purchases	4931.52	20475.88	
	<u>15289.78</u>	<u>23820.66</u>	
iii) Less : Closing Stock	7521.04	10358.26	13462.40
<b>Packing Materials Consumed :</b>			
i) Opening Stock	2145.15	5675.38	
ii) Add : Purchases	2353.40	6290.24	
	<u>4498.55</u>	<u>11965.62</u>	
iii) Less : Closing Stock	317.36	2145.15	9820.47
Purchase of Finished products	327869.34	231259.53	
Processing Charges	187.06	11415.08	
<b>Adjustment of Stocks :</b>			
Opening Stock:			
Stock in Process	2749.82	2963.06	
Finished Products	29211.24	19274.49	
	<u>31961.06</u>	<u>22237.55</u>	
<b>Closing Stock:</b>			
Stock-in-Process	-	2749.82	
Finished Products	56053.16	29211.24	
	<u>56053.16</u>	<u>31961.06</u>	
Increase (-)/Decrease in Stock	(24092.10)	(9723.51)	
	<u>315914.23</u>	<u>256233.97</u>	
<b>K PAYMENT TO AND PROVISIONS FOR EMPLOYEES</b>			
Salaries, Wages and Bonus	26324.09	26232.82	
Contribution to Provident & Other Funds	1484.92	2115.97	
Workmen and Staff Welfare	495.71	625.98	
	<u>28304.72</u>	<u>28974.77</u>	
<b>L SELLING AND ADMINISTRATIVE EXPENSES</b>			
Rent	1273.97	2247.41	
Rates & Taxes	49.86	172.78	
Insurance	216.06	290.37	
Sales Tax	52255.22	35023.73	
Freight and Forwarding Charges	23557.42	17858.88	
Repairs & Maintenance	16.60	26.26	
Commission, Discount and Rebate	3140.06	3228.15	
Advertising and Publicity	69441.27	50671.90	
Breakage/Leakage Claims	15801.53	22058.38	
Travel & Conveyance	9650.01	9923.58	
Legal & Professional	1040.51	1250.94	
Telephone, Fax Expenses	975.13	757.09	
General Expenses	2407.46	2657.89	
Auditors' Remuneration:			
- Audit Fee	84.00	83.00	
- Tax Audit Fee	15.75	15.75	
- Reimbursement of Expenses	46.75	13.80	112.55
	<u>179971.60</u>	<u>146279.91</u>	
<b>M FINANCIAL EXPENSES</b>			
Interest Paid on:			
Fixed Period Loan	7905.89	10698.48	
Others	212.86	321.55	
	<u>8118.75</u>	<u>11020.03</u>	
Bank Charges	759.51	863.92	
Foreign exchange fluctuation	-	19.10	
	<u>8878.26</u>	<u>11903.05</u>	
<b>N MISC. EXPENDITURE WRITTEN OFF</b>			
Preliminary expenses	4.50	4.50	
Deferred advertisement & publicity	11465.34	11465.34	
	<u>11469.84</u>	<u>11469.84</u>	

## O NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

### A. ACCOUNTING POLICIES

Significant accounting policies are summarized below:

#### 1. Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with applicable mandatory Accounting Standards and relevant provisions of the Companies Act, 1956.

#### 2. Investments

Long term investments are stated at cost. The income from investments is accounted for on an accrual basis.

#### 3. Sales

Sales are recognized net of returns when goods are supplied in accordance with terms of sale. Sales comprise of sale price of goods including sales tax. Breakage and leakage claims from customers are charged as expenses upon approval.

#### 4. Fixed Assets and Depreciation

Fixed assets are stated at cost less depreciation. Cost includes inward freight, duties and taxes and expenses incidental to acquisition. Depreciation on Fixed Assets has been provided on written down value method at rates specified in Schedule XIV of the Companies Act.

#### 5. Inventories

Inventories, other than Goods in transit, are valued at lower of cost (on FIFO basis) and estimated net realizable value after providing for cost of obsolescence and other anticipated losses, where considered necessary.

#### 6. Retirement benefits

- Liability of gratuity to employees is determined on the basis of contribution made to Life Insurance Corporation of India from whom the company has taken the Group Gratuity Insurance Policy.
- Liability for leave encashment benefit determined on the basis of Actuarial Valuation as on the Balance Sheet date is provided for in the accounts.
- Contributions to defined Contribution Schemes such as Provident Fund and Family Pension Fund are charged to Profit & Loss Account as incurred.

#### 7. Foreign Currency Transactions

- Transactions in foreign exchange, other than those covered by forward contracts, are accounted for at the exchange rates prevailing on the date of transactions. Assets and liabilities if any, remaining unsettled at the end of the year, other than those covered by forward contracts, are translated at the closing rate. Realized gains and losses on Foreign Exchange transactions are recognized in the Profit and Loss account.
- In respect of transactions covered by forward contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit & Loss account over the period of contract.

#### 8. Borrowing Cost

Borrowing Cost that are attributable to acquisition of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

#### 9. Miscellaneous Expenditure

- Preliminary expenses are being amortised over a period of five years.
- Deferred Advertisement, Publicity and Sales Promotion expenses are being amortized over a period of five years.

#### 10. Taxes on Income

- Deferred tax amount is recognized subject to the consideration of the prudence on the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier year timing difference.
- Deferred Tax assets are recognized and carried forward to the extent there is a reasonable certainty except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is virtual certainty that sufficient future taxable income will be available against such deferred tax assets.

### B. NOTES TO ACCOUNTS

#### 1. Contingent Liabilities

- Bank Guarantees issued by banks on behalf of the Company Rs. 305.00 (Previous year Rs. 265.00)
- In respect of Letters of Credit Rs. 27860.00 (Previous year Rs. 62457.00)

2. The company has entered into an agreement with Dabur India Ltd., its holding company, for exclusive rights to use trademarks Real, Hommade and Lemoneez in the domestic market.

3. Balances of Sundry Creditors and Debtors are subject to reconciliation and confirmation.

4. Particulars of consumption of important Raw Materials

Class of Goods	2001-2002		2000-2001	
	Qty (in MT)	Value	Qty (in MT)	Value
Garlic Fruit	121.50	3134.66	156.23	1957.89
Lemon Fruit	-	-	83.90	1428.23
Mango Pulp	276.23	1447.04	78.41	2077.86
Others		3187.03		7998.42
Total		<u>7768.73</u>		<u>13462.40</u>

# D A B U R F O O D S L I M I T E D

5. Value of raw and packing materials consumed (Rupees in '000)

	Raw Materials				Packing Materials			
	2001-2002		2000-2001		2001-2002		2000-2001	
	Value	%age	Value	%age	Value	%age	Value	%age
Imported	-	-	248.30	1.84	-	-	-	-
Indigenous	7768.73	100.00	13214.10	98.16	4181.19	100.00	9820.47	100.00
<b>Total</b>	<b>7768.73</b>	<b>100.00</b>	<b>13462.40</b>	<b>100.00</b>	<b>4181.19</b>	<b>100.00</b>	<b>9820.47</b>	<b>100.00</b>

6. Particulars of Traded Goods (Rupees in '000)

Class of Goods	Unit	Purchases		Opening Stock		Closing Stock		Sale	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Fruit Juices	Kilo-Litre	10231.45 (7864.21)	281384.66 (241496.46)	578.54 (447.94)	16300.41 (12441.17)	1262.22 (578.54)	41081.41 (16300.41)	9547.77 (7571.39)	462313.73 (328470.57)
Vegetable Pastes	MT	368.00 (406.20)	15651.41 (16942.05)	93.47 (103.79)	8248.04 (6833.32)	135.59 (93.47)	7871.27 (8248.04)	325.88 (397.47)	34326.85 (35906.33)
Others			30833.26 (7518.97)		4662.79 -		7100.41 (4662.79)	308.70	44209.07 (9352.82)
<b>Total</b>			<b>327869.33</b> (265957.48)		<b>29211.24</b> (19274.49)		<b>56053.09</b> (29211.24)		<b>540849.65</b> (373729.72)

Previous Year's figures are indicated in brackets.

	For the year ended 31st March, 2002	For the year ended 31st March, 2001	
7. C.I.F. Value of Imports : <i>Raw Materials</i>	NIL	248.30	<b>I. Registration Details</b>
8. Earnings in Foreign Exchange : On account of exports of FOB	NIL	3208.92	Registration No. <span style="float: right;">83594</span> State Code : <span style="float: right;">55</span> Balance Sheet Date : <span style="float: right;">31.03.2002</span>
9. Segment Reporting: The company has primarily engaged in the business of fruit juices and vegetable pastes, which are governed by the same set of risk and return and therefore the entire business is covered under one Food segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS 17).			<b>II. Capital raised during the year (Amount in Rs. '000)</b> Public Issue <span style="float: right;">Nil</span> Rights Issue <span style="float: right;">Nil</span> Bonus Issue <span style="float: right;">Nil</span> Private Placement <span style="float: right;">Nil</span> Promoters/Subscriber <span style="float: right;">50000</span>
10. Deferred Taxation : As per Accounting Standard 22, accounting for tax on income, no provision has been made for deferred taxes in view of loss in the company. Further, there is a carry forward loss as per Income Tax Act, 1961, and after considering the effect of timing difference still there was loss and hence no deferred tax assets/liabilities has been created.			<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)</b> Total Liabilities <span style="float: right;">422372</span> Total Assets <span style="float: right;">422372</span> <b>Sources of Funds</b> Paid up capital <span style="float: right;">100000</span> Share Application Money <span style="float: right;">0.70</span> Reserves & Surplus <span style="float: right;">Nil</span> Secured Loans <span style="float: right;">72485</span> Unsecured Loans <span style="float: right;">99967</span> <b>Application of Funds</b> Net Fixed Assets <span style="float: right;">137</span> Investments <span style="float: right;">20</span> Net Current Assets <span style="float: right;">37563</span> Misc. Expenditure <span style="float: right;">22935</span> Accumulated Losses <span style="float: right;">211798</span>
11. Related Party Disclosure in accordance with AS 18 issued by ICAI :			<b>IV. Performance of Company (Amount in Rs. '000)</b> Turnover <span style="float: right;">533528</span> Total Expenditure <span style="float: right;">544576</span> Loss Before Tax <span style="float: right;">11048</span> Loss After Tax <span style="float: right;">11048</span> Earning per share in Rs. <span style="float: right;">Nil</span> Dividend Rate <span style="float: right;">Nil</span>
Related Party Transactions : <span style="float: right;">(Rupees in '000)</span>			<b>V. Generic names of Principal Products/Services of company (As per monetary terms)</b> Item Code No. (ITC Code) <span style="float: right;">220240</span> Product Description <span style="float: right;">Fruit Juice</span> Item Code No. (ITC Code) <span style="float: right;">220110</span> Product Description <span style="float: right;">Vegetable Paste</span>
Holding Company	Fellow Subsidiaries	Total	Outstanding as on 31.03.02
Purchases of Goods	832	259396	260228
Sale of Goods	-	2435	2435
Other Finance Activities	84234	-	84234
Finance (incl. loans & equity contributions in cash or kind)	97500	-	97500
Note :			
Names of related parties and description of relationship:			
Holding Company	Dabur India Limited		
Fellow Subsidiaries	Dabur Nepal Private Limited		
12. Auditors Remuneration includes:			
• Audit Fee	84.00		83.00
• Tax Audit Fees	15.75		15.75
• Reimbursement of Expenses	46.75		13.80
<b>Total</b>	<b>146.50</b>		<b>112.55</b>
13. In view of the losses suffered during the year, no provision for taxation has been made.			
14. Previous years figures have been regrouped and rearranged wherever considered necessary.			

As per our report of even date attached

NEW DELHI  
4th June, 2002

AMIT BURMAN  
Director

P.D. NARANG  
Director

NEERAJ AGGARWAL  
Company Secretary

For JHALANI & CO.  
Chartered Accountants

V.K. JHALANI  
Partner



## DIRECTORS' REPORT

The Directors present their report together with the audited accounts of the Company for the year ended 31 March 2002.

### Principal Activity

The Company is engaged in trading activities and acted as an investment holding company.

### Financial Results

The results for the year and the state of affairs of the Company as at 31 March 2002 are set out in the accounts.

### Dividend

The directors now recommend the payment of a final dividend of USD2 per ordinary share (2001: USD1.5 per share) in respect of the year ended 31 March 2002.

### Reserves

Movement in the reserves of the Company during the year is set out in note 10 to the accounts.

### Directors

The Directors who held office during the year and up to the date of this report were as follows:

G.C. Burman	– passed away on 7 September 2001
Sidharth C. Burman	
Anand C. Burman	
Ho Shuk Ching, Amy	– resigned on 1 March 2002
Ashok Chand Burman	– appointed on 12 October 2001
*Seng Sze Ka Mee, Natalia	– appointed on 1 March 2002
Lo Yee Har, Susan (alternate director of *)	– appointed on 1 March 2002
Tsang Siu Mei, Shirley (alternate director of*)	– appointed on 1 March 2002

In accordance with the Company's Articles of Association, all Directors continued to hold their office.

### Directors' Interest in Contracts

No contracts of significance in relation to the company's business to which the company, its holding company or its subsidiaries was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its holding company or its subsidiaries a party to any arrangements to enable the Directors of the company to acquire benefits by means of acquisition of shares in or debentures of the company or any other body corporate.

### Auditors

A resolution to reappoint the retiring auditors, messrs K.L. Poon & Co., will be put at the annual general meeting.

### Subsidiaries

The audited accounts together with Directors' Report of Dabur Egypt Limited is annexed to the accounts of the Company. Particulars as required under Section 212 of the companies act are also appended.

Director  
21 May 2002

## Annexure to Directors' Report

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

1. Name of the subsidiaries	Dabur Egypt Limited
-----------------------------	---------------------

2. Holding Company's Interest	3,998 equity shares of US\$100 each fully paid up
3. Extent of Holding	76%
4. Net aggregate amount of Subsidiaries' profits/(losses) not dealt within the holding Company's accounts	
(i) For the financial period of the subsidiaries ended on 31 March 2002	US\$(69,633)
(ii) For the previous financial period of the subsidiaries since they became the holding company's subsidiaries	US\$188,037
5. Net aggregate amount of Subsidiaries' profit/(losses) dealt within the holding Company's accounts	
(i) For the financial period of the subsidiaries ended on 31 March 2002	US\$119,928
(ii) For the previous financial period of the subsidiaries since they became the holding company's subsidiaries	US\$259,852

Director  
21 May 2002

## REPORT OF THE AUDITORS

To the members of Dabur Overseas Limited  
(Incorporated in British Virgin Islands with limited liabilities)

We have audited the accounts annexed herewith which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### Respective Responsibilities of Directors and Auditors

The Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form and independent opinion, based on our audit, on those accounts and to report our opinion to you.

### Basis of Opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the accounts give a true and fair view of the state of the Company's affairs at 31 March 2002 and of its results for the year ended 31 March 2002 and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

K.L. Poon & Co.  
Certified Public Accountants  
Hong Kong  
21 May 2002

# D A B U R O V E R S E A S L I M I T E D

## BALANCE SHEET 31 MARCH 2002

(Stated in US \$)			
	Note	2002	2001
<b>Investment in Subsidiaries</b>	7	399,800	399,800
<b>Current Assets</b>			
Prepayment		1,671	1,671
Dividend receivable		119,928	99,940
Amount due from a subsidiary company	8	60,800	76,000
Cash at Bank		62,736	32,171
		<u>245,135</u>	<u>209,782</u>
<b>Current Liabilities</b>			
Accruals		2,556	3,275
<b>Net Current Assets</b>		<u>242,579</u>	<u>206,507</u>
<b>Total Assets Less Current Liabilities</b>		<u>642,379</u>	<u>606,307</u>
<b>Financed By</b>			
Share Capital	9	500,000	500,000
Reserve	10	142,379	106,307
		<u>642,379</u>	<u>606,307</u>

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

(Stated in US \$)			
	Note	2002	2001
Turnover	2	-	-
Other Revenue	2	120,454	101,318
Total Income		<u>120,454</u>	<u>101,318</u>
<b>Operating Profit Before Finance Cost</b>	3	111,072	92,761
Finance Cost		-	-
<b>Profit Before Taxation</b>		<u>111,072</u>	<u>92,761</u>
Taxation	4	-	-
<b>Profits After Taxation</b>		<u>111,072</u>	<u>92,761</u>

There were no recognized gains or losses other than the net profit for the year. The notes form an integral part of these accounts.

Approved by the Board of Directors on 21 May 2002. On behalf of the Board

Directors  
21 May 2002

## NOTES TO THE ACCOUNTS

### 1. Principal Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Society of Accountants.

#### (a) Revenue Recognition :

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership which generally coincides with the time when the goods are delivered to customers and the title has passed. Interest income is recognised on a time proportion basis by reference to the principal amounts outstanding and the interest rates applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

#### (b) Subsidiaries :

A subsidiary is a company in which the company, directly or indirectly, controls more than a half of the voting power or issued share capital, or controls the composition of the board of directors. The investments in subsidiaries are stated at cost less provision, for permanent diminution in value. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable. Group accounts are not prepared because the Company itself, in the opinion of the directors is a wholly owned subsidiary of Dabur India Limited as at the balance sheet date.

#### (c) Translation of foreign currencies :

Transactions in foreign currencies are translated at exchange rates ruling at the transactions dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising are included in the profit and loss account.

### 2. Turnover and Revenue

Turnover comprises sales at invoiced value to customers. Total revenues recognised during the year are as follows:

(Stated in US \$)			
		2002	2001
<b>Turnover</b>			
Sales of Goods		-	-
<b>Other Revenue</b>			
Dividend income from unlisted investments		119,928	99,940
Interest Income		526	1,378
		<u>120,454</u>	<u>101,318</u>

### 3. Operating Profit Before Finance Cost

Operating profit before finance cost is stated after crediting and charging the following :

(Stated in US \$)			
		2002	2001
Turnover and other revenue as per note 2		120,454	101,318

Audit Fee	1,026	1,026
Staff Cost	-	-
Depreciation	-	-
Exchange Loss	16	-
Other Operating Expenses	8,340	7,531
Total Operating Expenses	<u>9,382</u>	<u>8,557</u>
Profit from Operating activities	<u>111,072</u>	<u>92,761</u>

### 4. Taxation

No provision for Hong Kong profits tax has been provided as, in the opinion of directors, there was no assessable profits earned in or derived from Hong Kong by the Company during the year and the Company will not subject to any overseas profits tax.

### 5. Dividend

(Stated in US \$)			
		2002	2001
a. Dividend attributable to the year			
Final dividend proposed after the balance sheet of US\$ 2 per ordinary share (2001:US\$1.5)		100,000	75,000
The final dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.			
b. Dividends attributable to the previous financial year, approved and paid during the year			
Final dividend in respect of the previous financial year, approved and paid during the year, of US\$1.5 per share (2001:US\$1.5)		75,000	75,000

### 6. Changes in Accounting Policies

In prior years, dividends proposed or declared were recognized as a liability in the accounting period to which they related. With effect from 1 April 2001, in order to comply with Statement of Standard Accounting practice 9 (revised) issued by the Hong Kong Society of Accountants, the Company recognizes dividends proposed or declared as a liability in the accounting period in which they are declared by the directors (in the case of interim dividend) or approved by the shareholders (in the case of final dividends). Consequently, dividend income from subsidiaries, associates and jointly controlled entities is recognised as income in the company's name in the accounting period in which they are declared.

As a result of the new accounting policy, the company's net assets as at the year end have been increased by US\$100,000 (2001 : US\$75,000). There is no impact on the company's profit attributable to shareholders for the years presented. The new accounting policy has been adopted retrospectively, with the opening balance of reserve and the comparative information adjusted for the amounts relating to prior periods.

### 7. Investment in Subsidiaries

(Stated in US \$)			
		2002	2001
Unlisted shares, at cost		399,800	399,800

Details of the Company's subsidiary as at 31 March 2002 are as follows :-

	Country of Incorporation	Percentage of Holding	Nature of Business
		2002	2001
Dabur Egypt Ltd.	Egypt	76%	76%
			Manufacturing and trading of sundry merchandise

The aggregate amount of the subsidiary companies' profits/(losses) not being dealt with or dealt with in the Company's accounts are as follows:

	Current year	Prior year since acquisition	Total
Dealt with in the Company's financial statement	119,928	259,852	379,780
Not being dealt with in the Company's financial statement	(69,633)	188,037	118,404

### 8. Amount due from a Subsidiary Company

The amount due from a subsidiary company is unsecured, non-interest bearing and with no fixed terms of repayment.

### 9. Share Capital

(Stated in US \$)			
		2002	2001
Authorised:			
200,000 ordinary shares of US\$10 each		2,000,000	2,000,000
Issued and fully paid :			
50,000 ordinary shares of US\$10 each		500,000	500,000

There was no movement of share capital taken place during the year.

### 10. Reserves

(Stated in US \$)			
		2002	2001
<b>Retained earnings</b>			
As at 1 April			
- as previously reported		31,307	13,546
- prior year adjustment in respect of proposed dividend (note 6)		75,000	75,000
As restated		106,307	88,546
Profit for the year		111,072	92,761
Dividends approved in respect of Previous year (note 5 b)		(75,000)	(75,000)
Closing balance		<u>142,379</u>	<u>106,307</u>

### 11. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 12. Ultimate Holding Company

The directors consider the ultimate holding company at 31 March 2002 to be Dabur India Limited.



## AUDITOR'S REPORT

To:

The Partners of Dabur Egypt Limited  
10th of Ramadan City, Egypt

We have audited the accompanying balance sheet of Dabur Egypt Limited, (the "Company"), as of March 31, 2002 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the company's management and our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The company keeps proper financial records, which include all that is required by law and the company statute and the accompanying financial statements are in agreement herewith. The inventories were taken in accordance with accepted standards and evaluated by management. We obtained the information that we deemed necessary in the circumstances.

In our opinion, the financial statements, referred to above, presented fairly, in all material respects, the financial position of the Dabur Egypt Limited as of March 2002 and the results of its operations and cash flows for the year then ended in conformity with Egyptian Accounting Standards.

The financial information included in the Manager's Report was prepared in compliance with the companies law and its executive regulations and are in agreement with the accounting records.

Fouad Rashed Mohamed  
FESAA, FEST, RAA (82)

## BALANCE SHEET AT MARCH 31, 2002

		(Stated In US\$)	
		2002	2001
	Note		
<b>Non-Current Assets</b>			
Fixed Assets (net)	1	579,165	792,614
Deferred & Pre-operating Expenses (Net)		41,377	31,559
Total Non-Current Assets	A	620,542	842,173
<b>Current Assets</b>			
Inventory	2	162,695	189,165
Prepaid expenses and other debtors	3	62,268	89,629
Accounts receivable and notes receivable	4	600,016	629,450
Cash on hand and cash at bank		3,471	14,447
Total Current Assets	B	828,450	922,691
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	5	143,475	168,846
Due to related parties	6	10,576	8,691
Loans - short term portion	7	52,292	92,860
Employees' profit sharing		7,785	20,157
Partners' dividends		157,800	131,500
Bank overdraft		414,749	390,413
Total Current Liabilities	C	786,677	812,467
Working Capital	D=B-C	41,773	110,224
<b>Employed Capital represented in the following</b>	A+D	662,315	934,397
<b>Shareholders' Equity</b>			
Capital		526,000	526,000
Legal reserves		38,434	34,541
Retained earnings		155,794	247,417
Re-measurement (Loss)		(206,718)	(84,446)
Total Shareholders' Equity		513,510	723,512
Long term loan	8	148,805	210,885
Total Employed Capital		662,315	934,397

## Income Statement For the year ended March 31, 2002

		(Stated In US\$)	
		2002	2001
	Note		
Sales		1,224,010	1,319,905
Cost of goods sold		(669,793)	(584,434)
Selling and marketing expenses		(142,277)	(150,836)
<b>Gross profit</b>		411,940	584,635
General and administrative expenses		(220,511)	(276,859)
Depreciation & amortization		(25,781)	(33,403)
<b>Operating profit</b>		165,648	274,373
Financing costs		(91,507)	(79,505)
Other income		3,715	6,703
<b>Net profit for the year</b>		77,856	201,571

## Statement of Retained Earnings For the year ended March 31, 2002

		(Stated In US\$)	
		2002	2001
Retained earnings, beginning April 1, 2001		247,417	207,582
Net profit for the year		77,856	201,571
<b>Retained earnings, ending March 31, 2002</b>		325,273	409,153
Legal reserve (5% from profit)		(3,893)	(10,079)
Employee's profit sharing (10% from profit)		(7,786)	(20,157)
Partners' dividends (30% from capital)		(157,800)	(131,500)
<b>Retained earnings, beginning April 1, 2002</b>		155,794	247,417

## Statement of Cash Flows For the year ended March 31, 2002

		(Stated In US\$)	
		2002	2001
<b>Net profit for the year</b>		77,856	201,571
<b>Adjustments to reconcile net profit to net cash flows from operating activities</b>			
Depreciation and amortization		91,694	115,317
Decrease (Increase) in inventory		(5,499)	9,418
(Increase) Decrease in prepaid expenses & other assets		12,213	(31,391)
Decrease (Increase) in accounts and notes receivable		(76,942)	(361,574)
(Decrease) Increase in accounts payables and accrued liabilities		3,164	76,048
(Decrease) Increase in due to related parties		3,354	(26,207)
<b>Net cash flows provided (used) by operating activities</b>	(1)	105,840	(16,818)
<b>Cash flows from investing activities</b>			
Currency translation difference charged to deferred expenses		(20,926)	-
Purchase of property and equipment		(17,475)	(104,514)
Proceeds from sale of property and equipment		11,053	34,511
<b>Net cash flows (used) in investing activities</b>	(2)	(27,348)	(70,003)
<b>Cash flows from financing activities</b>			
Payment of dividends		(126,027)	(121,880)
(Decrease) Increase in bank overdraft		90,315	190,490
Long term loans Increase (Decrease)		(26,440)	24,189
Short term loans Increase (Decrease)		(24,874)	(39,420)
<b>Net cash flows (used) provided by financing activities</b>	(3)	(87,026)	53,379
<b>Change in cash and cash equivalents</b>	(1+2+3+4)	(10,975)	(39,442)
Cash and cash equivalents at beginning of year		14,446	53,889
Adjusted opening balance from US\$ to L.E. (3.86 To 4.645) for (2002)	(4)	(2,441)	(6,004)
<b>Cash and cash equivalents at end of year</b>		3,471	14,447

## Notes to the Financial Statements For the year ended March 31, 2002

### I - Organization

Dabur Egypt Limited "the company" is Limited Liability Company established under the Investment Law 230 for the year 1989 and started running its operations as of June 12, 1996. The company was formed for the purpose of manufacturing hair care oil, vinegar, rose water, glucose and other Dabur's branded consumer products.

### II - Summary of Significant Accounting Policies

Significant accounting policies adopted in the preparation of the financial statements are as follows:

#### II - 1 Accounting convention

The financial statements are prepared using the historical cost convention in accordance with Egyptian accounting Standards (EAS).

#### II - 2 Revenue recognition

Revenue is recognized upon delivery of products and customer acceptance

#### II - 3 Foreign currencies

The Egyptian Pound has been designated as the functional currency of the company. Transactions in currencies other than Egyptian Pound are translated using the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than Egyptian Pounds are converted using the rate of exchange prevailing at the balance sheet date; the resulting foreign exchange gains or losses are reflected in the statement of income currently.

#### II - 4 Financial statements translation to US Dollars

- For foreign reporting purposes, at year-end, financial statements translated to US Dollars by the rate 4.645 EGP and the last year rate is 3.86 EGP for US\$.

- All resulting exchange differences classified in shareholder equity.

#### II - 5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and bank current accounts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

# D A B U R E G Y P T L I M I T E D

## II - 6 Inventories

Inventories are valued at the lower of cost or net realizable value as of the balance sheet date. Cost is determined by average cost method. Net realizable value is estimated selling price, in the ordinary course of business, less associated costs of completion and selling expenses. Allowance is established for slow-moving items on the basis of management's review and assessment of inventory movements. The cost of finished goods and work in progress comprise of raw materials & packing.

## II - 7 Property and equipment

Property and equipment at net value and depreciation is calculated using the straightline method over the estimated useful lives. Depreciation rates used are as follows:

Buildings	4%
Machinery and equipment	15%
Laboratory equipment	15%

## III - Details for some items which appear in the financial statements

### 1. Fixed Assets: At March 31, fixed assets is comprised of :

(Stated In US\$)

	Land & Building	Machinery & Equipment	Office Equipment	Furniture & Fixture	Cars	Flat	Total
Cost-1-4-2001	460,961	408,154	22,229	20,999	55,502	5,351	973,196
Additions	-	1,087	6,409	-	9,979	-	7,475
Disposals	-	(2,527)	-	-	(8,526)	-	(11,053)
Cost at 31-3-2002	460,961	406,714	28,638	20,999	56,955	5,351	979,618
Depreciation							
Accumulated 31-3-2001	63,535	231,693	10,922	5,169	2,139	1,075	314,533
Depreciation	13,374	59,597	3,444	1,260	10,793	214	88,682
Disposals Depreciation	-	(695)	-	-	(2,067)	-	(2,762)
Accumulated dep. at 31-3-2002	<b>76,909</b>	<b>290,595</b>	<b>14,366</b>	<b>6,429</b>	<b>10,865</b>	<b>1,289</b>	<b>400,453</b>
Net Book Value at 31-3-2002	<b>384,052</b>	<b>116,119</b>	<b>14,272</b>	<b>14,570</b>	<b>46,090</b>	<b>4,062</b>	<b>579,165</b>

### 2. Deferred Expenses

The deferred Expenses balance included amount of US\$ 20,926 represent the revaluation of both Dabur Overseas & Red Rock Ltd. loan which capitalized according International Accounting Standard No. 21.

### 3. Inventory

At March 31, inventory balance is comprised of: (Stated in US\$)

	2002	2001
Raw materials	46,789	59,158
Packing materials	62,663	82,323
Work in process	6,031	6,419
Finished goods	47,212	41,265
Total	<b>162,695</b>	<b>189,165</b>

### 4. Prepaid expenses and other debtors

At March 31, prepaid expenses and other assets balance is comprised of:

Advance against employee's profit sharing	22,381	31,014
Other prepaid	4,554	18,353
Other debtors	35,333	40,262
Total	<b>62,268</b>	<b>89,629</b>

### 5. Accounts and notes receivable

At March 31, accounts and notes receivable balance is comprised of:

Accounts receivable	213,810	167,130
Accounts receivable (export)	64,360	-

### 9. Owner's Equity

Description	Shares Capital	Legal Reserve	Retained Earning	Remeasurement	Net Owners'Eq.
1-4-2001	526,000	34,541	247,417	(84,446)	723,512
Add: Net Profit for the Year	-	-	77,856	-	77,856
Deduct: 5% Legal Reserve	-	3,893	(3,893)	-	-
10% Employee Share	-	-	(7,786)	-	(7,786)
Partner's Dividend 30%	-	-	(157,800)	-	(157,800)
Add: Currency remeasurement	-	-	-	(122,272)	(122,272)
<b>Net Owner's Equity 31/3/2002</b>	<b>526,000</b>	<b>38,434</b>	<b>155,794</b>	<b>(206,718)</b>	<b>513,510</b>

### 10. Long Term Loan

During 1995, the company entered into an agreement with Banque DuCaire Barclays, whereby the bank granted the company a medium term loan in the principal amount of EGP 1,788,000. Bearing interest at the rate of 13%. The principal amount of loan and the interest are to be repaid in ten equal semi annual installments commencing 24 months after the date of initial draw-down (August 21, 1995) and bank facilities (overdraft) totaling EGP 850,000. The loan and the overdraft are secured by a first legal mortgage over the Company's assets. During 1997, the Company obtained bank facilities (overdraft) amounted to EGP 150,000 against checks under collections. Now was closed.

**During February 25, 2001 the Company entered into agreement with Egyptian British Bank which changed to HSBC Bank Egypt as follows:**

#### Medium Term Loan (EGP 750,000)

(Say seven hundred and fifty thousand EGP only)

Payable over 20 equal quarterly installments commencing 31/03/2001.

#### Import Line (EGP 2,800,000)

(Say two million & eight hundred thousand EGP only)

For sight and usance documentary credits' and inward bills for collection.

Office equipment	12.5%
Furniture and fixture	6%
Vehicles	20%
Flat	5%

### II - 8 Corporate taxes

As described in note 1, the company is registered under the investment Law 230 for the year 1989 and, accordingly, the company is tax exempted from corporate taxes for a period of ten years starting from production date.

### II - 9 Legal reserve

In accordance with Companies Law and the Company's articles of association 5% of annual net profit should be charged to legal reserve until accumulated reserve arrives to 50% of capital.

### II - 10 Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Notes receivable	321,846	462,320
Total	<b>600,016</b>	<b>629,450</b>

#### Subsequent Events

The amount due from export receivable was collected after financial statements date.

### 6. Accounts payable and accrued liabilities

At March 31, accounts payable and accrued liabilities balance is comprised of:

Description	2002	2001
Tax payable	54,509	87,575
Accrued expenses	65,135	71,201
Other payables	23,831	10,070
Total	<b>143,475</b>	<b>168,846</b>

### 7. Due to related parties

The company imports raw and packing materials for manufacturing through purchases from a related parties. Balances due to Dabur India Limited in connection with such purchases amounted to US\$ 10,576.

### 8. Loans (short term portion)

At March 31, short term loan portion balance is consists of:

Description	2002	2001
Dabur Overseas & Red Rock Limited	20,000	54,000
HSBC	32,292	38,860
Total	<b>52,292</b>	<b>92,860</b>

Nil cash margin.

Within which :

#### Overdraft (EGP 2,800,000)

(Say two million & eight hundred thousand EGP only)

To finance working capital requirements. Also available in USD.

Interest on EGP advances will be charged at 12.75% p.a. USD advances will be charged at 3 months LIBOR (currently reading 5.35% p.a.) plus 1.5% p.a. In addition, a 5 per mille annual stamp duty will be charged to your current account.

The security requirement for above facilities are:

- Promissory Note for EGP 3,550,000.
- General security agreement relating to goods
- Bank guarantee from HSBC New Delhi for EGP 3,750,000

The balance of 31/3/2002 is comprised of :

Description	2002
Dabur & Red Rock Limited	60,000
HSBC	88,805
Total	<b>148,805</b>



## DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2002

	Current Year	Previous Year
Total Income	556.48	855.23
Gross Profit/(Loss) before Depreciation and tax	72.49	20.87
Add/(Less): Depreciation	(24.76)	(114.41)
Profit before Tax	47.73	(93.54)
Add : provision for taxation	3.75	12.50
Profit/(Loss) after Tax	43.98	(106.04)
Profit/(Loss) brought forward	(305.32)	(199.28)
Deficit carried to balance sheet	(261.34)	(305.32)

### Review of Operations

During the year, under review, keeping in view the adverse market conditions and adopting the cautious approach your company kept out of fresh HP/Lease financing activities.

The total income during the year Rs.556.48 lacs, as compared to Rs.855.23 lacs in the previous year. Income from lease and hire purchase operations amounting to Rs.34.12 lacs, as against Rs.181.24 lacs during the previous year. Income from lending operations amounted to Rs.9.89 lacs, as against Rs.13.99 lacs in the previous year.

### Reserve Bank of India

The Company has continued to follow all applicable guidelines issued by the Reserve Bank of India for NBFCs regarding capital adequacy, asset classification, provisioning and income recognition on non-performing asset, as applicable to category B companies (NBFCs not accepting Public Deposits)

### Public Deposits

The Company exited from its public deposits during the during year ended 31.03.2000 and accordingly your company has not accepted any public deposits during the year. However, 22 deposits totaling Rs.2,27,000/- were unclaimed as on 31<sup>st</sup> March, 2002 steps are being continuously taken to obtain the depositors instructions and to ensure repayment of the unclaimed deposits. As per the guidelines of Reserve Bank of India, an amount equivalent to the amount of unclaimed deposits have been kept under safe custody with one of the scheduled commercial bank as a designated bank.

### Directors

In accordance with the provisions of the companies Act, 1956 and the Articles of Association of the Company, Mr. P.D. Narang retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Mr. Ashok Goenka resigned from the position of director during the year under report.

### Conservation of Energy, Technology Absorption Foreign Exchange Earnings & Outgo.

The Company has no activities relating to conservation of Energy, Technology Absorption. The Company has no Foreign Exchange earnings or outgo during the year under review.

### Particulars of Employees

During the year under review, no employee of the Company was in receipt of remuneration exceeding the limits as laid down in Section 217 (2A) of the Companies Act, 1956.

### Director's Responsibility Statement :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed :

- That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2002 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a 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 the year under review;
- That the Directors 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;
- That the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2002 on a going concern' basis.

### Audit Committee

The Audit Committee comprises of Mr. A.C. Burman, Mr. P.D. Narang and Mr. Mohit Burman, all non-executive directors. The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 1956.

### Auditors

The Board Recommends for your consideration, the appointment of the retiring Auditors M/s G.Basu & Co.Chartered Accountants, who being eligible offer themselves for re-appointment.

### Auditors' Remark

The observation made by the Auditors with reference to notes on the accounts for the year under report are self-explanatory and need no further comments.

### Acknowledgements

Your Directors' wish to thank and deeply acknowledge the co-operation assistance and support extended by Reserve Bank of India, Company's Bankers and business associates. The Directors' also wish to place on record their appreciation for the all round co-operation and contribution made by the employees at all levels.

For and on behalf of the Board  
(A.C. BURMAN)  
CHAIRMAN

New Delhi  
7<sup>th</sup> May, 2002

## AUDITORS' REPORT

To The Members

Dabur Finance Limited,

We have audited the attached Balance Sheet of Dabur Finance Limited as at 31<sup>st</sup> March, 2002 and its Profit & Loss Account 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.

- We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- In our opinion, the Profit & Loss Account & Balance Sheet comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- Based on representations made by the directors of the Company and the information & explanations given to us, none of the directors of the Company are, prima facie, as at 31<sup>st</sup> March, 2002 disqualified from being appointed as directors of the Company under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with notes appearing in Schedule 17 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2002 and
  - In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1998 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company in the normal course of audit as considered appropriate and to the best of our knowledge and according to the information and explanations given to us, we report that :

- As the Company is a Non-Banking Financial Company sub-clause (xiv) (xiv), (xvi) and (xx) of Clause A of Para 4 of the said order are not applicable.
- The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the owned fixed assets have been physically verified by the management during the year and in respect of the leased assets, the management has verified the physical existence of the selected fixed assets with the clients during the year. In our opinion, the frequency of the verification is reasonable.
- The fixed assets of the Company have not been revalued during the year.
- As explained to us, the stock of shares and securities have been physically verified by the management at reasonable intervals during the year. In respect of stock on hire the management has verified the physical existence of such goods on selected basis as on Balance Sheet date.
- In our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- Discrepancies noticed on physical verification of stock have been adequately dealt with by the management.
- In our opinion and on the basis of our examination, the basis of valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- The Company has not taken any loan secured or unsecured from the Companies, firms & other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956 provisions of the Section are not applicable to a Company on or after 31<sup>st</sup> October, 1998.
- In our opinion the rate of interest where applicable and other terms and conditions on which the company has granted loans to the Companies listed in the Register maintained under Section 301 of the companies Act, 1956, are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31<sup>st</sup> October, 1998.
- The Parties and employees to whom Loan and advances in the nature of loans have been given by the company are generally regular in re-paying the principal amount and are also regular in payment of interest, where applicable. However, in case of certain non performing loan and advances in the nature of loans appropriate action have been taken in respect thereof.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and nature of the business for purchase of plant and machinery, equipment, vehicles, shares and securities and other assets and for sale of shares and securities and for foreclosures/sale of vehicles and other assets.
- In our opinion and according to the information and explanations given to us, the transaction of assets given on lease and hire purchase and services made in pursuance of contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, are at reasonable prices having regard to the prevailing market price for such assets, and services or at prices at which similar transactions have been made with other parties.
- The Company has not accepted deposits from the public during the year. However unclaimed deposit of Rs.2,27,000/- remains outstanding (refer note B3 in Schedule 17)
- In our opinion the Company's present Internal Audit System is commensurate with the size and nature of its business.
- The Company has generally regularly deposited provident fund dues during the year. We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year.
- According to the records of the Company, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty, which were outstanding as at year end, for a period of more than six months from the date they become payable.
- According to the information and explanations provided to us, no personal expenses of employees or director or manager have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- According to the information and explanations given to us, the nature of the business of the Company and its mode of charging for service rendered by it, does not necessitate the maintenance of records of receipts, issues and consumption of stores and system for reasonable allocation of materials and man-hours consumed to the relative jobs. However, there exists a reasonable internal control system commensurate with the size of the Company and nature of its business.
- According to the information and explanations given to us, the Company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures or other securities.
- We are informed that the provisions of any special statutes applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.
- With respect to transactions relating to trading in shares and debentures proper records have been maintained of the contracts and timely entries thereon have been made. The stock of shares and debentures is held by the company either in its own name or held with valid transfer forms or lodged for transfer or are in the process of transfer. As regards investments of the Company they are held in its own name except to the extent of exemption granted under Section 49 of the Companies Act, 1956.

For G.BASU & CO.  
Chartered Accountants  
ANIL KUMAR  
Partner

New Delhi  
7<sup>th</sup> May, 2002

D A B U R F I N A N C E L I M I T E D

**BALANCE-SHEET AS AT 31ST MARCH 2002**

Particulars	Schedule	As at 31/03/2002 (Rupees)	As at 31/03/2001 (Rupees)
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	69,000,800	69,000,800
(b) Reserves & Surplus	2	-	-
<b>2 Loan Funds</b>			
(a) Secured Loans	3	601,630	2,366,872
(b) Unsecured Loans	4	1,302,750	6,424,224
<b>TOTAL</b>		<b>70,905,180</b>	<b>77,791,896</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	5		
(a) Gross Block		6,087,165	14,753,660
(b) Less : Depreciation		4,318,950	8,811,492
(c) Net Block		1,768,215	5,942,168
<b>2 Investments</b>	6	48,380,300	12,814,900
<b>3 Current Assets, Loans &amp; Advances</b>	7		
(a) Cash & Bank Balances		1,812,933	8,749,370
(b) Sundry Debtors		595,757	3,456,403
(c) Closing stock:			
Stock of Shares & Debentures		3,042,716	15,130,033
Stock on Hire		1,194,187	7,572,705
(d) Loans & Advances		27,627,177	35,880,365
		34,272,770	70,788,876
Less: Current Liabilities & Provisions:	8		
(a) Current Liabilities		14,664,000	17,639,235
(b) Provisions		19,647,437	19,318,946
<b>Net Current Assets</b>		(38,667)	33,830,695
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	9	-	10,500
<b>Profit and Loss Account</b>	10	20,795,332	25,193,633
<b>TOTAL</b>		<b>70,905,180</b>	<b>77,791,896</b>
Notes to Accounts as per Schedule	17		

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002**

Particulars	Schedule	For the year ended 31st March 2002 (Rupees)	For the year ended 31st March 2001 (Rupees)
<b>INCOME</b>			
Income from operations	11	4,400,955	19,522,785
Other Income	12	8,379,812	4,072,159
Sale of shares, debentures and Mutual Funds	13	39,824,975	46,797,364
Closing stock of shares, debentures and Mutual Fund	13	3,042,716	15,130,033
		55,648,458	85,522,341
<b>EXPENDITURE</b>			
Opening Stock in Trade:	13	15,130,033	2,735,286
- Shares, Debentures, & Mutual Funds			
Purchase of Shares, Debentures & Mutual Funds	13	26,000,000	64,944,759
Financial Expenses	14	956,156	3,469,689
Personnel, Administrative and General Expenses	15	5,370,252	5,987,087
Others	16	943,083	6,298,669
		48,399,524	83,435,490
<b>GROSS PROFIT</b>		7,248,934	2,086,851
Add/(Less): Depreciation		(2,475,633)	(11,440,819)
<b>Profit/(Loss) Before Tax</b>		4,773,301	(9,353,968)
<b>Provision For Taxes - Income Tax</b>		375,000	1,250,000
<b>Profit/Loss After Tax</b>		4,398,301	(10,603,968)
Add: Loss Brought Forward		(30,531,633)	(19,927,665)
<b>Surplus/(Defecit) Carried to Balance Sheet</b>		(26,133,332)	(30,531,633)
Notes to Accounts as per Schedule	17		

Signatures to Schedules 1 to 17 annexed to and forming part of the accounts.

As per our report of even date  
for G.BASU & CO.  
CHARTERED ACCOUNTANTS

NEW DELHI  
7th May, 2002

A.S.KINDRA  
COMPANY SECRETARY

P.D.NARANG  
DIRECTOR

MOHIT BURMAN  
DIRECTOR

ANIL KUMAR  
PARTNER



## SCHEDULES 1 to 10 annexed to and forming part of the Balance Sheet

	As at 31/3/2002 (Rupees)	As at 31/3/2001 (Rupees)	As at 31/3/2002 (Rupees)	As at 31/3/2001 (Rupees)
<b>1 SHARE CAPITAL</b>				
<b>A. Authorised</b>	<b>150,00,000</b>	150,00,000		
150,00,000 Equity Shares of Rs.10/- each (Previous year 150,00,000 Equity Shares of Rs.10/- each)				
<b>B. Issued, Subscribed &amp; Paid-up</b>	<b>69,00,800</b>	69,00,800		
69,00,080 Equity Shares of Rs.10/- each fully paid-up (Previous year 69,00,080 Equity Shares of Rs.10/- each fully paid-up)				
<b>2 RESERVES &amp; SURPLUS</b>				
General Reserve	<b>5,338,000</b>	5,338,000		
Less: Set off against debit balance of Profit & Loss Account (as per Contra)	<b>5,338,000</b>	5,338,000		
Total	<b>-</b>	-		
<b>3 SECURED LOANS</b>				
Assignment of Lease Receivables to Birla Global Finance Limited (Secured against underlying Assets) Net of unmatured discounting charges	<b>601,630</b>			2,366,872
Total	<b>601,630</b>			2,366,872
<b>4 UNSECURED LOANS</b>				
A. Deposits From Public:				
i) Active	<b>Nil</b>			Nil
ii) Unclaimed	<b>227,000</b>			272,000
B. Security Deposits / Margins -against Lease/Hire Purchase	<b>1,075,750</b>			6,152,224
Total	<b>1,302,750</b>			6,424,224
<b>5. FIXED ASSETS</b>				(Rupees)
<b>FIXED ASSETS</b>				
	GROSS BLOCK (AT COST)			
	As at 01/04/01	Additions 01-02	Adjustments Foreclose/Sale	As at 31/03/02
	DEPRECIATION			
	Upto 01/04/01	For the Year	Adjustments Foreclose/Sale	Upto 31/03/02
	NET BLOCK			
	As At 31/03/02		As At 31/03/01	
LEASED ASSETS				
Plant & Machinery	2,599,404	-	2,599,404	-
Vehicles	8,325,541	-	5,048,437	3,277,104
Computers	556,262	-	-	556,262
	11,481,207	-	7,647,841	3,833,366
OWNED ASSETS				
Land & Building	522,000	-	522,000	-
Vehicles	1,248,020	-	521,904	726,116
Office Equipments	111,328	-	9,750	101,578
Furniture & Fixture	111,589	-	-	111,589
Computers	1,279,516	35,000	-	1,314,516
	3,272,453	35,000	1,053,654	2,253,799
<b>SUB TOTAL</b>	<b>14,753,660</b>	<b>35,000</b>	<b>8,701,495</b>	<b>6,087,165</b>
<b>TOTAL</b>	<b>14,753,660</b>	<b>35,000</b>	<b>8,701,495</b>	<b>6,087,165</b>
PREVIOUS YEAR	53,557,167	674,250	39,477,757	14,753,660
<b>6 INVESTMENTS</b>				
<b>LONG TERM INVESTMENT</b>				
<b>A. In Government Securities at Cost</b>				
<b>1. Unquoted:</b>				
12.50% Maharashtra State - Development Loan, 2004 (3 Certificates of Rs.100000/- each)	<b>323,700</b>			323,700
Sub Total 1	<b>323,700</b>			323,700
<b>CURRENT INVESTMENT</b>				
<b>B. In Equity Shares :</b>				
<b>2. Unquoted</b>				
a. 1 Equity Share of Rs.100 of Maneswari Trading Co.	-			100
b. 100 Equity shares of Rs.10/- each of Vertex Bhopal Broadcast Private Limited purchased during the year	<b>1,000</b>			-
c. 100 Equity shares of Rs.10/- each of Vertex Deccan Broadcast Private Limited purchased during the year	<b>1,000</b>			-
d. 3,00,010 Equity shares of Rs.10/- each of Dabur Securities Pvt. Ltd.	<b>3,000,100</b>			1,000,100
Less: Provision for Diminution in the value of Investment	<b>(309,000)</b>			(309,000)
Sub Total 2	<b>2,693,100</b>			691,200
<b>C. In Preference Shares :</b>				
a. 11,87,500 0% compulsorily convertible preference shares of Rs.6.7516 each of Vertex Broadcasting Company Private Limited purchased during the year	<b>8,017,500</b>			-
Sub Total 3	<b>8,017,500</b>			-
<b>3. Application Money for Mutual Funds Units</b>				
Share application money pending allotment of: Preference shares of Vertex Broadcasting Company Private Limited	<b>31,850,000</b>			5,400,000
Equity shares of FMJV Holdings Private Limited	<b>5,400,000</b>			5,400,000
Equity shares of Vertex Deccan Broadcasting Private Limited	<b>48,000</b>			-
Equity shares of Vertex Bhopal Broadcasting Private Limited	<b>48,000</b>			-
Sub Total 4	<b>37,346,000</b>			11,800,000
Grand Total	<b>48,380,300</b>			12,814,900
<b>7 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>a. Cash and Bank Balances</b>				
Cash in hand	<b>71,075</b>			19,949
Cheques in hand	<b>176,742</b>			7,332,145
With Scheduled Banks : In Current Accounts	<b>1,565,116</b>			1,397,276
Total (a)	<b>1,812,933</b>			8,749,370
<b>b. Sundry Debtors</b> (unsecured, considered good)				
Outstanding for more than six months	<b>522,885</b>			868,179
Other debts	<b>74,512</b>			2,602,614
	<b>597,397</b>			3,470,793
Less: Provision for Non Performing Assets	<b>1,640</b>			14,390
Total (b)	<b>595,757</b>			3,456,403
<b>c. Closing stock of shares, Debentures &amp; Mutual Funds</b> (Details as per supporting Schedule)				
Total (c)	<b>3,042,716</b>			15,130,033
<b>d. Stock-on-Hire</b>				
Stock on Hire Secured by Hire-Purchase - Agreements (at agreement value less amounts received/receivable )	<b>1,194,187</b>			7,882,630
Less: Provision for Non Performing Assets	<b>-</b>			309,925
Total (d)	<b>1,194,187</b>			7,572,705

# D A B U R F I N A N C E L I M I T E D

	As at 31/3/2002 (Rupees)	As at 31/3/2001 (Rupees)
<b>e. Loans and Advances</b>		
(Unsecured, Considered Good Unless Other Wise Stated) :		
Advances and deposit recoverable in cash or in kind or for value to be recd.	81,654	173,863
Advance for purchase of assets	-	329,078
Inter-corporate Deposits.	3,600,000	7,750,000
Loans Others	118,502	2,066,152
Due from - Holding Company	138,956	1,808,067
Interest Accrued on : Investments	-	7,000
Others	31,752	467,609
Advance payment of Tax & Tax deducted at Source	23,532,149	23,206,596
Security Deposit	124,163	72,000
Total (e)	<u>27,627,177</u>	<u>35,880,365</u>
Total	<u>34,272,771</u>	<u>70,788,877</u>

## Schedule of Stocks & Shares, Debenture and Mutual Funds as on 31st March, 2002 forming part of Schedule 7C.

S.No	Name of the Company	As at 31.03.2002		As at 31.03.2001	
		Holding Nos.	Value (Rs.)	Holding Nos.	Value (Rs.)
<b>SHARES</b>					
1	East India Hotels Ltd	-	-	7	1023.00
2	Gujarat Ambuja Cement Ltd	-	-	50	1023.00
3	ITC Classic Finance Ltd	-	-	2000	12000.00
4	IFCI Ltd	-	-	100	500.00
5	Nargarjuna Fert. Chemicals Ltd	-	-	1900	14345.00
6	PCS Data Product Ltd	-	-	269	1614.00
7	Reliance Industries Ltd	-	-	28	3653.00
8	Lloyds Finance Ltd	2000	1000	1000	3650.00
9	Indian Oil Corporation Ltd	12000	1965000	12000	1965000.00
<b>DEBENTURES</b>					
	Lloyds Finance Limited	-	-	1000	120000.00
<b>Total</b>		<b>14000</b>	<b>1966000</b>	<b>18354</b>	<b>2122808.00</b>
<b>Mutual Fund Equity Scheme</b>					
1	ICICI Tech (D)	-	-	144092.22	518732.00
2	Alliance Buy India Fund Dividend	-	-	176056.34	890845.00
3	SBI Magnum Balance Fund	-	-	78740.16	760630.00
4	Kotak (Tech)	-	-	100000	370000.00
5	Alliance Equity Fund Dividend	-	-	59476.603	1016455.00
6	Alliance New Millennium Fund Dividend	-	-	268817.204	1268817.00
<b>Total</b>				<b>827182.53</b>	<b>4825479.00</b>
<b>Mutual Fund Debt Scheme</b>					
1	Birla Income Plus	-	-	102301.79	1997954.00
2	ICICI Income Plan Growth	-	-	160956.889	2093726.00
3	K-Bond Whole Sale Plan Growth	-	-	216038.714	2566540.00
4	J.M.Liquid Fund Growth Plan	-	-	56085.25	1021874.00
5	J.M.Liquid Fund Growth Plan	-	-	27533.04	501652.00
6	Kothari Pioneer Treasury Mgt.	766.019	1076716.31	-	-
		<b>766.019</b>	<b>1076716.31</b>	<b>562915.68</b>	<b>8181746.00</b>
		<b>14766</b>	<b>3042716.31</b>	<b>1408452</b>	<b>15130033.00</b>

## 8 CURRENT LIABILITIES AND PROVISIONS

### a. Current Liabilities

Sundry Creditors *		
For expenses	2,485,998	3,821,603
For other finance	11,562,486	12,235,491
Income Tax deducted at source	43,584	83,273
Income received in advance	571,931	1,475,050
Income Receivable (Unmatured)-Hyp.	-	23,818
Total (a)	<u>14,664,000</u>	<u>17,639,235</u>

\* Total outstanding dues of small scale Industrial undertaking Rs.NIL (Previous Year Rs.NIL)

### b. Provisions

Provision for Income Tax	19,279,373	18,904,373
Provision for Leave Encashment on retirement	101,107	182,040
Provision For Gratuity	266,957	232,533
Total (b)	<u>19,647,437</u>	<u>19,318,946</u>
Total	<u>34,311,437</u>	<u>36,958,181</u>

## 9 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Preliminary Expenses	10,500	21,000
Less : Written Off During the year	<u>10,500</u>	<u>10,500</u>
Total	-	10,500

## 10 PROFIT AND LOSS ACCOUNT

Amount transferred From Profit and Loss Account	26,133,332	30,531,633
Less: Transferred from General Reserve (as per contra)	5,338,000	5,338,000
Total	<u>20,795,332</u>	<u>25,193,633</u>

## SCHEDULES 11 to 17 annexed to and forming part of the Profit & Loss account

	For the year ended 31st March 2002 (Rupees)	For the year ended 31st March 2001 (Rupees)	
<b>11 INCOME FROM OPERATIONS</b>			
Lease Income	2,617,143	14,754,824	
Income from Hire-Purchase	794,648	3,368,613	
Interest on ICDs & Advances (Tax Deduction at Source Rs.255397/- Previous year Rs.293638/- )	989,164	1,399,348	
Total	<u>4,400,955</u>	<u>19,522,785</u>	
<b>12 OTHER INCOME</b>			
From Long-Term Investments (Tax deducted at source Rs. Nil & Previous Year Rs.Nil )	37,500	368,750	
Brokerage on Fixed Deposit and others	379,887	846,391	
Professional Services (Tax deducted at source Rs.28230/- & Previous year Rs.132168/-)	4,000,000	2,366,435	
Dividend Received	233,253	61,975	
Recoveries of Bad Debts	3,386,144	428,608	
Income (Miscellaneous)	251,061	-	
Profit on sale/Foreclose of Owned/ Leased Assets (Net of loss Rs.9770/- previous year Rs.64485/-)	91,967	-	
Total	<u>8,379,812</u>	<u>4,072,159</u>	
<b>13 STOCK IN TRADE</b>			
Particulars	Equity Shares	Debentures	Mutual Funds
Opg. Stock (1.4.2001): Qty.	17,354	1,000	1,390,098
Amt. (Rs.)	2,002,808	120,000	13,007,225
Purchases: Qty.	-	-	876,095
Amt. (Rs.)	-	-	26,000,000
Inter Conversion: Qty.	1,000	(1,000)	-
Amt. (Rs.)	120,000	(120,000)	-
Sales: Qty.	4,354	-	2,265,427
Amt. (Rs.)	6,785	-	39,818,190
Clg. Stock (31.3.02): Qty.	14,000	-	766
Amt. (Rs.)	1,966,000	-	1,076,716
<b>14 FINANCIAL EXPENSES</b>			
Interest			
-On Fixed Loans	252,926		806,651
-Other finance Expenses	33,631		81,834
Discounting Charges (Asset Securitisation)	669,599		2,581,204
Total	<u>956,156</u>		<u>3,469,689</u>
<b>15 PERSONNEL, ADMINISTRATIVE &amp; GENERAL EXPENSES</b>			
Salaries and Allowances	2,853,686		2,395,839
Contributions to Provident & Other Funds	372,791		323,112
Rent	149,419		288,000
Rates & Taxes	-		5,764
Travelling & Conveyance	286,507		479,710
Printing & Stationery	22,592		34,568
Advertisement/Business Promotion	9,400		2,014
Legal Professional & Consultancy charges	518,805		837,300
Internal Auditors Fee	63,000		63,000
Auditor's Remuneration			
- Audit Fee	25,000		25,000
- Tax Audit Fee	5,000		5,000
- Certification	10,000		10,000
Postage, Telegram & Telephone	148,119		200,362
Filing / Registration Fee	1,225		1,015
Miscellaneous Expenses	624,402		647,960
Insurance Charges	54,523		16,638
Brokerage Charges	222,833		651,805
Membership & Subscription	2,950		-
Total	<u>5,370,252</u>		<u>5,987,087</u>
<b>16 OTHERS</b>			
Preliminary Expenses Written off	10,500		10,500
Loss (Net) from Transaction in Shares and Securities	464,035		-
Loss on foreclosure Hire purchase	69,405		-
Loss on sale of Assets (Net of profit Rs.Nil/- previous year Rs.38220/-)	-		64,485
Loss on conversion of Investment to stock in Trade (Net)	-		3,441,041
Bad Debts and Non-recoverable Loan and Advances, Stock on Hire - written off	399,143		2,782,643
Total	<u>943,083</u>		<u>6,298,669</u>



## 17 SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting :

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles.

#### 2. Fixed Assets :

All the fixed assets including assets given on lease have been valued at historical cost less depreciation.

#### 3. Depreciation :

a) **Owned Assets** : Normal Depreciation has been provided on assets (Other than leased assets) by using straight line method rates prescribed under Schedule XIV of the Companies Act, 1956.

b) **Leased Assets** : Depreciation on leased assets has been provided on the amount equal to annual lease charge as per the method recommended by The Institute of Chartered Accountants of India under which cost of the leased assets (net of Margins, if any) is depreciated over primary period of lease applying interest rate implicit in the lease to the outstanding investment in lease to calculate finance earnings for the period and the difference between the lease rental and finance earnings is charged as depreciation.

#### 4. Investments :

Investment in Govt. Securities and Mutual Fund are intended to be held as long term Investments and are stated at cost.

Investments in unquoted equity and preference shares are held as current Investments and are stated at cost. Provision for diminution in the value thereof is made with reference to their respective fair value.

Share Application Money pending allotment is separately grouped under Investment and carried at cost.

#### 5. Securitisation of Receivable :

1) Certain hire Purchase receivables which were transferred by assignment during the year 1998-99 to M/s Birla Global Finance Ltd (a Non Banking Finance Company) by discounting future hire purchase installment and consideration received in respect thereof has been adjusted against stock on hire, which were prior to above mentioned period of 1998-99, were accounted as Company's Assets. Income from such cases of hire purchase continue to be included at their gross value as company's Income and corresponding discounting charges are being amortised over the period of agreement.

2) Amount received on assignment of lease receivable from Birla Global Finance Limited against certain future lease rentals have been shown under secured loans. The corresponding lease rental Income continues to be included as company's Income and corresponding discounting charges are being amortised over the period of Agreement.

#### 6. Revenue Recognition :

##### a. Income from Lease/Hire Purchase

(i) Lease rentals are recognized as Income when the same become receivable in terms of the lease agreements except where payments of lease rentals have been rescheduled, the same are recognized as income to the extent of receipts.

(ii) Income from Hire Purchase transactions are recognised by applying the implicit rate in built on diminishing balance in the transactions except where payments of Hire Purchase rentals have been rescheduled, the same are recognised as Income to the extent of receipts.

b. Sale in case of Shares is accounted for on execution of transfer deed and the delivery in respect thereof, and in case of Mutual Fund and Debentures on their redemption.

c. Income/Loss arising out of transactions effected in stock markets are accounted on aggregate basis.

d. Dividend Income is accounted for on receipt basis.

e. All other Income are accounted on accrual basis unless otherwise stated.

#### 7. Provision in respect of Non performing assets and Bad Debts written off:

Bad Debts are written off and provision in respect of Non performing and other class of assets is made based on periodic review of receivables and guidelines of Reserve Bank of India Over and above such provisions bad debts are being written off in such cases as determined by the company.

#### 8. Stock of Shares and Securities :

Stock of Shares and Debentures have been carried out at lower of cost or market price and is valued on aggregate basis.

#### 9. Stock on Hire :

Stock on hire is arrived at by reducing proportionate re-payments from the cost of the assets as reduced by HP receivables assigned to Birla Global Finance Limited.

#### 10. Retirement Benefit :

Contributions to provident Fund, Family pension Fund and Superannuation Fund are accounted on actual liability basis. Provision for gratuity and leave encashment benefit on retirement are made on actuarial valuation basis.

11. Preliminary Expenses are written-off in equal installments over a period of 10 years.

### B. NOTES TO ACCOUNTS

1. Contingent Liabilities in respect of hire purchase receivables Rs.2,34,548/- (Previous Year – Rs. 19,20,555/-)

31.03.02 31.03.01

2. Managerial Personnel Remuneration:

Salary & other Allowances : 523713 474620

- Manager

Contribution to Provident & other funds : 63276 57211

- Manager

3. In some cases balances in the accounts of debtors, loans and advances other current assets and creditors are subject to confirmation by the respective parties.

4. Subsequent to the Premature Exit as and from 31<sup>st</sup> March, 2000 from the Fixed Deposit Schemes for the Public, the Company has not accepted any deposit from the Public. However, an amount of Rs.2,27,000/- (previous year Rs.2,72,000/-) that had matured by 31.03.2000, remains un-claimed as and upto 31.03.2002.

5. There was no receipt of Foreign Exchange during the year ( Previous Year Rs.239.00 lacs )

#### 6A. Related Party Disclosures

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

-Name of related party and nature of related party relationship where control exists:

##### I) Ownership

Dabur India Limited (Holding Company); Fellow Subsidiaries/Enterprises Owned by Major Shareholder - Dabur Foods Limited, Dabur Nepal Pvt Ltd, Dabur Overseas Ltd, Dabur Oncology plc, Dabur Egypt Ltd (Under Common control of Dabur India Ltd)

##### II) Key management personnel

Relatives of Key Management Personnel  
A. S. Kindra, (Manager) Prabhjeet Kindra, Dashmeet Kindra  
P.S. Kindra, T.S. Kindra, Ajeet Kindra

##### III) Enterprises owned by any director of Dabur Finance Limited

- Vertex Bhopal Broadcast Pvt Limited
- Vertex Deccan Broadcast Pvt Limited
- Malhotra Trading Co. Pvt Limited

#### 6B. Transaction with related parties during year 2001-2002

	Holding	Enterprises Owned by Directors	Key Mgt. personnel	Total	Outstanding as on 31.03.02
Rendering Services	4265140	-	-	4265140	-
Equity Contributions (In cash or kind) including Application Money	-	50000	-	50000	-
Remuneration Paid	-	-	586989	586989	-

7. Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 :

#### I Registration Details

Registration No. 49818

State Code : 55

Balance Sheet Date : 31.03.2002

#### II Capital raised during the year (Amount in Rs.Thousand)

Public Issue Nil

Rights Issue Nil

Bonus Issue Nil

Private Placement Nil

#### III Position of Mobilisation Of Deployment of funds (Amount in Rs. Thousand)

Total Liabilities 10522

Total Assets 10522

#### Sources of Funds

Paid up capital 69001

Reserves & Surplus Nil

Secured Loans 602

Unsecured Loans 1303

#### Application of Funds

Net Fixed Assets 1768

Investments 48381

Net Current Assets (39)

Misc Expenditure -

Accumulated Losses 20795

#### IV Performance of Company (Amount in Rs.Thousand)

Turnover 55648

Total Expenditure 50875

Profit/(Loss) Before Tax 4773

Profit/(Loss) After Tax 4398

Earning per share in Rs. Nil

Dividend Rate % Nil

#### V Generic names of three Principal Products/ Services of Company (As Per monetary terms)

The Company is engaged in the business of Advancing Loans, Lease/Hire

Purchase, Trading in shares/stocks and rendering other Advisory Services.

Signatures to Schedules 1 to 17 annexed to and forming part of the accounts.

As per our report of even date for G.BASU & CO. CHARTERED ACCOUNTANTS

NEW DELHI  
7th May, 2002

A.S.KINDRA  
COMPANY SECRETARY

P.D.NARANG  
DIRECTOR

MOHIT BURMAN  
DIRECTOR

ANIL KUMAR  
PARTNER

## DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31st March, 2002.

### Principle activities and review of the business

The company was set up to manufacture anti-cancer formulations for the European market.

During the year, the company completed the set up of its manufacturing base in Bordon.

In November 2001 the company received a Manufacturers licence and a Manufacturers 'Specials' licence, under the 1968 Medicines Act from the Medicine Controls Agency. The granting of these licences has enabled the company to commence the trial manufacture of medical products.

### Results and dividends

The results for the year are as set out in the attached Profit Loss Account.

### The Euro

The directors have considered the impact of the introduction of the Euro, and feel there have been no adverse effects to the business or its trading activities.

### Directors

The following directors have held office since 1 April 2001:

A C Burman  
S Burman  
G M Tonge  
P S Zuckerman  
D I Barrett (appointed 28.1.2002)

### Directors' Interests

The interest of AC Burman in the shares of the holding company are shown in the directors report of that company.

The other directors have no interest in the shares of the company.

### Charitable contributions

During the year the company made a donation of £ 1,000 to the Cancer Research Campaign.

### Creditor payment policy

The company endeavours to settle all of its creditors in a period of one month. Certain larger suppliers are settled earlier, within a 14 day period.

The company's creditor day period was 95 days.

### Auditors

BDO Stoy Hayward resigned as auditors and Levy Gee were appointed.

A V Audit Limited acquired the audit practice of Levy Gee and in accordance with section 26 of the Companies Act 1989 has been appointed as auditors in succession. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statement, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the companies act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

A R Milne  
Secretary

25 April 2002

## INDEPENDENT AUDITORS' REPORT

To The Shareholders of Dabur Oncology Plc

We have audited the financial statements of Dabur Oncology Plc for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test bases, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A V Audit Limited	25 April 2002
Registered Auditor	66 Wigmore Street London W1U 2HQ

## BALANCE SHEET AS AT 31 MARCH 2002

		Amount in UK £	
Notes	2002	2001	
<b>Fixed Assets</b>			
Tangible Assets	6	6,287,976	6,724,539
<b>Current Assets</b>			
Stocks	7	157,074	-
Debtors	8	636,091	857,727
Cash on deposit	9	1,148,000	1,000,000
Cash at bank and in hand		187,672	481,154
		<u>2,128,837</u>	<u>2,338,881</u>
Creditors: amounts falling due within one year	10	(542,671)	(345,259)
<b>Net current assets</b>		<b>1,586,166</b>	1,993,622
<b>Total assets less current liabilities</b>		<b>7,874,142</b>	8,718,161
Creditors: amount falling due after more than one year	11	(1,500,000)	(6,250,000)
		<u>6,374,142</u>	<u>2,468,161</u>
<b>Capital and reserves</b>			
Called up share capital	13	11,140,000	3,865,000
Profit and loss account	14	(4,765,858)	(1,396,839)
Shareholders' funds - equity interests	15	<u>6,374,142</u>	<u>2,468,161</u>

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

		Amount in UK £	
Notes	2002	2001	
<b>Turnover</b>	2	12,745	-
Cost of Sales		(511,383)	-
<b>Gross loss</b>		<b>(498,638)</b>	-
Administrative expenses		(2,647,404)	(1,196,403)
Other operating income		65,600	65,703
<b>Operating loss</b>	3	<b>(3,080,442)</b>	(1,130,700)
Other interest receivable and similar income		27,693	84,665
Interest payable and similar charges	4	(316,270)	(1,922)
<b>Loss on ordinary activities before taxation</b>		<b>(3,369,019)</b>	(1,047,957)
Tax on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation</b>	14	<b>(3,369,019)</b>	(1,047,957)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The financial statements were approved by the Board on 25 April 2002.

A.C. Burman  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Amount in UK £	
	2002	2001
<b>Net cash outflow from operating activities</b>	<b>(1,861,853)</b>	<b>(1,066,032)</b>
Returns on investments and servicing of finance:		
Interest received	27,693	84,665
Interest paid	(316,270)	(1,922)
<b>Net cash (outflow)/ Inflow for returns on investments and servicing of finance</b>	<b>(288,577)</b>	<b>82,743</b>
Capital expenditure :		
Payments to acquire tangible assets	(451,825)	(3,625,580)
Receipts from sales of tangible assets	31,450	-
<b>Net cash outflow for capital expenditure</b>	<b>(420,375)</b>	<b>(3,625,580)</b>
<b>Net cash outflow before management of liquid resources and financing</b>	<b>(2,570,805)</b>	<b>(4,608,869)</b>
<b>Management of liquid resources</b>		
Cash on deposit	(148,000)	550,000
<b>Financing</b>		
Issue of ordinary share capital	7,275,000	3,251,063
New long term bank loan	1,500,000	1,350,000
Repayment of long term bank loan	(6,250,000)	-
<b>Net cash inflow from financing</b>	<b>2,525,000</b>	<b>4,601,063</b>
(Decrease)/ Increase in cash in the year	<b>(193,805)</b>	<b>542,194</b>

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Amount in UK £			
	2002	2001		
<b>1 Reconciliation of operating loss to net cash outflow from operating activities</b>				
Operating loss	(3,080,442)	(1,130,700)		
Depreciation of tangible assets	844,174	61,164		
Loss on disposal of tangible assets	6,014	-		
(Increase)/decrease in stocks	(157,074)	-		
Decrease/(increase) in debtors	228,386	(139,466)		
Increase in creditors within one year	297,089	142,970		
<b>Net cash outflow from operating activities</b>	<b>(1,861,853)</b>	<b>(1,066,032)</b>		
<b>2 Analysis of net debt</b>	1 April 2001	Cash flow	other non-cash changes	31 March 2002
<b>Net cash:</b>				
Cash at bank and in hand	481,154	(293,482)	-	187,672
Bank overdrafts	(99,677)	99,677	-	-
	381,477	(193,805)	-	187,672
<b>Liquid resources:</b>				
Cash on deposit	1,000,000	148,000	-	1,148,000
<b>Debt:</b>				
Debts falling due after one year	(6,250,000)	4,750,000	-	(1,500,000)
<b>Net debt</b>	<b>(4,868,523)</b>	<b>4,704,195</b>	<b>-</b>	<b>(164,328)</b>
<b>3 Reconciliation of net cash flow to movement in net debt</b>			2002	2001
(Decrease)/increase in cash in the year		(193,805)	542,194	
Cash (outflow)/inflow from (increase)/decrease in liquid resources		148,000	(550,000)	
Cash outflow/(inflow) from decrease/(increase) in debt		4,750,000	(1,350,000)	
<b>Movement in net debt in the year</b>		<b>4,704,195</b>	<b>(1,357,806)</b>	
Opening net debt		<b>(4,868,523)</b>	<b>(3,510,717)</b>	
Closing net debt		<b>(164,328)</b>	<b>(4,868,523)</b>	
<b>4 Liquid resources</b>				
Total cash shown on the balance sheet includes £1, 148,000 that is held on deposit.				

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The company incurred a loss of £ 3,369,019 in the year ended 31 March 2002 and has a deficit on its profit and loss account of £4,765,858.

Trading losses are expected to continue, until the company's products are tested and passed by Medicine Controls Agency, after which a product licence will be granted. This is not expected to occur until later on in the year ended 31 March 2003. Therefore, the company is dependent upon the future financial support of its parent company for its trading activities to continue.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and building Freehold	Between 2% and 10% straight line
Plant, machinery and motor vehicles	25% straight line
Fixtures, fittings & equipment	Between 10% and 33% straight line

Interest incurred in 2001 on borrowings to finance the construction of tangible fixed assets was capitalised gross of tax relief in that year.

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year to defined contribution schemes, in accordance with FRS 17 'Retirement Benefits'.

#### 1.8 Deferred taxation

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated in to sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

	Amount in UK £			
	2002	2001		
<b>3. Operating loss</b>				
Operating loss is stated after charging :				
Depreciation of tangible assets	844,174	61,164		
Operating lease rentals	13,486	3,768		
Auditors' remuneration	7,500	5,000		
and after crediting:				
Rent receivable	65,600	65,703		
<b>4. Interest Payable</b>				
On bank loans and overdrafts	316,270	1,922		
<b>5. Taxation</b>				
There is no tax charge, due to the loss in the year. The company has approximately £5,500,000 of tax losses, which are to be used against future trading profits.				
<b>6. Tangible fixed assets</b>	Land and buildings Freehold	Plant and machinery and motor vehicles	Fixtures, fittings & equipment	Total
<b>Cost</b>				
At 1 April 2001	3,458,404	2,496,502	830,797	6,785,703
Additions	55,355	260,960	135,510	451,825
Disposals	-	(69,450)	-	(69,450)
At 31 March 2002	3,513,759	2,688,012	966,307	7,168,078
<b>Depreciation</b>				
At 1 April 2001	5,608	22,563	32,993	61,164
On disposals	-	(25,236)	-	(25,236)
Charge for the year	36,030	578,551	229,593	844,174
At 31 March 2002	41,638	575,878	262,586	880,102
<b>Net Book Value</b>				
At 31 March 2002	3,472,121	2,112,134	703,721	6,287,976
At 31 March 2001	3,452,796	2,473,939	797,804	6,724,539

# D A B U R O N C O L O G Y P I C

Finance costs of £ 401,573 are included in the cost of fixed assets. These finance costs were capitalised during the previous accounting period at an average interest rate of 6.4%

	<u>2002</u>	<u>2001</u>
<b>7. Stocks</b>		
Raw materials and consumables	157,074	-
<b>8. Debtors</b>		
Other debtors	618,662	851,331
Prepayments and accrued income	17,429	6,396
	<u>636,091</u>	<u>857,727</u>
<b>9. Cash on Deposit</b>		
Short term cash deposit	1,148,000	1,000,000
<b>10. Creditors : Amounts falling due within one year</b>		
Bank Loans and Overdrafts	-	99,677
Trade creditors	249,783	80,433
Amount owed to parent and fellow subsidiary undertakings	249,360	-
Taxes and social security costs	23,739	19,381
Other creditors	-	25,000
Accruals and deferred income	19,789	120,768
	<u>542,671</u>	<u>345,259</u>
<b>11. Creditors: Amounts falling due after more than one year</b>		
Bank Loans	1,500,000	6,250,000
<b>Analysis of Loans</b>		
Wholly repayable within five years	1,500,000	6,250,000
<b>Loan maturity analysis</b>		
In more than two years but not more than five years	1,500,000	6,250,000

At 31 March 2002 bank loans are not secured. At 31 March 2001 bank loans and overdrafts were secured by a debenture on the company's freehold property and fixed and floating charges over the assets of the company as well as a guarantee from the ultimate parent company.

**12. Pension Costs**  
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £47,983 (2001:£19,530)

	<u>2002</u>	<u>2001</u>
<b>13. Share Capital</b>		
<b>Authorised</b>		
20000000 Ordinary shares of 10p each	20,000,000	5,000,000
<b>Allotted, called up and fully paid</b>		
111400000 Ordinary shares of 10p each	11,140,000	3,865,000

On 14th December 2001 the company increased its authorised share capital from 50,000,000 10p Ordinary shares to 200,000,000 10p Ordinary shares.  
On 7th February 2002 the company issued 72,750,000 10p ordinary shares. The ordinary shares were issued at par.

	<u>2002</u>	<u>2001</u>
<b>14. Statement of movements on profit and loss account</b>		
Balance at 1 April 2001		(1,396,839)
Retained loss for the year		(3,369,019)
Balance at 31 March 2002		<u>(4,765,858)</u>

	<u>2002</u>	<u>2001</u>
<b>15. Reconciliation of movements in shareholders' funds</b>		
Loss for the financial year	(3,369,019)	(1,047,957)
Proceeds from issue of shares	7,275,000	3,251,063
Net addition to shareholders' funds	3,905,981	2,203,106
Opening shareholders' funds	2,468,161	265,055
Closing shareholders' funds	<u>6,374,142</u>	<u>2,468,161</u>

	<u>2002</u>	<u>2001</u>
<b>16. Financial commitments</b>		
At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:		
Expiry Date :		
Within one year	10,845	-
Between two and five years	12,062	-
	<u>22,907</u>	<u>-</u>

	<u>2002</u>	<u>2001</u>
<b>17. Directors emoluments</b>		
Emoluments for qualifying services	32,540	38,194

**18. Transactions with directors**  
During the year the company sold a motor vehicle to a director, A. Burman, for its market value of £31,450.

	<u>2002</u>	<u>2001</u>
<b>19. Employees</b>		
<b>Number of employees</b>		
The average monthly number of employee (including directors) during the year was:		
	<u>Number</u>	<u>Number</u>
Administration	6	5
Manufacturing	9	4
Laboratory	6	5
Technical	1	-
	<u>22</u>	<u>14</u>

	<u>2002</u>	<u>2001</u>
<b>Employment costs</b>		Amount in UK £
Wages and Salaries	804,103	323,828
Social security costs	67,297	47,601
Other pension costs	47,983	19,530
	<u>919,383</u>	<u>390,959</u>

**20. Control**  
The largest group in which the results of the company are consolidated is that headed by Dabur India Limited, Incorporated in India, which is parent of both the smallest and largest groups of which the company is a member. The consolidated accounts of this company are available to the public and may be obtained from 8/3 Asaf Ali Road, New Delhi- 110002, India.

**21. Related Party transactions**  
The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

## DABUR INDIA LIMITED : SUMMARY OF 5 YEARS FINANCIALS

(Rs.in crore)					
	1997-98	1998-99	1999-00	2000-01	2001-02
<b>Profit and Loss Account</b>					
Sales	811.36	914.77	1042.59	1166.47	1163.19
Other Income	8.35	17.42	34.19	18.87	13.87
Earnings Before Depreciation,	90.97	97.66	127.70	137.29	120.45
Interest & Taxes (EBDIT)					
Profit Before Tax	45.37	51.60	81.29	85.17	75.51
Profit After Tax	45.04	50.10	77.43	77.92	64.44
EPS (Rs.)	15.80	17.58	27.15	2.73*	2.26*
DPS (Rs.)	3.50	5.00	10.00	1.00*	0.50*

<b>Balance Sheet</b>					
Net Fixed Assets	205.99	238.51	250.83	242.87	244.42
Investments	43.15	47.83	47.17	72.73	123.32
Net Current Assets	241.78	260.26	304.01	235.32	261.28
Share Capital	28.51	28.51	28.52	28.52	28.56
Reserves & Surplus	198.75	233.00	291.52	333.68	371.81
Net Worth	219.29	251.66	312.99	354.82	396.89
Loan Funds	271.63	294.93	289.02	196.10	213.56

\*On face value of Re.1 per share

### Segmentwise Revenue, Results and Capital Employed for the Year ended 31st March, 2002

	Particulars	Rs.in crore
1.	Segment Revenue	
	A. FMCG Business	887.91
	B. Pharmaceuticals	162.90
	C. Ayurvedic Specialties	86.25
	D. Others	26.14
	Gross Sales/Income from Operations	1163.19
	Less: Inter Segment Revenue	
	Net Sales/Income from Operations	1163.19
2.	Segment Results(Profit+)/Loss(-) Before Tax, Interest and Unallocable Overheads)	
	A. FMCG Business	131.81
	B. Pharmaceuticals	13.84
	C. Ayurvedic Specialties	14.01
	D. Others	2.98
	Total	162.64
	Less : - Interest	23.95
	Unallocable Overheads net of Unallocable Income	63.18
	Total Profit Before Tax	75.51
3.	Capital Employed	
	A. FMCG Business	189.51
	B. Pharmaceuticals	99.06
	C. Ayurvedic Specialties	22.41
	D. Others	10.53
	E.Unallocable Capital Employed ( Corporate )	292.41
	Total Capital Employed	613.93



**“Dedicated to the Health & Well Being of every Household”**

## **PRINCIPLES**

### **Ownership**

This is our Company. We accept personal responsibility, and accountability to meet business needs.

### **Passion For Winning**

We all are leaders in our area of responsibility, with a deep commitment to deliver results. We are determined to be the best at doing what matters most.

### **People Development**

People are our most important asset. We add value through result driven training, and we encourage & reward excellence.

### **Consumer Focus**

We have superior understanding of consumer needs and develop products to fulfill them better.

### **Team Work**

We work together on the principle of mutual trust & transparency in a boundaryless organization.

### **Innovation**

Continuous innovation in products & processes is the basis of our success.



*Dabur*

**DABUR INDIA LIMITED,**

Kaushambi, Sahibabad, Ghaziabad - 201010 (U.P.) Tel. : (0120) 4777901-25, 4778501 - 25

Fax : (0120) 4777938 Website : [www.dabur.com](http://www.dabur.com)