



Serving
India's
Rural Supermarket

Dabur India Limited
Annual Report 2012 - 13





Serving India's Rural Supermarket

RURAL MARKETS HAVE EMERGED AS AN IMPORTANT GROWTH ENGINE IN INDIA'S CONSUMPTION STORY. Housing some 70% of India's 1.2 billion population, the hinterland can be best termed as a vast 'supermarket' that is ushering in a new impetus into India's overall economic progress. Thrust on rural development and infrastructure; an increased rural investment scenario; farm-loan waivers and growing disposable income in the pockets of Rural Indians - are all key factors in stimulating overall rural consumption.

As demand for everyday products gains momentum in the hinterland, rural consumers are climbing up the value chain, with the result that incremental consumption expenditure in rural India is significantly ahead of urban India. In fact, with an increase in income and awareness levels, consumption in rural India is converging with the larger, more affluent towns. **MOREOVER, RURAL CONSUMERS ARE EXHIBITING AN INCREASED PROPENSITY TO SPEND ON HIGH-QUALITY BRANDED PRODUCTS THAT ARE BACKED BY STRONG VALUES, SIGNALING CONTINUED BUOYANCY IN INDIA'S CONSUMPTION STORY.**

As a leading FMCG player with a wide portfolio of brands, robust distribution network and deep-rooted understanding of consumer behavior, Dabur India is well-positioned to penetrate the immense rural supermarket. **WE ARE TAKING A FRESH LOOK AT OUR RURAL MARKETING STRATEGIES; STRENGTHENING OUR DISTRIBUTION REACH; SHARPENING OUR MARKETING TOOLS; AND CHARTING OUT FRESH COMMUNICATION PLANS.** We intend to take continuous proactive measures for optimising our portfolio, products and channels. We aim to synchronise this goal with our broader aim of connecting with the rural masses through affordable price points and relevant product offerings. By touching the lives of India's 800+ million rural consumers, we are activating a powerful growth engine for our company and creating long-term sustainable value for our stakeholders.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Anand Burman
Chairman

Mr. Amit Burman
Vice Chairman

Mr. Saket Burman
Director

Mr. Mohit Burman
Director

Mr. P. D. Narang
Director

Mr. Sunil Duggal
Director

Mr. R. C. Bhargava
Director

Mr. P. N. Vijay
Director

Dr. S. Narayan
Director

Mr. Albert Wiseman Paterson
Director

Mr. Sanjay Kumar Bhattacharyya
Director

Dr. Ajay Dua
Director

SR. GM (FINANCE) & COMPANY SECRETARY

Mr. A. K. Jain

AUDITORS

M/s G. Basu & Co.
Chartered Accountants

INTERNAL AUDITORS

PriceWaterhouseCoopers Pvt. Ltd.

BANKERS

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

CORPORATE OFFICE

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New Delhi – 110 002, India
Tel.: 011 – 23253488



PERFORMANCE INDICATORS



GOOD GROWTH MOMENTUM WAS WITNESSED ACROSS CATEGORIES AND GEOGRAPHIES WITH THE DOMESTIC FMCG BUSINESS REPORTING STRONG VOLUME-DRIVEN GROWTH.



SALES
₹ 6,146.4 crores
UP 16.3%



PROJECT DOUBLE
30,000 +
villages



RETAIL FOOTPRINT
5.8 million
outlets



NET PROFIT
₹ 763.4 crores

UP 18.3%

ROBUST PROFITABLE GROWTH
TRANSLATED INTO SUPERIOR
SHAREHOLDER RETURNS WITH
DABUR'S MARKET CAP TOUCHING
AN ALL TIME HIGH.



**MARKET
CAPITALISATION**
crossed
US\$ 5 billion
mark



FIELD RESOURCES

over **2-FOLD**
increase



TOTAL EMPLOYEE COUNT

6,154
employees

OUR MASTER BRANDS



MORE THAN 25 NEW PRODUCTS AND VARIANTS WERE INTRODUCED ACROSS CATEGORIES AND GEOGRAPHIES, BASED ON OUR DEEP-ROOTED UNDERSTANDING OF EVER-CHANGING NEEDS AND ASPIRATIONS OF CONSUMERS.





SUSTAINABLE GROWTH THROUGH RURAL ACTIVATION



RURAL CONSUMERS ACROSS INCOME SEGMENTS ARE EXHIBITING MARKED PROPENSITY TOWARDS SPENDING ON HIGH QUALITY PRODUCTS BACKED BY STRONG BRAND VALUES.

Gone are the days when the rural consumer was content with using mustard oil and plain soap on her hair and skin. Today, she seeks special branded products for her daily skin and healthcare needs. Aided by a steady growth in income, the rural consumers today have more disposable income in their pockets, which is fuelling demand for branded consumer products.

While the steady growth in income has surely improved their affluence and standards of living, bringing the aspirations of rural consumers closer to their urban counterparts, the market still behaves differently. Last mile availability of

brands is the key factor for growth in rural India. Dabur rolled out **Project Double**, an initiative to double its rural footprint and increase direct reach to villages of 3,000 plus population. This initiative has been rolled out across 10 key states that account for 72% of India's rural FMCG potential.

Companies need to move beyond the traditional media options like radio, television and cinema, and enter into direct engagement with consumers. With this in mind, Dabur rolled out initiatives like **Dabur Amla Asli Amla Star** beauty & talent hunt, **Dabur Chyawanprash Immune India School Challenge** and Dabur Lal Dant Manjan



School Dental Health Camps across rural and semi-urban pockets of India, to not just engage the consumer, but also give her an opportunity to touch, feel and experience the products.

The various haats, nukkad natak and Kumbh Mela held across the country offer another key window to reach out to the rural consumers. Over 25,000 melas are held every year and a majority of them are held during October-November or January-April period, which coincides with the Kharif and Rabi harvest season when the purchasing power of rural population is at the highest. Dabur participates actively in these melas to build awareness for its products and induce trials, thereby effectively capturing the rural consumer mindset.

The activities at our stalls at these melas serve twin purposes:

1. Educating consumers about key attributes of the brands.
2. Product sampling as there is no substitute for experiencing the functional benefit of a product.

These activations, coupled with our rural distribution enhancement initiative Project Double, have resulted in demand from the hinterland growing much ahead of urban India.

THANKS TO A SPURT IN MINIMUM SUPPORT PRICES AND PLETHORA OF SCHEMES ANNOUNCED BY THE GOVERNMENT, RURAL CONSUMERS TODAY HAVE MORE DISPOSABLE INCOME IN THEIR POCKETS.



CHAIRMAN'S MESSAGE



WE ARE TAKING PROACTIVE MEASURES IN PORTFOLIO, PRODUCT AND CHANNEL OPTIMISATION TO OVERCOME HURDLES POSED BY A CHALLENGING EXTERNAL ENVIRONMENT.



Dear Partners in Growth,

It gives me immense pleasure to write to you at the end of another successful year at Dabur.

I am pleased to inform you that your company has closed fiscal 2012-13 with a strong 16.3% growth in Net Sales which touched Rs 6,146.4 Crore. Net Profit for the year recorded 18.4% growth to reach Rs 763.4 Crore. Your company was able to drive strong volume led growth across its markets in India and overseas in spite of economic headwinds and political challenges in many of these geographies.

Sustained investments behind our brands and distribution enhancement initiatives have been the key growth enablers during the year. More than half of our portfolio was re-staged and renovated with new packaging and communications. Many of our iconic brands such as Dabur Amla Hair Oil and Dabur Chyawanprash assumed a more contemporary look and continue to be market leaders in their respective market segments. Our newer categories such as fruit juices and home care products witnessed strong momentum and gained share in highly competitive segments.

Details of our growth strategies and your Company's performance during the 2012-13 fiscal have been elaborated in the Management Discussion & Analysis

section of this Annual Report. I would like to take this opportunity to talk about a major initiative that your Company undertook during the year, a move that helped beat the recessionary trends and emerge stronger.

While a lot has been written about the potential that rural India offers for consumer products makers, your Company decided to tap this potential and put in place an initiative to drive deeper into the hinterland. During 2012-13 Dabur extended its direct distribution network to villages of 3,000 population and also used information technology as the big enabler for this growth strategy. This initiative has been rolled out across 10 states that account for about 70% of the rural FMCG potential in India.

DABUR CONTINUES TO IDENTIFY SIGNIFICANT GROWTH OPPORTUNITIES BOTH IN INDIA & ABROAD AND HAS INVESTED IN ESTABLISHING NEW FACILITIES TO MEET THE BURGEONING DEMAND.

This initiative has not just helped us report higher growth for the staple consumer products, but also capture demand for some aspirational and high value products like packaged juices under the brand Réal and Fem fairness bleaches. This also reflects the changing mindset of the rural consumer and I am happy to state that we are well placed to cater to emerging demand for branded consumer products from the hinterland.

Your company continues to identify attractive and significant growth opportunities both in India and around the world, and has invested in establishing new facilities to meet the burgeoning demand for our products. A new manufacturing unit has been commissioned in Sri Lanka recently, which would produce the Réal range of packaged fruit-based beverages and cater to the unmet demand in South India. Besides, a new unit is being set up in Bangladesh to manufacture a range of Dabur products for the local market. Manufacturing capacity has also been added in the domestic units in line with the growing demand for our products.

Another key development in the overseas market was the re-launch of Namasté's hair care product range under the ORS brand. I am pleased to inform you that the transition to the new brand has been smooth and has been accepted well by the consumers. Though there were some disruptions in sales during the year in the Namaste business, the operational and branding initiatives are now more or less complete and the business is better positioned for future growth.

During the year, we also made several important strides in reducing our environmental impact and encourage community environmental stewardship. Our manufacturing units focused on conservation of energy, water and recycling of waste materials. Your company intensified its efforts to encourage and assist farmers in cultivation of scarce plants and herbs and contribute towards conservation of scarce natural resources. Your company also took the lead

in promoting awareness of health and hygiene among the communities with whom we work. Details of these initiatives have been presented in the Business Responsibility Report section of this report.

This year, we are particularly proud to be ranked as the Most Trusted Healthcare and Ayurveda brand for the second year in running by Brand Trust Advisory. Dabur has also earned the distinction of being the first company to be listed on MCX-SX, the new equity exchange.

Your company has been able to drive strong growth in spite of a challenging environment. All this would not have been possible but for the untiring efforts of our highly committed and dedicated employee force. I would like to take this opportunity to thank all our consumers, business partners and employees for their support and commitment, which has helped us reach where we are now. I would also like to thank our shareholders for their trust and encouragement and assure that we would continue to strive towards strong, profitable and sustainable growth.

With warm regards,

Dr. Anand C. Burman

Chairman
Dabur India Ltd.



LEADERSHIP DEVELOPMENT@DABUR (LEAD)



CASCADING OUR SENIOR LEADERS TO THE NEXT ORBIT WITH AN ENDEAVOUR TO CREATE A WIDER AND DEEPER LEADERSHIP REMAINS OUR KEY FOCUS.

At Dabur, we believe that leadership is the capacity to translate vision into reality. During the year, Dabur embarked on a new initiative – LEAD – which sought to set up a strong leadership footprint within Dabur to sustain our growth momentum in future and establish our leadership position as a global Indian FMCG company.

In pursuit of this endeavour, we joined hands with an independent HR consultant to create a leadership framework, specific to Dabur. Our Leadership Competency Framework sought to arm our senior management with the requisite leadership capabilities, to sustain our pursuit of excellence and also develop future leadership. The Framework emphasises on seven competency-related criteria crucial to transform our existing leaders to think like business leaders. It also introduces dominant leadership styles and facilitates working on specific development areas to help these leaders attain leadership excellence. We also initiated the 'Making Great Leaders' program at

Dabur to develop future leadership for the organisation with a key focus on overall climate improvement.

In future, we want to take this initiative forward to help us steer the organisation in its next phase of growth. We endeavour to achieve this by strengthening our communication activities (through Communication forums, town halls etc.) and cascading leadership development to the next orbit of growth, so as to create a wider and deeper leadership within Dabur.

THE INITIATIVE
ENABLES OUR SENIOR
MANAGEMENT TO PURSUE
EXCELLENCE AND DEVELOP
FUTURE LEADERSHIP.



AWARDS & RECOGNITIONS



DABUR IS COMMITTED TO ECONOMIC AND SOCIAL DEVELOPMENT OF LOCAL COMMUNITIES AND FULFILLS ITS CORPORATE SOCIAL RESPONSIBILITIES AS A RESPONSIBLE CORPORATE CITIZEN.



DABUR BAGGED THE GOLDEN PEACOCK AWARD FOR EXCELLENCE IN CORPORATE GOVERNANCE AND RANKED AMONGST ASIA'S BEST INVESTOR RELATIONS COMPANIES.



DABUR RANKED AS MOST TRUSTED HEALTHCARE, AYURVEDA BRAND IN INDIA IN THE BRAND TRUST REPORT 2012.



DABUR RANKED 53rd IN THE LIST OF WORLD'S TOP 100 BEAUTY COMPANIES.



DABUR RANKED AS A GREEN BUSINESS LEADER FOR ITS ENVIRONMENT INITIATIVES.



PERFORMANCE AT A GLANCE

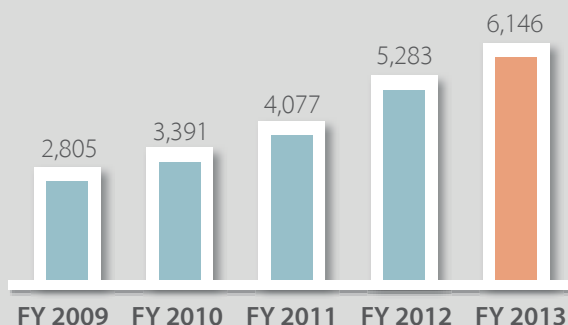


SALES GREW BY 16.3% TO RS. 6,146.4 CRORES AND PAT INCREASED BY 18.4% TO RS. 763.4 CRORES IN FISCAL 2012-13.

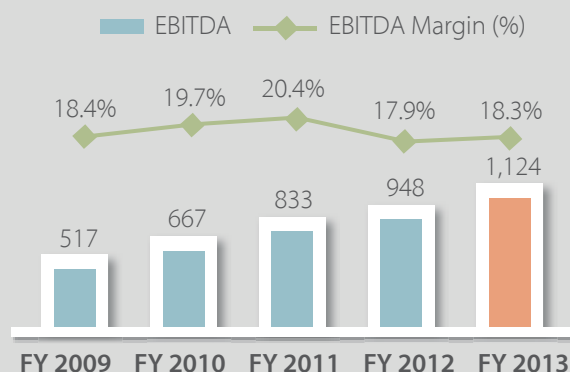


(FIGURES IN RS. CRORES, EXCEPT PER SHARE DATA)

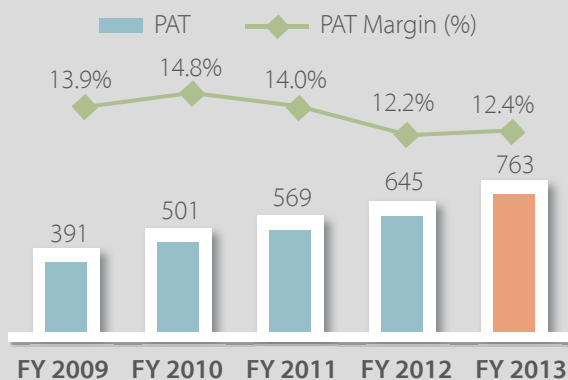
SALES



EBITDA

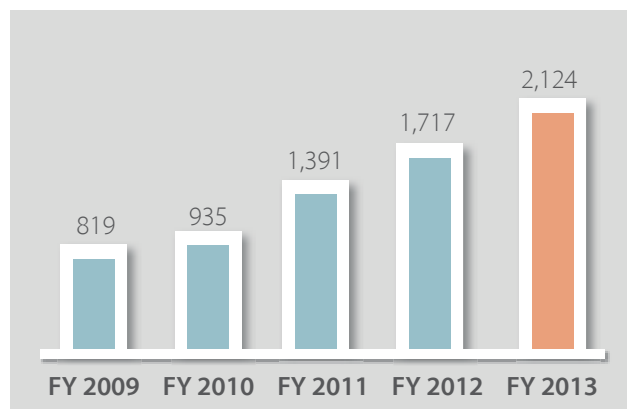


PROFIT AFTER TAX (PAT)

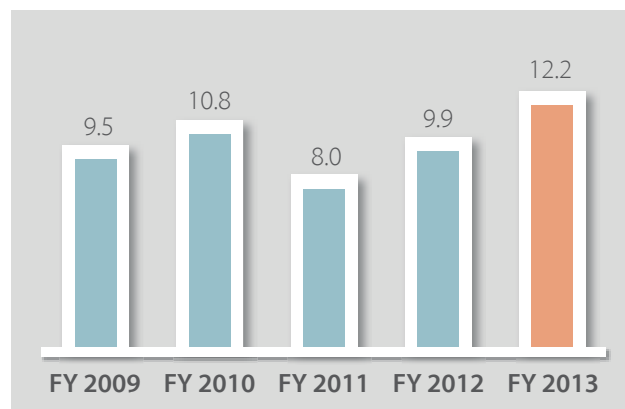


BOTH EBITDA AND PAT MARGINS WITNESSED IMPROVEMENT IN FISCAL 2012-13 OVER THE PREVIOUS FINANCIAL YEAR.

SHAREHOLDER'S FUNDS

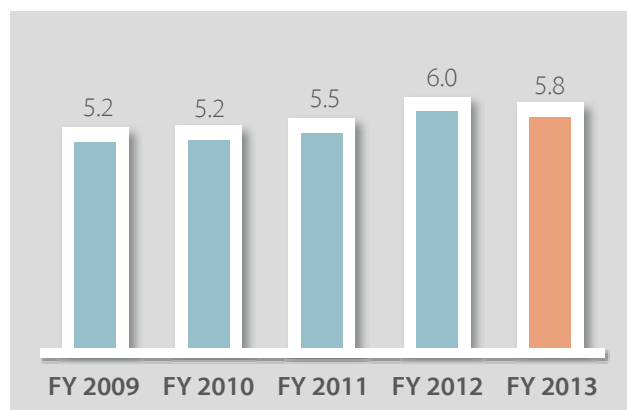


BOOK VALUE PER SHARE*



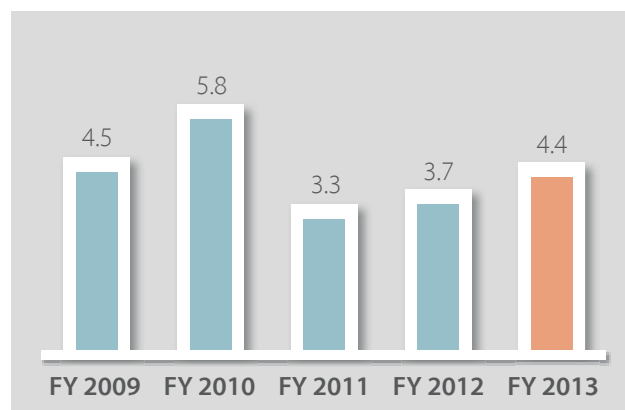
* Bonus issue of 1:1 in FY11

NET FIXED ASSET TURNOVER^



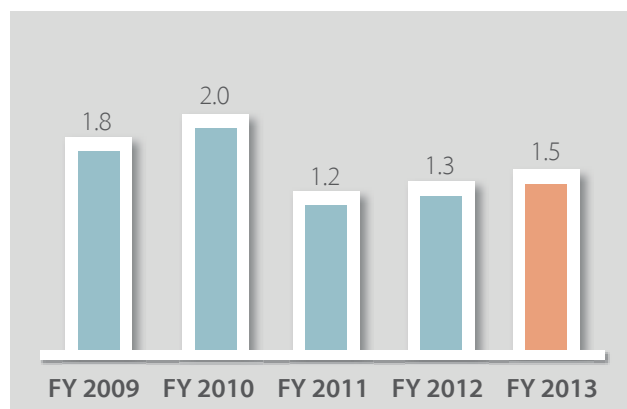
^Net Fixed Assets excl. Goodwill

EARNINGS PER SHARE*



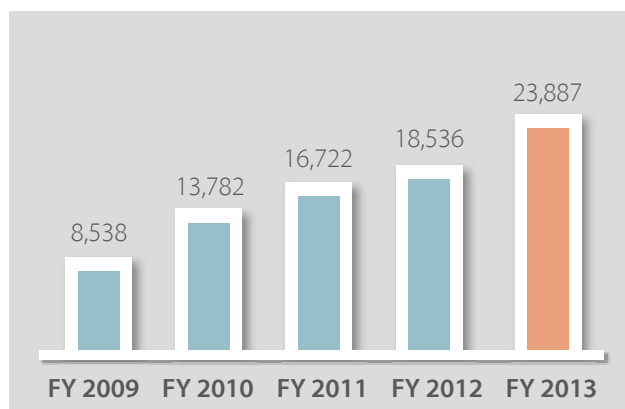
* Bonus issue of 1:1 in FY11

DIVIDEND PER SHARE*



* Bonus issue of 1:1 in FY11

MARKET CAP#

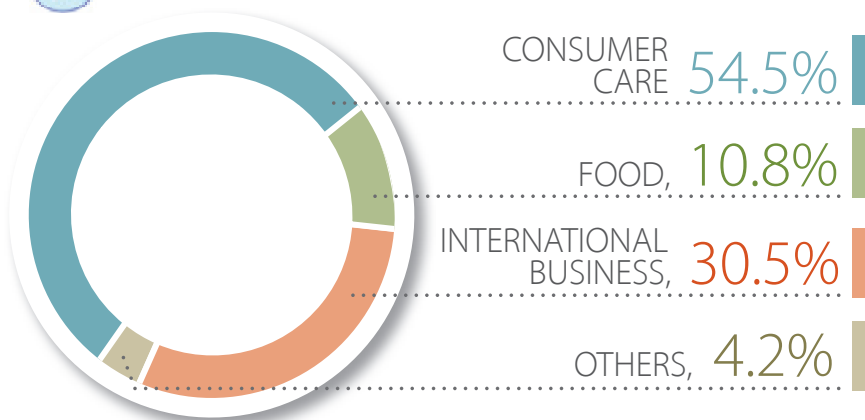


As on end of fiscal

STRATEGIC BUSINESS UNITS



SBU-wise Sales Breakdown

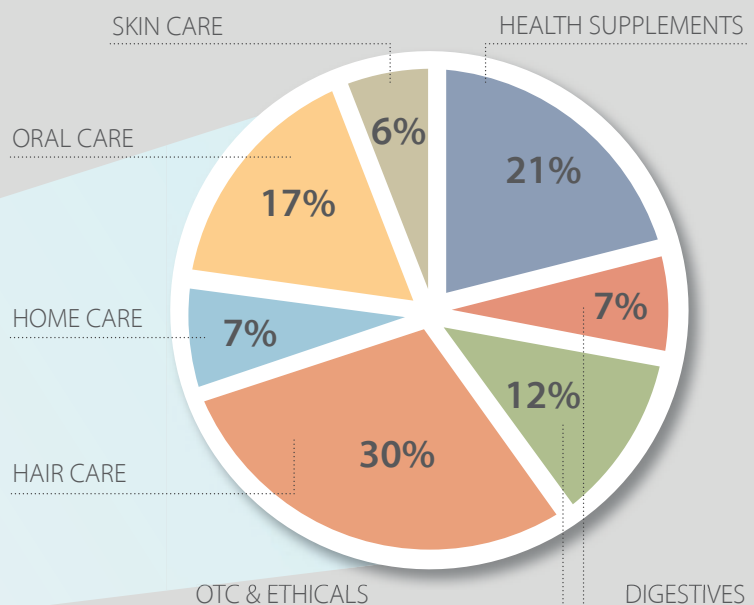


TRANSLATING OUR CUSTOMERS' EXPECTATIONS INTO BUSINESS VALUE IS AN IMPORTANT PROCESS AT EACH OF OUR VERTICALS - CONSUMER CARE, FOODS AND INTERNATIONAL BUSINESS.

CONSUMER CARE BUSINESS

WE ARE COMMITTED TO OUR MOTTO OF BEING DEDICATED TO THE HEALTH AND WELL-BEING OF EVERY HOUSEHOLD IN INDIA.

CONSUMER CARE
54.5%



FOODS

CONTINUOUS INNOVATION AND
SUSTAINED DEMAND LED TO
STRONG GROWTH.

FOODS
10.8%



CULINARY PASTES

5.6%

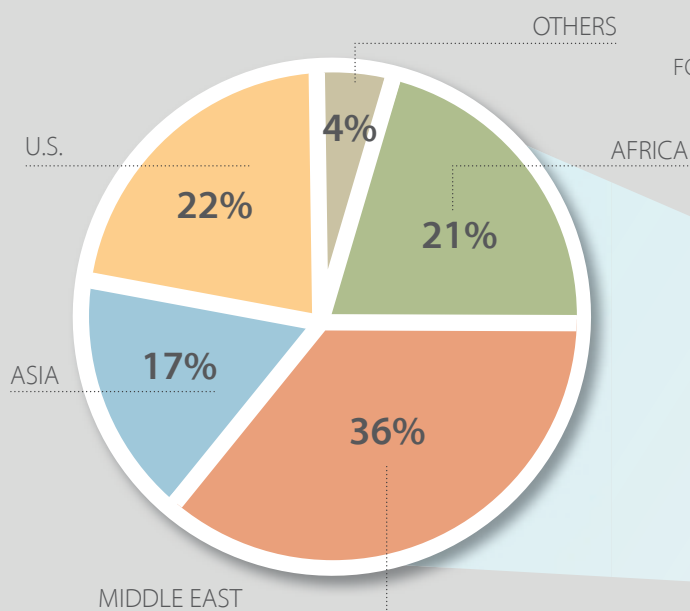
94.4%

FRUIT-BASED JUICES AND BEVERAGES

INTERNATIONAL BUSINESS

OUR OVERSEAS BUSINESS HAS SUCCESSFULLY
TRANSFORMED ITSELF FROM A SMALL OPERATION
FOCUSED ON THE INDIAN DIASPORA TO A MULTI-LOCATION
TRANSNATIONAL BUSINESS WITH A SUBSTANTIAL
CONTRIBUTION FROM OUR FOCUS MARKETS.

**INTERNATIONAL
BUSINESS**
30.5%



OTHERS

4%

21%

AFRICA

36%

MIDDLE EAST

ASIA

U.S.

22%

17%

10-YEAR HIGHLIGHTS

in Rs. Crores (except per share data)	FY04**	FY05	FY06#	FY07^	FY08	FY09	FY10	FY11^^	FY12	FY13
FINANCIAL RESULTS										
Net Sales	1,171	1,374	1,700	2,043	2,361	2,805	3,391	4,077	5,283	6,146
Other Income	9	9	13	26	34	47	48	59	80	124
EBITDA	164	217	300	376	443	517	667	833	948	1,124
EBITDA Margins (%)	14.0%	15.8%	17.6%	18.4%	18.8%	18.4%	19.7%	20.4%	17.9%	18.3%
Profit Before Tax (PBT)	124	176	257	319	384	445	601	708	791	953
Taxes	15	19	30	39	52	54	100	139	146	183
Tax Rate (%)	12%	11%	12%	12%	14%	12%	17%	20%	19%	19%
Profit After Tax (PAT)	107	156	214	282	333	391	501	569	645	763
PAT Margins (%)	9.1%	11.4%	12.6%	13.8%	14.1%	13.9%	14.8%	14.0%	12.2%	12.4%
FINANCIAL POSITION										
Net Fixed Assets (incl. Goodwill)	250	295	512	379	465	559	677	1,531	1,668	1,674
Current Assets, Loans & Advances	340	408	471	640	774	951	1,106	1,949	2,315	2,603
Current Liabilities & Provisions	294	400	436	452	732	805	920	1,458	1,384	1,412
Share Capital	29	29	57	86	86	87	87	174	174	174
Reserves & Surplus	257	335	440	393	531	732	848	1,217	1,543	1,950
Shareholders Funds	286	364	497	480	618	819	935	1,391	1,717	2,124
Loan Funds	132	164	121	160	99	230	179	1,051	1,069	1,152
EQUITY SHARE DATA										
Earnings Per Share	3.7	5.4	3.7	3.3	3.9	4.5	5.8	3.3	3.7	4.4
Dividend Per Share	2.0	2.5	1.8	1.4	1.5	1.8	2.0	1.2	1.3	1.5
Book Value per Share (BVPS)	10.0	12.7	8.7	5.6	7.2	9.5	10.8	8.0	9.9	12.2
No of Shares (In Crs)	28.6	28.6	57.3	86.3	86.4	86.5	86.9	174.1	174.2	174.3
Share Price (unadjusted)	79	111	124	95	110	99	159	96	106	137
Market Cap	2,249	3,175	7,102	8,194	9,487	8,538	13,782	16,722	18,536	23,887

** Dabur Pharma got de-merged.

Bonus issue of 1:1 during the year

^ Bonus issue of 1:2 during the year

^^ Bonus Issue of 1:1 during the year

Share price and market cap as on end of fiscal

FY12 onwards, financials as per Revised Schedule VI

MANAGEMENT DISCUSSION & ANALYSIS



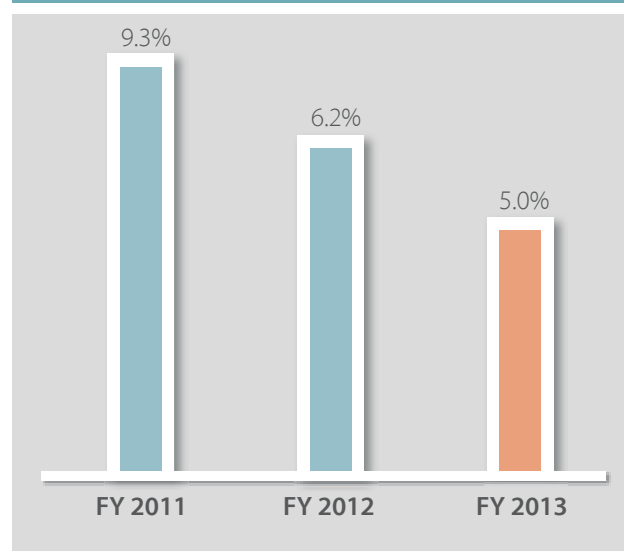
FMCG SECTOR CONTINUED ON A STEADY GROWTH TRAJECTORY AND CROSSED THE Rs. 2 TRILLION MARK DURING THE YEAR.

During the year under review, the world faced several economic and political challenges ranging from the Eurozone debt crisis to continued turmoil in some of the countries in North African region. A slowdown in the global economy has taken a toll on many, but not all emerging markets. In fact, as per the 2013 Human Development Report prepared by United Nations Development Programme (UNDP), there is a profound shift in global dynamics driven by the fast-rising new powers of the developing world. The report states that by 2020 the combined economic output of three leading developing countries – Brazil, China and India – will surpass the aggregate production of Canada, France, Germany, Italy, the United Kingdom and the U.S.

The Indian economy grew strongly for a few years after the Global Financial Crisis in 2007-08. However, fiscal 2012-13 has not been one of its best years with deceleration in GDP growth rates, widening fiscal and current account deficits and currency volatility. As per International Monetary Fund's (IMF) February 2013 India Staff report, though India's growth remains among the highest in the world, the recent slowdown - due to structural factors such as supply constraints and an unsupportive policy environment, with cyclical and global factors also contributing - is unusual among emerging markets (EMs) for its still-high inflation. The government though has taken initiatives during the last few months to reverse the slowdown and reduce vulnerabilities. Measures taken include higher diesel prices and quantity limits on subsidised LPG - two challenging but essential measures to rein in the fiscal deficit. Further liberalisation of FDI was announced during the year and a Cabinet Committee on Investment (CCI), enabling single-window approval for large projects, was constituted.

As presented in Fig. 1, the Real GDP Growth rate slowed down to 5.0% for fiscal 2012-13 as compared to 6.2% in fiscal 2011-12 and 9.3% in fiscal 2010-11. Coupled with this, industrial production decelerated with cumulative growth in the Index of Industrial Production (IIP) at 1% for the period Apr-Mar 2012-13 over the previous year. As expected, many sectors such as infrastructure, auto, consumer durables and industrials reported a marked slowdown during the year. The Fast Moving Consumer Goods (FMCG) sector however remained more or less steady with some signs of pressure on premium and more discretionary product lines.

FIG. 1: REAL GDP GROWTH RATE (YOY) %



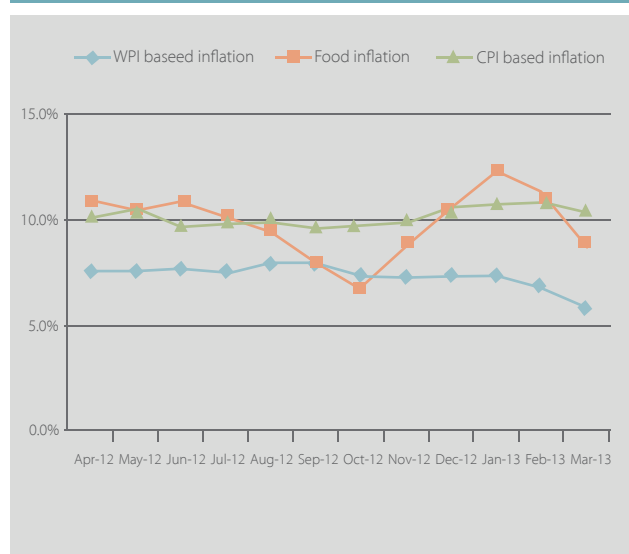
Source: CSO Estimates



As per a recent review of the Indian Economy released by the Prime Minister's Economic Advisory Council, a recovery in growth and economic activity is expected during the fiscal 2013-14 with a growth of 6.4% in GDP.

Post a lot of tightening measures taken by the Government, inflation remained at moderate levels with WPI based inflation hovering around 7%, though Food inflation and CPI (Consumer Price index) based inflation still persisted at higher levels (Fig. 2). Subsequently, RBI (Reserve Bank of India) reduced the repo rate which now stands at 7.25%. This is expected to enhance the outlook for growth and investments in the Indian economy as interest rates are expected to ease over the next few months.

FIG. 2: INFLATION TREND (YOY) %



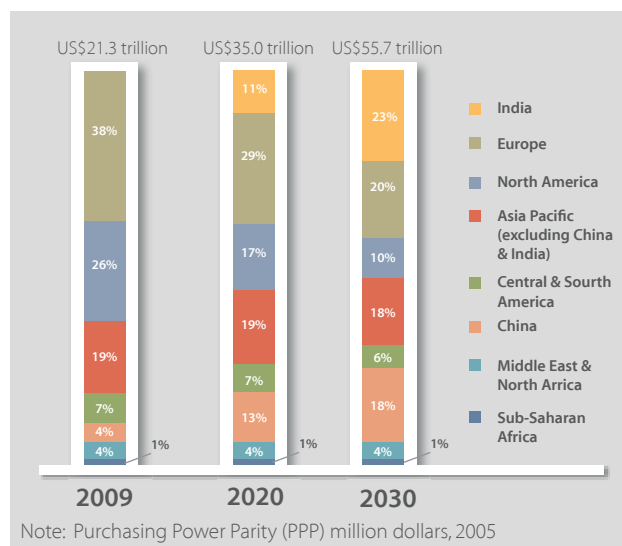
Source: Office of the Economic Adviser, CSO estimates

In spite of near-term pressures, the long term growth prospects of the Indian economy are clearly intact. As per a recent report by Deloitte, 'India Matters - Winning in Growth Markets', India is predicted to be among the fastest growing markets in the next 15 years. The report states that there are two aspects to India's growth. First is the rapid expansion of India's middle class. By 2020 India is projected to be the world's third largest middle class consumer market behind China and the USA; and by 2030, India is likely to surpass both countries with an aggregated consumer spend of nearly US\$13 trillion. Fig. 3 shows India's share in spending

by the global middle class, which was sub 1% in 2009, is expected to reach 11% by 2020 and further rise to 23% in 2030 - highest in the world, followed by China at 18%. North America and Europe's share in spending by global middle class was the highest in 2009, but is expected to substantially reduce in 2030 to 10% and 20%, respectively.

The second aspect is the increase in income levels of the Indian middle class, which is driving greater aspirations, the need for world class infrastructure, high quality healthcare, branded consumer products, and sophisticated public and private services.

FIG. 3: SPENDING BY THE GLOBAL MIDDLE CLASS, 2009-2030



Source: "The Emerging Middle Class in Developing Countries," Homi Kharas, OECD Development Centre

During the year under review, the FMCG industry continued on a steady growth trajectory. Riding on continued demand for branded food products, personal care, household care, baby care and OTC products, the Indian FMCG sector crossed the Rs. 2-trillion mark in fiscal 2012-13, as per AC Nielsen. Future growth in the FMCG sector is expected to be driven by:

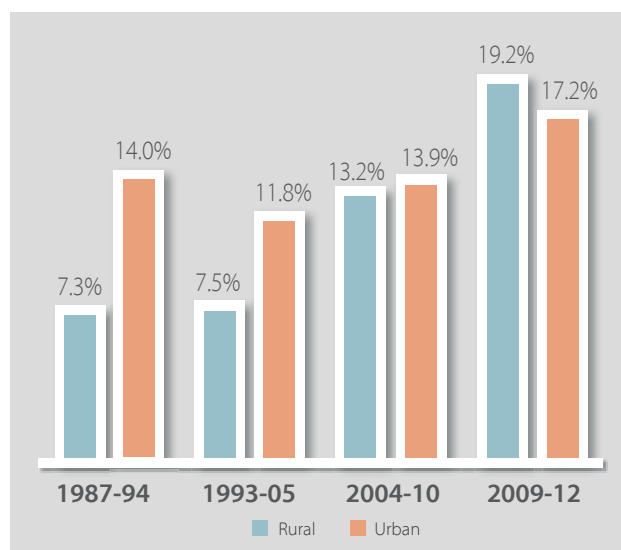
- Low per capita consumption: Per capita consumption levels in FMCG categories such as skin care, shampoos and toothpastes are much lower in India as compared to other markets and is expected to drive growth in future

- Favourable demographics: 65% of India's population is below the age of 35 years, making India one of the youngest nations and an important aspect of consumption growth
- Low penetration levels of consumer products in most categories
- Shift to branded products from unbranded products: Current level of unorganised market in some of the FMCG categories bodes well for future volume growth of branded products
- Growth potential in rural markets

Rural India, which comprises around 70% of India's 1.2 billion population and 240 million households, represents a huge opportunity for the FMCG sector and AC Nielsen estimated in its 'Consumer 360' report that it could touch US\$100 billion by 2025. At present, the Indian FMCG sector derives around a third of its revenues from rural markets. Growing disposable incomes in the pockets of rural Indians, thanks to a plethora of measures like higher Minimum Support Prices for agricultural produce, loan waivers and employment guarantee schemes, have promoted consumption and demand for branded consumer goods in the hinterland. The rural consumers across income segments are exhibiting marked propensity towards spending on high quality products, which are backed by strong brand values. This is reflected in rural consumption growth outpacing urban consumption with the percentage increase in monthly per capita expenditure in rural markets surpassing its urban counterparts during the period 2009-2012 (refer Fig. 4).

RURAL INDIA,
WHICH COMPRISES
AROUND 70% OF INDIA'S
1.2 BILLION POPULATION
AND 240 MILLION
HOUSEHOLDS, REPRESENTS
A HUGE OPPORTUNITY
FOR THE FMCG
SECTOR.

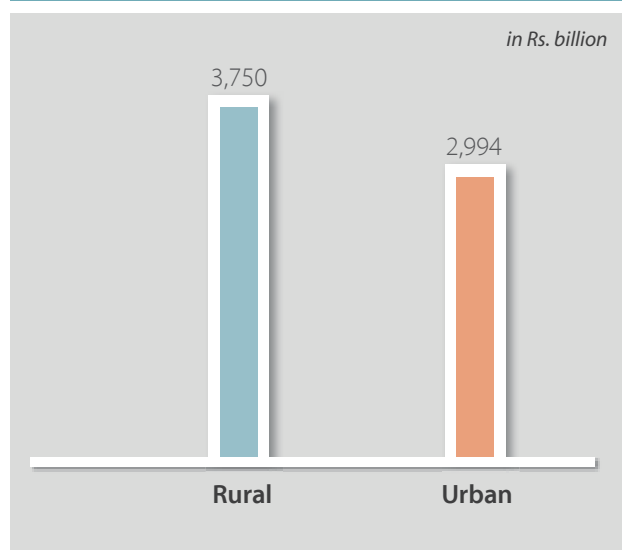
FIG. 4: PERCENTAGE INCREASE IN MONTHLY PER CAPITA EXPENDITURE - RURAL AND URBAN



Source: NSSO (National Sample Survey Organisation)

Furthermore, recent reports indicate that the incremental consumption expenditure in rural India has been significantly ahead of urban India (Fig. 5).

FIG. 5: INCREMENTAL CONSUMPTION EXPENDITURE IN 2011-12 OVER 2009-10



Source: NSSO and CRISIL Estimates



Overall, India offers huge potential for consumption in both urban and rural markets and companies such as Dabur, with robust distribution network and deep understanding of consumer behaviour, are well positioned to exploit these opportunities.

DABUR PERFORMANCE OVERVIEW

Dabur achieved strong growth in sales and profits during fiscal 2012-13 with its sales crossing the Rs.6000 crore mark. Good growth momentum was witnessed across categories and geographies with the Domestic FMCG business comprising Consumer Care and Foods and the organic International Business reporting strong volume driven growth.

As a company, Dabur is highly connected to its consumers and develops products that meet their needs and requirements. Dabur has also been at the forefront of innovation with a high degree of consumer insight going into development of each product. Listening to our customers and translating their expectations into business value is an important process at Dabur. It is this deep

understanding of the consumer and their specific needs that have helped us to specially tailor products for them.

Basis this deep-rooted understanding of the ever-changing needs and aspirations of our consumers, fiscal 2012-13 witnessed Dabur introduce a number of new products and variants, across categories and geographies. Some of the launches in India during the year include Babool Salt toothpaste, air-freshening gels under the brand Odonil, Gulabari Saffron & Turmeric Cold Cream and Lotion, Turmeric and Saffron-based bleaches under Fem, new variants of packaged juices under the brands Réal and Activ and Anardana variant in Hajmola. Fiscal 2012-13 also saw Dabur revamp its oldest personal care brand Dabur Amla hair oil in a contemporary and youthful avatar, besides re-launching the acquired health rejuvenator and energiser brand, Thirty Plus, with an enhanced formulation. Dabur's International Business kept up the strong pace of innovation with several new launches such as Vatika Henna based Hair Colors, Vatika Black Seed Oil, Dabur Medicated Toothpaste, Vatika Hair Serums, Curls Unleashed range and others.

To overcome the hurdles posed by a challenging external environment, Dabur has been taking proactive measures in portfolio, product and channel optimisation. With the reorganisation of our domestic FMCG business in the year 2011-12, the focus this year was on ensuring deeper penetration and more effective distribution of our products. The rural markets are a particular case in point as the aspirations of rural consumers are aligning with their urban counterparts, leading to a steady shift in consumer preference towards branded consumer products. The rural consumer is no longer seeking brands that have been specially created for her, but wants the same urban market products that are regularly seen on national mass media. Thanks to the spurt in MSPs (Minimum Support Prices), employment generation schemes and overall growth in rural economy, the rural consumer today has more disposable income. In addition, the great rural-urban divide is no longer as dramatic as it used to be a decade ago. With members of several rural households migrating to urban markets, the increasing prosperity of these markets has found its reflection on rural economy as well. Besides increasing prosperity, media reaching deeper into rural markets has positively impacted consumption patterns.

Recognising this huge opportunity, Dabur had embarked on Project Double in the latter half of fiscal 2011-12 to

BESIDES TAKING
PROACTIVE MEASURES
IN PORTFOLIO, PRODUCT
AND CHANNEL OPTIMISATION,
DABUR IS FOCUSING
ON ENSURING DEEPER
PENETRATION AND MORE
EFFECTIVE DISTRIBUTION
OF PRODUCTS.

enhance presence in rural India. The project was completed in fiscal 2012-13 and we have more than doubled our direct reach to 30,091 villages from 14,865 villages in March 2011. Post completion of this project, we have witnessed an increase in our product width in rural markets which has translated into higher and more profitable sales.

Word of mouth plays an important role in communicating the benefits of our products to our rural consumers. A good word from a trusted source is the best endorsement any product can get, more so in the rural context where just leveraging mass media is not enough. Here, the product attributes and benefits are best communicated through initiatives that help the consumer touch, feel and experience them. Our efforts in reaching out to the rural consumer and designing campaigns that interact and engage her helped us build strong consumer connect, resulting in rural markets outpacing urban markets. For instance, consumer engagement initiatives through haats and fairs like Kumbh mela, Nauchandi mela, Sonpur mela provided rural consumers with an opportunity to experience Dabur products.

We embraced technology in a big way to service our customers better and establish more efficient channels of communication not only within the company but also with our distributors and channel partners. On one hand, we deployed efficient IT systems that helped release valuable time and enabled the sales team to focus on their core activity of selling with greater efficiency. On the other hand, Dabur is connecting with its consumers and key stakeholders from nearly every geography and demographic profile in the digital world. By creating interfaces on the digital social platform, Dabur as an entity and its various brands are reaching out to consumers, interacting with them and, in the process, enabling them to become our brand ambassadors.

These initiatives have helped Dabur drive demand and generate strong volume-led growth even in a year that has been challenging for the economy.

The highlights of Dabur India Ltd's performance during fiscal 2012-13 on a consolidated basis are:

- Sales grew by 16.3% to Rs. 6,146.4 crores in fiscal 2012-13 from Rs. 5,283.2 crores in fiscal 2011-12

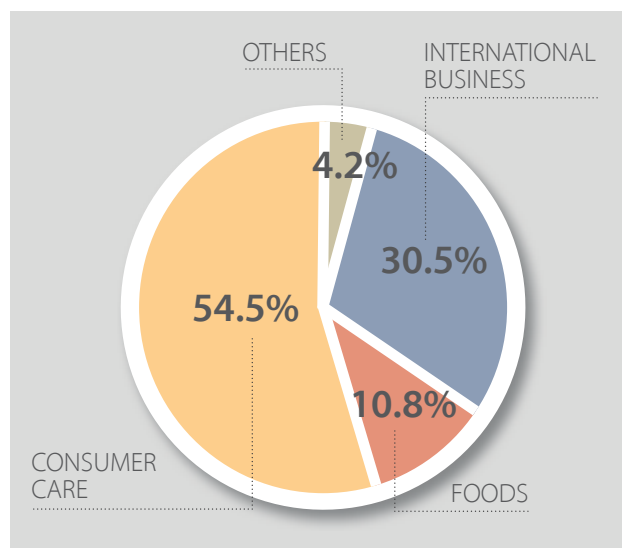
- Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) increased to Rs. 1,124.3 crores in fiscal 2012-13, from Rs. 947.6 crores in fiscal 2011-12, recording a growth of 18.7%
- Profit After Tax (PAT) increased to Rs. 763.4 crores in fiscal 2012-13 as against Rs. 644.9 crores in fiscal 2011-12, up by 18.4%
- Earnings Per Share (EPS) increased to Rs. 4.35 in fiscal 2012-13 from Rs. 3.68 in fiscal 2011-12

STRATEGIC BUSINESS UNITS

Following the reorganisation and unification of our various business verticals in fiscal 2011-12, the entire business structure today stands as below:

- Consumer Care Business incorporating the Health Care and Home & Personal Care (HPC) verticals. This accounts for 54.5% of the consolidated sales
- Foods comprising fruit-based beverages and culinary pastes business, which contributes 10.8% to consolidated sales
- International Business, which includes Dabur's organic overseas business as well as the acquired entities, Hobi Group and Namaste Laboratories LLC. This vertical now accounts for 30.5% of Dabur's consolidated sales

FIG. 6: SBU-WISE SALES BREAKDOWN

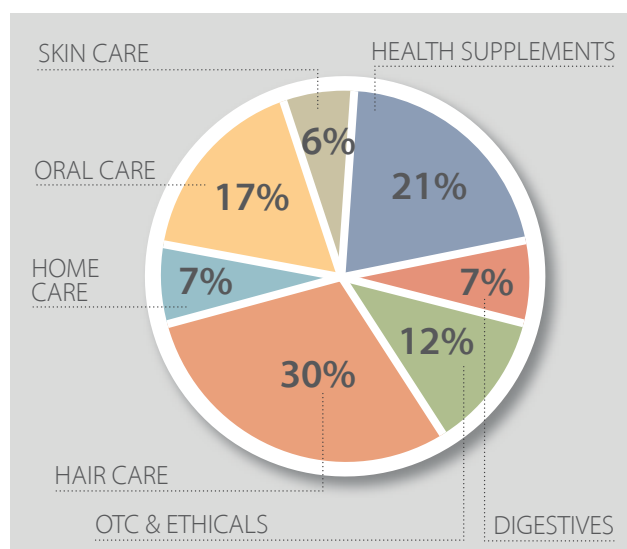




CONSUMER CARE BUSINESS

The Consumer Care Business which is the largest segment contributing to 54.5% of consolidated sales, registered growth of 13.3% during fiscal 2012-13. The segment is divided into Health Care and HPC verticals.

FIG. 7: CATEGORY-WISE CONSUMER CARE SALES BREAKDOWN



HEALTH CARE

Dabur is committed to its motto of being dedicated to the health and well-being of every household. With a legacy and experience of over 128 years, Dabur is today India's most trusted healthcare brand and world's largest Ayurvedic and Natural Health Care Company. Dabur has, in fact, been voted as the Most Trusted Health Care & Ayurveda brand for the second year in running in the Brand Trust Report, the most comprehensive list of India's Most Trusted Brands prepared by Trust Research Advisory.

With the new unified distribution structure in place for its healthcare vertical, Dabur has been rolling out a number of initiatives to further deepen its commitment towards the health and well-being of its consumers. Health is increasingly taking prime space in the minds of consumers,

not just in urban India, but also in the hinterland. Health awareness is growing across age-groups, geographies and socio-economic classifications. While the urban consumer is battling concerns about lifestyle diseases such as diabetes, obesity etc., there is also a growing realisation among the rural populace about the need to stay healthy and thereby not just reduce the burden of healthcare costs, but also not lose wage-earning opportunities due to illnesses. Preventive healthcare is increasingly becoming the need of the hour.

The year saw Dabur take Health Care to the digital world with two dedicated portals – www.daburmediclub.com and www.liveveda.com. The portal www.daburmediclub.com is aimed at connecting and creating a network of medical professionals, both Ayurvedic and Allopathic and disseminating information regarding various Ayurvedic and health care products from Dabur. This portal also provides medical professionals an easy access to the various clinical and pre-clinical trials/studies conducted on various products and medicines from Dabur. Today, we have over 40,000 practicing doctors registered with Dabur through www.daburmediclub.com and around 9,000 of them interact with us on a regular basis.

On the other hand, www.liveveda.com is an effort to reach out to consumers who are increasingly taking to the digital world to seek information about not just general health and wellness, but also consultation and remedies for common ailments. An increasing trend is fast developing in India where consumers are seeking solutions to ailments and looking for scientific information on healthcare issues on the Internet. This portal has been developed with the intent to ride this trend and also connect with the digitally active consumers in the virtual world. Dabur has built a network of doctors and experts on this portal, who regularly interact with consumers, addressing their health queries and disseminating information regarding health care besides offering health solutions.

In addition to these digital initiatives, a special exercise is underway to better connect with key opinion leaders from among the doctor fraternity, through a series of networking meetings and conferences.

Dabur's Health Care vertical comprises Health Supplements, Digestives, OTC and Ayurvedic Ethical Products. Dabur has a highly experienced R&D (Research & Development) team and access to the centuries old knowledge of Ayurveda,

which have been combined with the latest in science to develop efficacious products that offer holistic health and well-being.

Health Supplements

The Health Supplements portfolio grew by 16.2% in fiscal 2012-13 and now contributes 21.3% to Consumer Care sales. The three key brands in this portfolio are Dabur Chyawanprash, Dabur Honey and Dabur Glucose. This is, in fact, the only category which has all its brands present in Dabur's Billion Rupee Brands portfolio i.e. with turnover in excess of a billion rupees.

Fiscal 2012-13 saw Dabur roll out initiatives to drive further growth for each of these brands. Dabur Chyawanprash, the largest brand in the portfolio, witnessed steady growth and maintained market share, in spite of lower offtakes in the institutional channels. The fruit-flavoured variants continued to attract new consumers and added to the flavor profile of the brand. Dabur Chyawanprash was re-launched during the year in a new pack, pitching the brand as an immunity specialist. This specialist positioning was based on pre-clinical studies which proved that just two spoonfuls of Dabur Chyawanprash every day can strengthen a person's immunity by 3 times. This campaign was very well received and the '3 Times More Immunity' message was prominently displayed on the new pack. To increase awareness about the need to build immunity, the brand launched a nationwide school contact initiative christened Dabur Chyawanprash Immune India School Challenge, which sought to identify and reward the Most Immune Schools and students of India, besides highlighting the need for developing a strong body immune system amongst parents, children and teachers. Under this initiative, we reached out to 2,500 schools across India through an on-ground, television and print campaign.

The other major brand in this category, Dabur Honey, which is the largest branded honey in India, continued to report strong growth despite stiff competition from regional players and price increases due to a surge in raw material prices. Riding on a new 'Love Yourself' campaign, featuring cine star Bipasha Basu that sought to establish Dabur Honey as a weight management expert and other marketing efforts, the brand grew across regions, SKUs and channels.

Dabur Glucose performed well driven by a combination of marketing efforts and seasonal factors. The year saw Dabur Glucose move away from the generic positioning of energy to a more focused and differentiated proposition of cooling energy. This shift, communicated through a mega campaign featuring cricketer Sourav Ganguly and a high-decibel school contact programme in key markets helped the brand gain market share. The various Glucose flavours are increasingly becoming popular. With summers already knocking on our doors, we have prepared a number of initiatives to drive growth for Dabur Glucose, going ahead. As part of these, the company has signed up cine star Ajay Devgn as the new brand ambassador to endorse the product and new campaigns featuring him will hit the television screens this summer.

Digestives

The Digestives portfolio which contributes 7.2% to Consumer Care sales grew by 3.9% in fiscal 2012-13. Following the business reorganisation in 2011-12, the digestive business has now gained scale with consolidation of all digestive brands under one category. Though packed with a variety of products ranging from Pudín Hara, Hingoli and Nature Care to Sat Isabgol, Lavan Bhaskar Churan and Triphala Churan, the Digestives category continues to be dominated by Hajmola as being the largest brand in the portfolio.

With increasing scale and formats in this portfolio, we rolled out a pilot initiative in Delhi-NCR to expand the distribution footprint to cover neighbourhood Paan outlets. Hajmola, with its digestive tablet and candy formats is a good fit for this channel and is likely to be positively impacted by this initiative. In addition, during fiscal 2012-13, a new communication campaign featuring Ajay Devgn was rolled out for Hajmola.

To further establish Hajmola as a post-meal digestive, Dabur rolled out a mega consumer-connect initiative at the recently concluded Kumbh Mela. In addition, sampling activities were also undertaken at schools, high-speed trains like Shatabdi and Rajdhani, food joints across the country and among dabbawalas in Mumbai.

The Hajmola variant range was further expanded this year with the introduction of Hajmola in an Anardana (pomegranate) flavour. This is in line with the company's



strategy to introduce more ethnic Indian flavours in Hajmola.

Following the successful consolidation of Pudín Hara franchise within the overall Digestives vertical, we have now started putting in place initiatives to take this brand to the next level. To begin with, Dabur rolled out a high-decibel advertisement campaign and on-ground initiatives to promote Pudín Hara. In addition to promoting the brand, this campaign also sought to educate consumers particularly in rural India about lookalikes and spurious products, and thereby expand the consumer base. Nature Care, Dabur Hingoli and Sat Isabgol which are the other brands in the Digestives portfolio performed well during fiscal 2012-13. Triphala and Lavan Bhaskar Churan, which were added to the digestives category as part of the business re-organisation last year, helped drive growth.

OTC Products

The OTC products portfolio, which is 7.6% of Consumer Care, registered growth of 15.6% in fiscal 2012-13. The vertical offers a variety of OTC products in sub-segments such as Baby Care, Cough & Cold, Men's Health Care and Women's Health Care. The distribution enhancement initiatives initiated in fiscal 2011-12 helped improve the reach of Dabur's baby care range in rural and urban markets. Packaging up-gradation was also undertaken, under which the entire baby care range is now being promoted on every individual product pack, thereby informing consumers about the range of baby care products available in the Dabur portfolio.

With a wider distribution network in place, Dabur undertook major initiatives both on-ground and through mass media to spread awareness about various products and their benefits. In addition, new visibility campaigns were executed across chemist outlets to reach out to consumers and enhance the availability of our products.

A number of these new awareness creating initiatives were centered around Dabur's Baby Care range, particularly the flagship brand Dabur Lal Tail. A study was undertaken to understand various consumer needs regarding the brand and special campaigns were created basis the feedback received from consumers. An independent clinical trial to assess the efficacy of Dabur Lal Tail on growth of neonates (new-born infants) and infants has rated Dabur Lal Tail

as the most effective massage oil for height and weight growth for infants. The study noted that Dabur Lal Tail offers "Twice" faster height and weight growth among infants as compared to no massage at all. As part of a consumer-connect initiative, the product was also sampled with a large number of new mothers. Riding on these initiatives, Dabur Lal Tail has witnessed an uptick in market shares.

In the Cough & Cold category, Honitus continued to perform well. Besides introducing the brand in a new single-dose sachet format, new campaigns were rolled out highlighting its efficacy and safety. A year ago, we had initiated a brand health study and clinical research on Honitus, which proved that it is as efficacious as allopathic brands yet at the same time it has no harmful side-effects and doesn't cause drowsiness. The new campaign was based on this research and helped not only increase awareness about the brand but also generate trials and bring in new consumers by converting users. A special drive was also undertaken targeting paediatricians and chemists.

The Men's Health Care category too reported strong double digit growth, led by the flagship energiser brand Shilajit Gold. Riding on the strength of focused print media advertisements and word-of-mouth publicity, the company saw demand for Dabur Shilajit Gold grow at a robust pace. As part of its effort to provide consumers greater convenience, Dabur has launched an online shopping portal for Shilajit Gold - www.daburshilajitgold.com. In fiscal 2011-12, Dabur had acquired the OTC energiser brand, Thirty-Plus, from Mumbai-based Ajanta Pharma Limited. The fiscal under review saw Dabur re-launch Thirty Plus in a powerful new avatar with an enhanced formulation keeping the energy needs of today's youth in mind. Dabur also roped in Bollywood cine celebrity Malaika Arora Khan as the new brand ambassador for Thirty Plus.

In addition, special visibility and awareness campaigns were launched for Dabur's key women's health care brands - Dashmularishta and Ashokarishta Asavs. The new communication sought to extend the brands' usage and relevance beyond the post-natal period and established them as the perfect products for overall rejuvenation.

Ayurvedic Ethicals

Dabur has a wide range of ethical healthcare products based upon the age-old system of Ayurveda. Dabur today

has a range of about 250 ethical medicines that are derived from herbs and form part of this holistic healthcare system, focusing on all-round well-being. The Ayurvedic Ethicals portfolio, which contributes 4.1% to Consumer Care, performed well growing by 17.2% during fiscal 2012-13.

The range was promoted aggressively through focused activities at Dabur Ayurvedic Centres, in addition to special Health Camps and Vaid (Ayurvedic doctors) meets throughout the year. Fiscal 2012-13 also saw Dabur establish an Ayurvedic Health Care Centre in Delhi, where free consultation is offered by Ayurvedic practitioners and Ayurvedic medicines are sold. This centre seeks to promote Ayurveda among the urban Indians, besides enhance availability and visibility of Ayurvedic medicines.

HOME & PERSONAL CARE

The Home & Personal Care (HPC) vertical in Dabur's Consumer Care Business consists of large and highly competitive FMCG categories viz. Hair Care (Hair Oils and Shampoos), Oral Care (toothpastes and toothpowder) and Skin & Body Care, besides a host of Home Care products like Mosquito Repellents, Air Fresheners and Toilet Cleaners.

Almost all of these categories have been witnessing high levels of competitive intensity in the recent years with the entry of new players and existing players executing disruptive strategies. This combined with hardening of key raw material prices threatened to put margins under pressure.

Dabur, on the strength of its well established brands and differentiated product offerings, mitigated the risks through a combination of calibrated price increases and sustained media and consumer campaigns, ending the year with strong volume-led growth. We believe that consumer satisfaction is the single most important measure of success for us and the increasing demand for our products in spite of stiff competition validates the trust that consumers place in them.

Hair Care

During fiscal 2012-13, Dabur's Hair Care portfolio comprising Hair Oils and Shampoos crossed the Rs. 1,000 crore mark in sales. The portfolio grew by 11.7% during fiscal 2012-13 and contributes to 29.6% of the Consumer Care Business.

Dabur is among the key players in the Hair Oils category and this is one of the oldest and largest personal care businesses of Dabur. The hair oils category in general has seen good growth in the last few years with consumers upgrading to branded and value added products. During fiscal 2012-13, the Hair Oil category reported growth of 9.0% with Dabur's perfumed hair oil offerings leading the performance.

Dabur's flagship hair oil brand Dabur Amla Hair Oil has now established itself as the largest and most preferred perfumed hair oil brand in the country with a consumer base of over 60 million users. The year marked the re-launch of Dabur Amla Hair Oil with a younger, modern look, a brand new product proposition of "Mazbooti bhi, Khubsoorati bhi" and Priyanka Chopra as the new brand ambassador. Dabur Amla Hair Oil has always been associated with beauty and has been known for strong, healthy, long and beautiful hair. Its new identity now has Priyanka Chopra's face on the front label, making this over 60-year-old brand more contemporary and relevant in consonance with today's lifestyle. The new look maintains the continuity with the brand's association with beauty while infusing a youthful appeal. The company continued to move forward on its two-pronged strategy with Dabur Amla, targeting the mustard oil users in the Hindi belt on one hand and communicating the benefit of Dabur Amla to consumers in South India on the other. To drive home this message in South India, we roped in popular South Indian cine star Kajal Agarwal as the new brand ambassador for its key markets.

The latest entrant in Dabur's hair oil portfolio, Dabur Almond Hair Oil performed well during the first full year of its launch and met our expectations. Dabur Almond Hair Oil has twice the amount of Vitamin E as compared to some of the other almond hair oils and also has Almond Protein, which are vital nutrients known for hair health.

Dabur's coconut hair oil brand, Vatika Enriched Coconut Hair Oil, saw some pressure due to high differential in pricing as plain coconut oil prices remained soft during the year and Vatika which is a value added coconut oil enjoys a premium positioning. However, the brand proposition remains strong and is proposed to be strengthened further. To establish Vatika as the preferred coconut hair oil brand among the youth in South India, the company organised a mega model hunt 'Search for Vatika Star' in Hyderabad. The winner of the contest got an opportunity to feature in the next advertisement of Dabur Vatika Enriched Coconut Hair Oil.



Dabur's shampoo range under the Vatika brand performed well growing by 30.4% during fiscal 2012-13. Vatika Shampoos were re-launched as Dabur Vatika Premium Naturals range and all four variants have been enriched with more efficacious natural ingredients like Henna, Olive Oil, Black Olive, Almond, Lemon and Tea Tree Oil. Dabur also rolled out a new campaign featuring Priyanka Chopra to communicate the benefits of this new range.

Skin & Body Care

The Skin & Body Care business, a relatively newer segment for Dabur, comprises two key brands - Fem (for fairness bleaches and hair removing creams) and Gulabari (for Rose-based skin care products). This category saw a flurry of activity during the year with the addition of new products, revamping of existing brands and roll-out of mega campaigns. The portfolio grew by 15.4% in fiscal 2012-13 and comprises 6.4% of Consumer Care business.

During 2012-13 the Fem facial bleach portfolio was re-staged with the launch of a new range containing natural ingredients like Turmeric, Saffron and Pearl. The brand also brought together its brand ambassador Sonakshi Sinha and her mother Poonam Sinha for the first time in a new ad campaign to promote the new and improved range of Fem facial bleaches. This was the first time that the mother and daughter duo were seen sharing screen space, and they took forward Fem's message of 'Long Lasting Healthy Fairness' which comes from its new natural ingredients.

Fem's hair removing cream, which was re-launched during the year with a new anti-darkening property, posted strong double-digit growth post restage. In addition, Fem's hand wash range posted steady growth.

The Fem and Oxy range of professional facial and body care kits have been well accepted by the consumers and is today available at over 15,000 parlours across the country.

During the 2012-13 fiscal, the Gulabari brand underwent a complete overhaul, beginning with the launch of a new-look Gulabari beauty queen pack in the early part of the year to commemorate Gulabari girl Vanya Misra's being crowned as Femina Miss India 2012. In addition, the Gulabari skin care range was extended with the launch of Gulabari Saffron & Turmeric Cold Cream & Lotion. The Gulabari Saffron &

Turmeric Lotion pack also carried Vanya Misra's face on the front label. This introduction is in line with the strategy of expanding the skin care range under the brand Gulabari offering the benefit and fragrance of roses.

Oral Care

Dabur's Oral Care portfolio grew by 10.3% during fiscal 2012-13 and comprises 16.9% of Consumer Care Business. The portfolio comprises two key product categories - toothpaste and toothpowder.

The toothpaste portfolio grew by 10.6% during fiscal 2012-13 with our premium toothpaste offerings - Dabur Red Toothpaste and Meswak witnessing robust growth. In spite of heightened competitive intensity, we maintained our market shares in the toothpaste category. Dabur Red Toothpaste, with its strongly differentiated positioning, has helped the company make further inroads into South India in addition to the traditional North, East and West markets. Besides sustained media activity on the brand, Dabur rolled out a mega school contact programme which sought to increase oral hygiene awareness among children across the country.

Babool brand, which operates in the economy segment, remained sluggish during the year on account of heightened competition at lower price points and pressure on the value proposition. The value proposition is being enhanced through launch of value added variants at higher price points. During the year the company launched Dabur Super Babool+Salt Power Toothpaste, which is India's first natural toothpaste packed with two powerful oral care ingredients - Salt and Babul 'Acacia Arabica' extracts. Dabur also roped in Bollywood actor Irrfan Khan as the new face of Babool Salt.

Dabur's toothpowder portfolio under the brand Lal Dant Manjan reported growth of 9.4%. The brand Lal Dant Manjan reported steady demand, riding on rural activation programmes that sought to convert non-dentifrice users to toothpowder.

Home Care

Dabur's Home Care portfolio continued on a strong growth trajectory and grew by 25.3% driven by new launches, focused media activity and high-decibel consumer-

connect initiatives across product categories. The portfolio comprises 6.9% of Consumer Care Business.

Odonil, Dabur's leading home and air freshening brand, emerged as the key driver of growth in this category despite stiff competition from branded and private label operators on one hand and unorganised sector on the other. During fiscal 2012-13, Odonil was launched in an innovative gel format. This new introduction from Odonil is meant for living spaces in the home, such as drawing and living room, and is also equally convenient for use in cars as an air freshener. With this launch, Dabur has established Odonil as a complete air freshening expert, offering a variety of air care solutions for every space in your homes.

The mosquito repellent brand Odomos reported strong growth during fiscal 2012-13, riding on aggressive education and community service initiatives across markets. A school contact programme was also initiated to educate kids about the various mosquito-borne diseases and ways to protect themselves from mosquito bites.

The toilet cleaner brand Sanifresh also performed well during the year and gained market share. It is now the number two brand in toilet cleaner category. A sustained media campaign, featuring cine star Karisma Kapoor, focusing on Sanifresh's new formulation that makes it twice better than competition in terms of its cleaning properties, helped the brand grow well in this competitive segment.

FOODS

Dabur's Foods segment was the star performer growing by 24.5% during fiscal 2012-13 driven by continuous innovation and sustained demand for our packaged fruit juices & nectars under the brands Réal and Réal Activ. In fact, Réal Fruit Juice is now a more than Rs. 5 billion brand. Interestingly, demand for the packaged juices & nectars came not just from urban India, but also from the rural pockets, thanks to our recently concluded rural distribution enhancement initiative - Project Double. Our fruit-based juices & beverages portfolio witnessed market share gains in both General Trade and Modern Trade in fiscal 2012-13.

Dabur's Foods business today includes fruit juices, besides culinary pastes and purees under the brand Hommade.

Dabur continued to introduce new juice variants under the brands Réal and Réal Activ to drive demand and also generate excitement in the market. Some of the new introductions such as Réal Plum, Réal Activ Fiber+ Banana Strawberry and Green Apple Punch received encouraging response. Fiscal 2012-13 also saw Dabur test market packaged 100% tender coconut water under the brand Réal Activ.

A host of trade and consumer initiatives were launched during the year and the division participated in popular trade fairs to reach out to a large number of consumers and sample the new variants. Réal joined hands with the popular Cartoon Network character Ben10 to reach out to kids with the 200 ml packs. Under this tie-up, specially designed 200 ml packs of Réal were introduced with Ben10's popular alien characters on the front of the pack.

Both Real and Real Activ launched new TV campaigns this year with brand ambassadors Sonali Bendre and Bipasha Basu, respectively. The campaigns were very well received by consumers, thereby enhancing key equity parameters for the brand. This was the first year when Real and Real Activ started their social media campaign on digital platforms like Facebook and Youtube. In a short period of time, Real has attracted over 2 lakh and Real Activ 1 lakh fans.

Réal's special occasion gift packs, initially offered during Rakhi and Diwali, have become hugely popular. Responding to consumer demand, we have now started offering similar specially designed gift packs for other occasions and festivals such as Baisakhi, Lodhi and Christmas etc. This has added to the excitement around the brand and indicates its growing popularity.

During the festive season in 2012, Réal launched a unique signature campaign, titled 'Dil se Dua', wherein the brand sought support for underprivileged children. Dabur encouraged people to sign on a pledge to support the kids and against each signature, Dabur committed to give one pack of Réal fruit beverage to a needy kid.

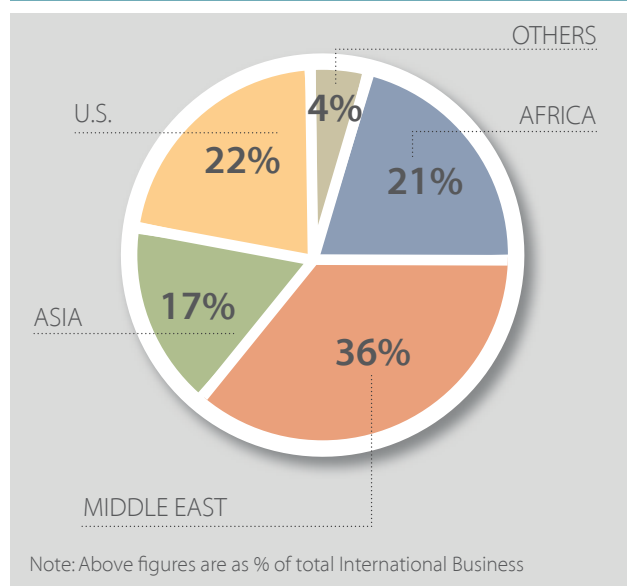
Dabur's culinary paste brand Hommade also undertook a consumer connect initiative, through a pan-India culinary contest to identify and acknowledge the unsung culinary talents in Indian homes. The winner of this contest will get to visit New York and cook alongside acclaimed Master Chef Vikas Khanna in his Michelin-starred restaurant Junoon.



INTERNATIONAL BUSINESS

Dabur's International Business continued on the strong growth trajectory growing by 17.1% to Rs. 1,892 crores in fiscal 2012-13. The international business now contributes 30.5% to consolidated sales. Our major international markets are Middle East, Africa, Asia (ex-India) and the U.S.

FIG. 8: REGION-WISE INTERNATIONAL SALES BREAKDOWN



Dabur follows the "Think Global, Act Local" strategy for its International Business. In line with this approach, Dabur has tailor-made a suite of products catering to the local requirements which is why majority of its customers are the local people. The business has successfully launched snake oil, under the Amla brand, which is a traditional category in women's hair styling; Vatika Hammamzaith, a deep-conditioning hair treatment; Vatika henna hair colours; Vatika herbal hair creams; and Vatika enriched hair oils are a few examples of localised product innovations. This strategy of localising the products is supported by insightful communication and media innovations to break through the clutter and occupy a unique space in the minds of the consumer.

Dabur understands the science of life and is a global leader in Ayurveda. We have extended our Ayurveda expertise to ensure a better life for consumers across the world. Our knowledge has given us a competitive advantage since consumers are keen to move towards nature-based formulations which form the cornerstone of our product portfolio even in international markets.

MIDDLE EAST (INCL. TURKEY)

Middle East, including Turkey, is our largest international geography by sales, comprising 36% of International Business. Our biggest markets in Middle East are GCC (Gulf Co-operative Council), particularly KSA (Kingdom of Saudi Arabia), UAE, Kuwait and Oman. In this region, we operate in categories such as Hair Oils, Hair Creams, Shampoos and Hair Gels. The region performed well during fiscal 2012-13.

GCC is a large market for us and contributes 21% to the International Business. Within GCC, Saudi Arabia which contributes 10% to our International Business witnessed an uptick in Hair Oil market shares to 65.7% v/s 63.4% last year and there was an increase in our market share in the Hair Creams category to 27.7% v/s 24.7% last year. In UAE, our Hair Creams market share increased to 26.5% v/s 23.4% last year.

The region witnessed considerable new product activity comprising launch of new products such as Vatika Hair Oil Curry Leaves, Vatika Enriched hair oil (Black Seed), Vatika Ingredient Range of Shampoo and Conditioner in Argan, Garlic and Black Seed variants. In addition, Vatika Hair Serums were launched entering the Hair Serum category. Vatika Henna Hair Colors were launched during the year marking our entry into Hair Colors category on the naturals platform. We had made a foray into Hair Gels category in fiscal 2011-12 with the launch of Vatika Hair Gels which continued to perform well, garnering share in the hair gels segment. Our skin care offerings such as skin creams and lotions under the Dermoviva brand launched during fiscal 2011-12 elicited positive response.

Turkey-based Hobi Group, which we had acquired in fiscal 2010-11, performed well during the year, contributing 10% to sales of International Business. Fiscal 2012-13 saw the continued integration of markets and processes for Hobi Group and Dabur with the Gulf and African regions recording impressive sales growth. The Hobby range of

products was introduced through Dabur's distributors and channel partners in this region, which drove good momentum for the brand and enabled it to enter new geographies. As part of the integration process to unlock synergies between Dabur and Hobi, Fem brand from Dabur's portfolio was launched in Turkey. The range of products launched includes wax strips and hair removal creams, which have been specially formulated for the Turkish consumer. The range will be distributed by Hobi Kozmetik across leading modern trade outlets in Turkey. In addition, the ERP platform, SAP was successfully rolled out across all functions in Turkey, enabling seamless information flow, thereby ensuring complete data integration between Dabur and Hobi Kozmetik. Best practices are continuously being shared across functions to enable growth of the business in Turkey as well as the export markets.

AFRICA

Africa contributes 21% to our International Business. The region with a population of around one billion offers huge potential for the consumer sector in the long run driven by factors such as rapidly emerging middle class and increasing disposable incomes.

At present, our key markets in Africa are Egypt and Nigeria and these two markets together comprise 13% of our International Business. In Egypt, we continued to gain market share in Hair Oils, which increased to 50% from 44% last year. Vatika is the no. 1 hair oil brand in Egypt and Dabur Amla Hair Oil, which is now the 2nd biggest Hair Oil brand in Egypt, witnessed increase in market share from 16% to 19%. The political climate and other macro-economic factors did weigh on our business in Egypt during fiscal 2012-13. In Nigeria, though there were minor upheavals, our toothpaste business witnessed stable market shares and we launched Dabur Natural Medicated Toothpaste during fiscal 2012-13.

We have major plans for expanding our presence in Africa and the acquisition of Namaste Laboratories, LLC in fiscal 2010-11 was a step in this direction. With our organic business we were operating in Hair Oils, Hair Creams, Shampoos and Toothpaste categories in Africa, but with the acquisition of Namaste Laboratories, LLC we now have a product range specifically suited for people of African origin. Namaste has a range of Hair Straightening and Relaxing products along with nourishment products such as Olive Oil based Shampoos,

Conditioners and Hair Fertilisers. Namaste's product range combined with our erstwhile products provides a broad range of products for a deeper push in Africa. Accordingly, Dabur has established a dedicated business unit for Sub Saharan Africa, tasked with further enhancing our presence in Africa. To optimise the supply chain for Namaste's products in Africa, we have started manufacturing Namaste products in our Ras-al-Khaimah facility in UAE and are considering adding another line at our existing manufacturing facility in Nigeria. Further, local manufacturing is being considered in South Africa, thereby ensuring that Dabur continues to tap into the growing potential of Africa. During the year, the company streamlined the distribution networks in these markets in order to extend the reach and availability of Namaste products.

ASIA (EX-INDIA)

Asia (ex-India) contributes 17% to our International Business. Our key markets in this region are Nepal, Bangladesh and Pakistan.

Nepal, which comprises 9% of International Business, grew by 13% during fiscal 2012-13 with strong growth in Foods, Glucose, Honey and Oral Care. The year witnessed new launches such as Prostyl Hair Cream, Gluco Plus C, Special Jasmine Hair Oil and Real Fibre plus variants (Green Apple & Banana Strawberry). In addition, efforts were made to strengthen the distribution with appointment of new stockists and increase in direct coverage. Overall the business performed well in spite of headwinds such as overall low economic growths, high inflation and political upheavals.

Our business in Bangladesh continued on a strong growth trajectory in fiscal 2012-13 and grew by 70% driven by strong growth in Hair Oils, Toothpastes and Honey. Bangladesh now contributes 4% to International Business revenues. Dabur Red Toothpaste was launched in Bangladesh during the year. Enhancement of direct distribution was a key area of focus during the year. In addition, the green field manufacturing facility near Dhaka is nearing completion and this will supplement our existing capacities and help us meet our future requirements.

Pakistan performed well and grew by 38% in fiscal 2012 -13. Hajmola and Dabur Amla are the two strong brands for the region.



U.S.

Our U.S. business contributes 22% to the International Business. Dabur's presence in the U.S. is largely an outcome of the acquisition of Namaste Laboratories, LLC in fiscal 2010-11, which has Hair Straightening, Relaxing and Nourishment products for the people of African origin. The strategic rationale for acquiring Namaste Laboratories, LLC was to leverage this product suite and our distribution in Africa to further expand our business in that region.

During fiscal 2012-13, we had undertaken a major exercise and rebranded Namaste's 'Organic Root Stimulator' brand as 'ORS'. The rebranding exercise caused disruptions in business during fiscal 2012-13 which put some pressure on revenues. The exercise is now largely complete with the brand being rolled out nationally and we expect a steady recovery going ahead. In addition, we have strengthened Namaste's management team and placed some of the key managers from our organic International Business in the U.S.

Namaste continues on the innovation path and recently launched Curls Unleashed range of products in the U.S. It is a full line of products to help prep, style and maintain natural curls. These products are on the natural platform and are made with natural ingredients like safflower oil, sweet almond oil and shea butter. The brand has received a positive initial response from the market.

PROJECT DOUBLE,
AIMED AT ENHANCING
DABUR'S RURAL FOOTPRINT,
WAS SUCCESSFULLY
IMPLEMENTED IN 10 KEY
STATES THAT CONTRIBUTE TO
72% OF THE RURAL FMCG
POTENTIAL.

At present, Namaste derives around 70% of its revenues from the U.S. and the rest from markets like Africa, Europe, Caribbean and Middle East.

In addition to the Namaste business, Dabur also sells some of its own products in the U.S. to the ethnic Indian community and has a small private label oral care business catering to institutional buyers. This business witnessed steady growth during the year.

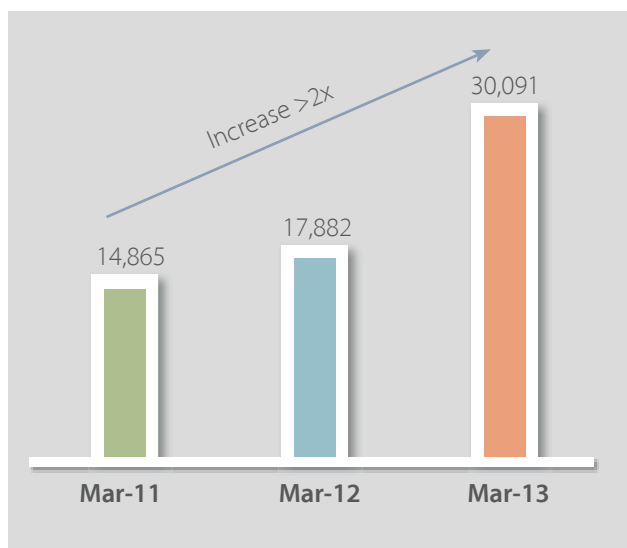
SALES & DISTRIBUTION

'Farm Focus' has clearly been the buzzword across India all through last year. While the overall macro-economic situation continued to be challenging, the rural economy displayed resilience, reporting growth ahead of urban markets.

Substantial investments by government to uplift rural economy have resulted in significant increase in rural incomes, which has, in turn, improved their standards of living. An efficient sales & distribution network is one of the most critical factors to tap this emerging potential.

Sales in rural markets are particularly important to Dabur, with the hinterland accounting for almost 46% of sales in terms of consumption from markets with population of less than 50,000. While catering to rural markets, one of the biggest challenges is to build a robust network that can penetrate deeper into the hinterland while being highly cost effective. With these challenges in mind, Dabur last year embarked on a rural distribution enhancement initiative called 'Project Double', targeting the vast rural terrain.

Dabur's ambitious Project Double, which was aimed at enhancing direct coverage in rural India, has been successfully implemented across 10 key states that contribute to 72% of the rural FMCG potential. Within these states, 287 prosperous districts were targeted for this drive. Field resources were more than doubled as a part of the project. Rural salesmen were provided mobile devices through which they report sales and coverage data. Post this project we have witnessed increase in our product width in rural markets which has translated into higher and more profitable sales.

FIG. 9: DABUR - DIRECT VILLAGE COVERAGE

This rural expansion was scientifically driven using digitised maps integrated with demographics and data on market potential. This helped us plan optimised service networks for covering potential villages in the identified districts. To facilitate direct contact with the markets, a dedicated rural sales team was set up with field staff chosen from the villages so that they are familiar with the terrain, understand the local sensitivities and are more comfortable working in the rural setting.

To incubate demand for categories with less penetration, Dabur embarked on a variety of initiatives at the village level. Consumer insight research indicated that rural customers were seeking quality-value messages that stress functionality and so brand messages needed to address benefits, solve problems and, most importantly, involve people.

Dabur activated consumer engagement programmes across Haats and Melas to provide consumers with the opportunity to touch, feel and experience Dabur products. The company set up a stall and a mobile van during the Kumbh Mela showcasing its popular products. The company also worked with key opinion leaders in the rural ecosystem to generate awareness and increase penetration in categories such as Chyawanprash and Baby massage oil.

In addition, we operated mobile health camps, offering clinical examination and medical advice to the rural populace.

We are glad to concur that in little over a year, Project Double has helped Dabur reach villages of 3,000-plus population in all priority districts. It has achieved all the action standards in terms of rural reach, capitalising per capita sales potential and growth objectives and has also resulted in a better mix of the portfolio with an improvement in profitability.

IT IN SALES

Dabur places enormous focus on efficient IT systems that help release valuable time and enable the sales team to focus on their core activity of selling with greater efficiency. We made substantial investments in Information Technology to achieve three key objectives:

- For the channel partners, improve the ease of doing business with Dabur
- Improve reliability of processes and enhance data management capability
- Provide actionable information to field teams to release time for market and enhance efficiencies

In an industry first, Dabur has armed its foot soldiers with hand-held devices like tablets and PDAs to improve the quality of their market work. Today, stockist salesmen in all large urban markets have been enabled with PDAs, covering more than 65% of Dabur's urban business. This solution provides real-time detailed information on purchase trends of outlets and prompts salesmen to customise their sales effort basis outlet type and past purchase trends. The data flows seamlessly into the stockist transaction package Drishti which further facilitates billing.

In addition, a comprehensive IT-enabled order capture system has been provided to all stockists. The system proactively alerts the stockists with suggested orders at SKU level to help them manage the order-booking process by exceptions, releasing valuable time for focusing in the market. Today, 100% of Dabur's domestic business operates on online order management system.

Information systems have also been put in place to address specific needs of institutional sales team as well



as information archiving pertaining to Modern Trade. We have included 'freshness of stock' as key data captured from the Modern Trade outlets. This helps us have a clear line of sight of freshness as well as prompt actions at outlet level to facilitate better stock rotation.

The year also saw Dabur tap the Doctors community and IT has played a key role in improving this connect. The pilot detailing teams have been provided with tablets that facilitate detailed product information, data on clinical trials, advertisements, manufacturing process and other relevant information in a ready-to-use format to build the confidence of the Doctors and Vaid's prescribing our formulations. The tablets have also been enabled with a facility to capture feedback from medical practitioners.

RETAIL BUSINESS - NEWU

Dabur operates its specialised beauty retail business under the brand 'NewU'. This business is operated under Dabur's wholly-owned subsidiary H&B Stores Ltd. The stores merchandise a wide range of beauty care products and are mainly located in premium high footfall malls. The store count at the end of fiscal 2012-13 stood at 45 stores pan India and is spread across not only metros, but tier 2 cities as well. Majority of the stores are located in the NCR region in some of the most frequented and popular malls.

The business witnessed sales growth of 41.5% in fiscal 2012-13 with stores reporting good increase in sales as the product range was enhanced and streamlined. NewU offers a unique blend of domestic and international brands with the brand portfolio catering to a vast variety of colour cosmetics, fragrances, skin care, personal care and beauty and fashion accessories.

There were new brand introductions in fiscal 2012-13 such as Colorbar Colour cosmetics, L'Oreal Luxury fragrances- Armani, Ralph Lauren, Yves St Laurent, Palmers and Crème 21 etc. The beauty and fashion accessories were enhanced with latest trends/styles.

The Company continued its joint marketing initiatives and in-store activations with top vendor partners such as L'Oreal, HUL, Philips and Colorbar across stores, which boosted sales. Some of the highly successful brand activations undertaken include Makeover Marathons across prominent malls and

L'Oreal's Love in Paris. NewU's customer loyalty program - Advantage U, continues to witness tremendous growth with a count of 5.3 lakh customers and these privileged customers now account for approximately 60% of NewU's sales.

OPERATIONS

At Dabur, we believe that Operations hold the key to gaining a competitive advantage. Dabur believes in continually striving for higher and better levels of quality not just in its products, but also in its operations, without losing sight of its commitments towards the environment and communities where it operates. Details of our various environment and community-led initiatives have been provided in the Business Responsibility Report section.

A host of initiatives were also taken towards new product and pack introductions, improve safety awareness and quality improvement. Safety is non-negotiable at Dabur. The year also saw Dabur undertake a major Supply Chain realignment initiative to plug loss of sale due to non-delivery of customer orders.

By working across the entire value chain - from sourcing, manufacturing and logistics through to innovation, advertising and promotions and pricing, we can use our scale to gain efficiencies, reach new markets and meet our sustainability targets.

During fiscal 2012-13, three Dabur products - Vatika Shampoo, Dabur Almond Hair Oil and Réal Diwali Gift Pack (Car Design) - bagged the INDIASTAR award for excellence in packaging in India.

DOMESTIC MANUFACTURING

Dabur today has manufacturing plants spread across 12 locations in India - Baddi (Himachal Pradesh), Pantnagar (Uttaranchal), Sahibabad (Uttar Pradesh), Jammu, Silvassa, Nasik, Alwar, Katni, Narendrapur, Pithampur, Newai (Rajasthan), and Siliguri (West Bengal).

In addition, the Greenfield unit that was established in Baddi last year to manufacture Chyawanprash, Toothpaste, Glucose and Odonil, is now fully operational. During the year, the fruit juices facility at Newai was expanded with

addition of more lines. A facility was set up at Baddi for manufacturing Dabur Almond hair oil.

Various energy conservation techniques have been initiated and successfully implemented across all domestic manufacturing units. We are now evaluating adopting solar energy for our Corporate Office in Ghaziabad, and two unit clusters in Baddi and Panthnagar. During fiscal 2012-13, Dabur bagged the Corporate Green Star Award for 2012 for its environment-focused initiatives and our Baddi unit won the Manufacturing Today Award for Excellence in Innovation.

OVERSEAS MANUFACTURING

Localisation has been the cornerstone of our growth and expansion in the overseas markets. Accordingly, we have established local manufacturing facilities in our focus markets to create a set-up that is closer to consumer clusters. Dabur International has established a state-of-the-art manufacturing unit in Ras Al Khaimah that may utilise the AFTA agreement to cater to the MENA market. Also, we have built a new green field plant in Egypt to cater to demand from COMESA. Similarly, the manufacturing facilities at Nigeria would address the West African region.

Our largest facility is located at RAK (Ras-al Khaimah) in UAE. Besides this we have manufacturing plants in Egypt, Nigeria, Turkey, Bangladesh and Nepal.

A new facility is coming up in Sri Lanka for manufacturing fruit juices which will be commissioned in the earlier part of fiscal 2013-14. This plant will be exporting fruit juices to the Indian market particularly catering to South and West India. A new plant is also being set up in Bangladesh for manufacture of hair care and oral care products to meet local demand. A green field manufacturing facility for hair care and skin care products was commissioned in Egypt during the year. The toothpaste manufacturing facility in Nigeria was expanded and a new hair cream manufacturing facility was installed in RAK (Ras-al Khaimah).

Our manufacturing facilities received many certifications during fiscal 2012-13. Our RAK factory received GMP ISO 22716 (International Cosmetic Good Manufacturing Practices), Food GMP Certificate as per ISO-22000 Guidelines, EPC-2012 from Ministry of Environment and water (Consistent Environmental Performance). The facility in

Nigeria received GMP ISO 22716, certification from NAFDAC (National Agency for Food and Drug Administration and Control). Jebel Ali facility received HACCP (Hazard Analysis and Critical Control Points) certification in fiscal 2012-13.

HUMAN RESOURCES

Dabur takes pride in the fact that our people, organisational culture and values enable us to be decentralised and entrepreneurial. Dabur is committed to creating a transparent organisation and a highly conducive environment that is focused on people and their capability, enabling them to deliver superior performance.

At Dabur, we have constantly focused on getting the top talent for our businesses. Human resource development happens through structured approaches for employee engagement, resourcing, performance and compensation management, competency based development, career and succession planning and organisation building.

We follow a Balanced Scorecard based performance management system that forms the backbone of this process. Dabur provides growth opportunities for its employees through job rotation, cross geography/function movements etc. These are planned proactively in consultation with the candidates and their department heads.

Dabur has a structured MT programme - YMDP (Young Manager Development Programme) wherein we hire a set of Management Trainees from premier B-schools and help them grow with the Company. Some of the fresh hires are even given overseas exposure. Besides a robust process, Career Development Centre has also been put in place to identify potential candidates under a successor planning programme. We also undertake lateral hiring and have seen many people join Dabur in leadership positions from much bigger companies and MNCs.

As Dabur expanded its rural footprint to reach out to villages of 3,000 population, this meant adding more "Feet on Street" in these markets. Almost all of these new foot soldiers are sons of the soil who are being hired from the local villages and districts.



Leadership development is one of the key initiatives of the Company. Fifty of our top leaders have undergone a program called LEAD (Leadership Excellence Achievement at Dabur). This was conducted with the help of a global HR consulting firm. This initiative has helped us develop a Dabur Leadership Framework for analysing and addressing individual and team performance development opportunities.

Learning & Development continues to be a key focus area for Dabur. Senior and Middle Management have attended core programmes at Ivy League institutions like ISB, Kelloggs, and IIMs etc. Besides, training interventions like the DIL Se series for Sales function and Brand Sutra for Marketing team was launched for functional training. The DIL Se programme currently covers Sales, Finance and Marketing functions.

We have institutionalised a robust rewards and recognition programme that encourages people to think out of the box and recognises their efforts through rewards and career growth opportunities. Being in a hyper-competitive environment, we demand higher levels of commitment from our employees. These programmes help increase employee engagement levels and create more employee touch points and opportunities to recognise talent, both on a formal and informal basis.

Our rewards programme, christened Applause, seeks to reward employees in various categories like the Rising Star (best newcomer), Honours Club (employee of the full year), Trailblazer (employee of the half year) and Eureka (for the best idea generation). Besides, spot awards are also given to recognise employees at any time for demonstration of actions, which are innovative, save cost, promote team spirit, institute new initiatives and raise standards of performance.

We have also worked towards e-enablement of our HR Processes like our recruitment process and conducting employee satisfaction surveys. We launched an e-enabled platform called D.O.S.T. (Dabur Online Portal for Sales Test) to help us assess potential sales trainees to be hired on Dabur rolls. We have developed an Employee Satisfaction Survey called M.E.E.T (Monitoring Employee Engagement and Teamwork) to gauge satisfaction levels in our Field Staff sales team.

As an organisation, Dabur is also consciously working towards increasing the diversity of its leadership group, making conscious efforts to build an inclusive workplace that promotes cultural agility, global mindset and diversity of experience and thoughts. Towards this end, your Company has seen a growing number of women joining the workforce through targeted hiring at B-School campuses and lateral recruitment. Keeping this in mind, we celebrated International Women's Day at Dabur. Dabur hosted a special self defence training session for all its women employees, giving them a crash course in basic Krav Maga, a self-defence system developed in Israel.

We are proud to announce that your Company continues to maintain its record on industrial relations without any interruption in work. As on March 31, 2013, the Company had 6,154 employees on its rolls all across the globe.

RESEARCH & DEVELOPMENT

At Dabur, we believe that developing superior products does not just drive volume growth, but also goes a long way in commanding price advantage, thereby ensuring profitable growth for the organisation. In fiscal 2012-13, Dabur took important steps to strengthen its R&D set-up, while focusing on four key objectives: product quality and safety, new product development, superior consumer satisfaction and reduced costs.

During the year, Dabur Research & Development Centre (DRDC) obtained the DSIR (Department of Scientific & Industrial Research) recognition. It filed for two patents and got 6 publications from DRDC. We are proud to state that Dabur has achieved 100% API compliance status for its raw materials. This means that all the 247 herbs used by Dabur comply with the Ayurvedic Pharmacopoeia standards.

We have more than 100 scientists and chemists working at our technology centre who conduct R&D in the fields of Ayurveda, personal care, home care and foods. Entire innovation programme within India and outside is driven by DRDC. In addition local R&D is also conducted by Hobi Group and Namaste Laboratories LLC in their product portfolio.

FINANCIAL REVIEW (ON A CONSOLIDATED BASIS)

During fiscal 2012-13, net sales increased by 16.3% to Rs. 6,146.4 crores largely driven by strong volume growths in our Domestic FMCG and organic International Business. Though inflationary headwinds continued during fiscal 2012-13, we effected calibrated price increases and this

combined with mix impact led to a decline in material costs to 49.1% in fiscal 2012-13 as compared to 51.0% in fiscal 2011-12. We enhanced investments in our brands and this was reflected in Advertisement & Publicity expenditure as % of sales increasing to 13.6% in fiscal 2012-13 as compared to 12.5% in fiscal 2011-12. Overall, there was an uptick in EBITDA margins which increased to 18.3% in fiscal 2012-13 as compared to 17.9% in fiscal 2011-12 and Profit After Tax (PAT) increased by 18.4% to Rs. 764.3 crores in fiscal 2012-13. Fig. 10 provides a summary of P&L statement.

FIG 10: P&L STATEMENT SUMMARY (CONSOLIDATED)

In Rs. crores	FY 2011-12	FY 2012-13	YoY (%)
Net Sales	5,283.2	6,146.4	16.3%
Other Operating Income	22.2	29.7	33.7%
Material Cost	2,692.4	3,019.3	12.1%
Employee Benefit Expense	387.4	471.2	21.6%
Advertisement & Publicity	659.5	837.0	26.9%
Other Expenses	675.9	818.8	21.1%
Other Non Operating Income	57.4	94.5	64.6%
EBITDA	947.6	1,124.3	18.7%
% of Sales	17.9%	18.3%	
Finance Costs	53.8	58.9	9.4%
Depreciation & Amortisation	103.2	112.4	8.9%
Profit Before Tax (PBT)	790.5	953.0	20.6%
Exceptional Item	0.0	-4.7	
Tax Expenses	146.4	182.6	24.8%
Profit After Tax (PAT) - before extraordinary item	644.1	765.7	18.9%
Extraordinary Item	0.0	0.1	
PAT (After extraordinary Items)	644.1	765.8	18.9%
Minority Interest - Profit/(Loss)	-0.8	2.4	
PAT (After Extraordinary item & Minority Interest)	644.9	763.4	18.4%
% of Sales	12.2%	12.4%	

During fiscal 2012-13, the net working capital of the Company improved to 18 days of sales as compared to 25 days in 2011-12. There were improvements in inventory and receivables management, which were reflected in reduction in both Inventory Days and Days Sales Outstanding (DSO).

**FIG 11: WORKING CAPITAL**

as days sales	FY 2011-12	FY 2012-13
Days Sales Outstanding (DSO)	32	29
Inventory Days	57	50
Days Payable Outstanding (DPO)	33	44
Net Working Capital (no. of days of sales)	25	18

Note: In above figure, Net Working Capital = Current Assets (excl. Cash and current Investments) less Current Liabilities (excl. Short Term Borrowings)

In terms of return ratios, ROIC (Return on Invested Capital) increased to 38.1% in fiscal 2012-13 as compared to 34.0% in fiscal 2011-12. Return on Equity (ROE) was at 36% in fiscal 2012-13.

FIG 12: RETURN RATIOS

Ratio	FY12	FY13
ROIC (Return on Invested Capital)	34.0%	38.1%
ROE (Return on Equity)	37.6%	36.0%

The Company incurred Capital Expenditure of Rs. 234.8 crores during the fiscal 2012-13 which was invested in expansion of manufacturing capacities in India, Bangladesh, Sri Lanka, Egypt and Nepal and regular maintenance expenditure. Fixed Asset Turnover ratios have been stable in fiscal 2012-13 at 5.8x as compared to 6.0x in fiscal 2011-12.

FIG 13: FIXED ASSET TURNOVER

Ratio	FY2011-12	FY 2012-13
Fixed Asset Turnover	6.0x	5.8x

Note: Fixed Asset above excludes Goodwill

The total dividend for the year has been at 150% of par value. Including Corporate Tax on Dividends, this translates into a payout ratio of 52% of standalone net profit for fiscal 2012-13.

OPPORTUNITIES AND THREATS

Rural India offers long term growth opportunities and our initiatives to increase our direct coverage are a step towards exploiting these opportunities. In addition, we are planning to leverage our brands, deep understanding of consumer behaviour and robust distribution network for new offerings within Health Care, HPC and Foods categories. In terms of threats, the key threats are volatility in exchange rates and inflation in input costs.

OUTLOOK

Going ahead, macro-economic headwinds and heightened competitive intensity notwithstanding, we would strive to continue to drive profitable growth on the back of enhanced distribution, innovative marketing mix and new initiatives across categories and businesses.

INTERNAL CONTROL SYSTEMS

The Company has a well-placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal control system comprises audit and compliance by in-house Internal Audit Division, supplemented by internal audit checks from PricewaterhouseCoopers Private Limited, the Internal Auditors and various transaction auditors. The

Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

To further strengthen the internal control process, the Company has developed a very comprehensive legal compliance manual called 'e-nForce', which drills down from the CEO to the executive level person who is responsible for compliance. This process is fully automated and generates alerts for proper and timely compliance. To read the report of the Audit Committee on internal control and adequacy, refer to the section on Corporate Governance of the Annual Report.

RISK MANAGEMENT

Dabur, like any other enterprise having national as well global business interests, is exposed to business risks which may be internal as well as external. Key risks faced by the company include, macro-economic slowdown which can put pressure on disposable incomes, persistently high inflationary trends, unfavourable exchange rate fluctuations and any unexpected changes in regulatory framework. To ensure our long-term corporate success, it is therefore essential that risks be effectively identified, analysed and then mitigated by means of appropriate control measures. We have a comprehensive risk management system in place, which enables us to recognise and analyse risks early and to take the appropriate action.

This system is implemented as an integral part of our business processes across the entire Dabur operations and includes recording, monitoring, and controlling internal enterprise business risks and addressing them through informed and objective strategies.

Some of the key risks faced by the Company in today's scenario are exchange rate volatility and continued inflationary trend which is not only increasing cost pressures, but may also lead to demand compression for FMCG products. Increase of imitation/ fake products and brands can hamper our growth. Any unexpected changes in regulatory framework pertaining to fiscal

benefits and health-related issues which may impact parts of our business or profitability is one of risks faced by the Company. A slowdown in overall economic growth can lead to pressure on disposable incomes and spending power of people.

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

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Dabur's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied.

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

Corporate Governance refers to the systematic process by which businesses are operated, regulated and controlled to enhance their wealth generating capacity and fulfil social obligation. Good corporate governance practices provides a structure that meet the aspirations of all stakeholders including societal expectations by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. Governance practices may vary but the principles are generic and universal, viz- constant improvement and sustainable value creation for all stakeholders. Stakeholders include everyone ranging from the board of directors, executive management, shareholders to customers, employees, suppliers, financiers and society at large.

With the increasing complexities in business of organizations, the demand for sound governance practices have become indispensable.

Dabur has an aspiration of becoming a global conglomerate and hence has a strong focus on adherence of corporate governance standards globally benchmarked. Besides complying with the prescribed corporate practices as per Clause 49 of the Listing Agreement, it voluntarily governs itself as per highest ethical and responsible standard of business.

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

CORPORATE GOVERNANCE PHILOSOPHY

Dabur's philosophy is to constantly endeavour to achieve business excellence and optimize long term value for future growth and ensure that the ambitious plans are achieved in sustainable perspective through ethical business conduct. Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved market capitalization, high credit ratings and various awards bagged by the Company for its brands, stocks, environmental impact, etc. This has helped Dabur to pay uninterrupted dividends to its shareholders.

In recognition of excellence in Corporate Governance, Dabur India Limited has been awarded the prestigious '**Golden Peacock award for excellence in Corporate Governance**' for the year 2012 in the FMCG Sector.

The Company has established systems and procedures to ensure that its board of directors is well informed and well equipped to fulfil its overall responsibilities and to provide the management with the strategic direction catering to exigency of long term shareholders value. It's initiatives towards adhering

to highest standards of governance include: self governance; professionalization of the Board; fair and transparent processes and reporting systems and going beyond the mandated Corporate Governance code requirements of SEBI. Being a value driven organization the Company envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact on.

BOARD OF DIRECTORS

Composition of the Board

As on March 31, 2013, Dabur's Board consists of 12 members. Besides the Chairman, who is a Non-Executive Promoter Director, the Board comprises of two Executive Directors, three Non-Executive Promoter Directors and six Non-Executive Independent Directors. The composition of the Board as on March 31, 2013 is in conformity with Clause 49 of the Listing Agreement, laying down an optimum combination of Executive and Non-Executive Directors, with not less than 50 per cent of the Board comprising of Non-Executive Directors, and at least one-half comprising of Independent Directors for a Board chaired by Non-Executive Promoter Director, as shown in the table below:

Category	No. of Directors	Percentage to total number of Directors
Executive Directors	2	17
Non Executive Independent Directors	6	50
Other Non Executive Directors	4	33
Total	12	100

Number of Board Meetings

Minimum four prescheduled Board meetings are held every year. Additional meetings are held to address specific needs of the Company. In case of any exigency/ emergency, resolutions are passed by circulation. The Board of Directors met four times during the year on: April 30, 2012; July 23, 2012; October 26, 2012 and January 29, 2013. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

Directors' Attendance Record and Directorships held

As mandated by Clause 49, none of the Directors is a member of more than 10 Board level committees, or Chairman of more than 5 committees in which he is a member.

Table 1 : Gives details of the Board as on March 31, 2013.

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

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

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

* 1. Excluding private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

2. Only two Committees viz. the Audit Committee and the Shareholders / Investors Grievance Committee are considered.

** Ceased to be Director w.e.f. 16.07.2012. *** Appointed as Additional Director w.e.f. 23.07.2012.

Details of other Board Directorships are separately mentioned in Annexure 1

Shareholding of Non-Executive Directors

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

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

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior Management, its subsidiaries and associates, which may affect independence of the Director;
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;

- Have not been an executive of the Company in the immediately preceding three financial years;
- Are not partners or executives, or were not partners or executives during the preceding three years of any of the following:
 - Statutory audit firm or the internal audit firm those are associated with the Company, and
 - Legal firm(s) and consulting firm(s) that have a material association with the Company;
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director;
- Are not substantial shareholders of the Company i.e. owning two per cent or more of the block of voting shares.
- Are not less than 21 years of age.

Information Supplied to the Board

The Board has complete access to all information with the Company. All Board meetings are governed by a structured agenda which is backed by comprehensive background information. Since the year 2011-12, as a part of green initiative, the Company is holding and convening its Board (including committee) meetings on Ipad, in paperless form. All agenda papers are uploaded in a web based programme for information, perusal and comments etc. of the Board members.

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

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

Guarantees made/ given by the Company.

- Detailed status on the Business Risks being faced by the Company and their mitigation plan.
- Changes in Shareholding Pattern of the Company.
- Details of transactions with Related Parties.
- Details of contingent liabilities.
- Statement on compliance with code of conduct.

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

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

Role of Board Members

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

- **The Chairman:** His primary role is to provide leadership to the Board in achieving goals of the Company in accordance with the charter approved by the Board. He is responsible for transforming the Company into a world-class organization that is dedicated to the well-being of each and every household, not only within India but across the globe, apart from leaving a fortunate legacy to posterity. Also, as the Chairman of the Board he is responsible for all the Board matters. He is responsible, inter-alia, for the working of the Board and for ensuring that all relevant issues are placed before the Board and that all Directors are encouraged to provide their expert guidance on the relevant issues raised in the meetings of the Board. He is also responsible for formulating the corporate strategy along with other members of the Board of Directors.
- **The CEO and Executive Directors** are responsible for implementation of corporate strategy, brand equity planning, external contacts and other management matters which are approved by the Board. They are also responsible for achieving the annual and long term business plan.
- **Non-Executive Directors**, including Independent Directors, play a critical role in balancing the functioning of the Board by providing independent judgements on various issues raised in the Board meetings, like formulation of business strategies, monitoring of performances, etc. Fees and compensation, if any, paid to any Non-Executive Director, including Independent Director, is fixed by the Board of Directors and is previously approved by the shareholders at the General Body Meeting.

Board Membership Criteria

The Nomination Committee in consultation with directors/

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

The skill profile of Independent Board members is driven by the key performance indicators defined by the Board, broadly based on:

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

- Control & Compliance

The constitution of the Board is/will be as follows:

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

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

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

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

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

Remuneration paid to Directors

Table 2 gives details of remuneration paid to Directors for the year 2012-13

Table 2 : Remuneration paid to Directors

(Amount in ₹)

Name of the Director	Sitting Fees	Salary and Perquisites	Superannuation Fund	Commission	Total
Anand Burman (Dr)	1,05,000	0	0	0	1,05,000
Amit Burman	1,35,000	0	0	0	1,35,000
P D Narang	0	5,27,85,335	27,29,247	0	5,55,14,582
Sunil Duggal	0	5,27,58,620	26,01,637	0	5,53,60,257
Mohit Burman	60,000	0	0	0	60,000
Saket Burman	60,000	0	0	0	60,000
P N Vijay	2,40,000	0	0	0	2,40,000
S Narayan (Dr)	1,20,000	0	0	0	1,20,000
R C Bhargava	1,05,000	0	0	0	1,05,000
Analjit Singh	0	0	0	0	0
Albert Wiseman Paterson	15,000	0	0	0	15,000
Ajay Dua (Dr)	2,10,000	0	0	0	2,10,000
Sanjay Kumar Bhattacharyya	30,000	0	0	0	30,000
Total	10,80,000	10,63,95,762	53,30,884	0	11,19,54,839

During 2012-13, the Company did not advance any loan to any of its Directors.

No Stock options were granted to Mr P D Narang and Mr Sunil Duggal during the year. However out of the stock options granted during the earlier years, Mr P D Narang and Mr Sunil Duggal have exercised 166544 Stock Options each, and were allotted equivalent number of shares.

Pursuant to the approval of shareholders in the Annual General Meetings held on September 9, 1998 and subsequently on September 5, 2002, July 13, 2007, August 31, 2010 and July 17, 2012 in addition to the above remuneration, certain Directors are entitled to post separation fee, as contained in the resolution passed in the aforesaid meeting, on cessation of their employment and directorship with the Company. The notice period for the two Executive Directors, namely Mr P D Narang and Mr Sunil Duggal is of three months.

CODE OF CONDUCT

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

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

COMMITTEES OF THE BOARD

Dabur has four Board level committees:

- Audit Committee,
- Remuneration cum Compensation Committee,
- Stakeholders Relationship Committee, and
- Nomination Committee.

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

(a) Audit Committee

Composition

As on March 31, 2013, the Audit Committee comprises of four Independent Directors. They are Mr P N Vijay (Chairman), Mr R C Bhargava, Dr S Narayan and Dr Ajay Dua.

Meetings

The Audit Committee held six meetings during 2012-13 on: April 30, 2012; July 23, 2012; October 26, 2012; November 15, 2012; January 29, 2013 and February 25, 2013. The time gap between any two meetings was less than four months.

Attendance Record

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

Table 3: Attendance record of Audit Committee

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr P N Vijay	ID	Chairman	6	6
Mr R C Bhargava	ID	Member	6	5
Dr S Narayan	ID	Member	6	4
Dr Ajay Dua	ID	Member	6	6

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

All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 17, 2012 to answer shareholders' queries.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - ♦ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub section (2AA) of section 217 of the Companies Act, 1956.
 - ♦ Changes, if any, in accounting policies and practices and reasons for the same.
 - ♦ Major accounting entries involving estimates based on the exercise of judgment by the Management.
 - ♦ Significant adjustments made in the financial statements arising out of audit findings.
 - ♦ Compliance with listing and other legal requirements relating to financial statements.
 - ♦ Disclosure of any related party transactions.
 - ♦ Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements of the company and consolidated for the group, before submission to the Board for approval.

- Reviewing with the Management, the financial statements of subsidiaries and in particular the investments made by each of them.
- Reviewing with the Management the statement of contingent liabilities.
- Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-ups there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle-Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- Approval of appointment of cost auditors and discussion with them about the scope of audit.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders

with relevant experience and expertise, wherever considered necessary.

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

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

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

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

Audit Committee Report for the year ended March 31, 2013

To the Board of Directors of Dabur India Limited,

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

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

In this regard, the Committee discussed with the Company's independent auditors the overall scope for

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

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

The Committee has also reviewed Statement of Contingent Liabilities, Management Discussion and Analysis, Financial Statements of Subsidiary Companies, Investments made by Subsidiary Companies, Statement of Significant Related Party Transactions, Directors' Responsibility Statement, compliance relating to Financial Statements and draft Auditors' Report. The Committee also affirms that in compliance with the Whistle-Blower Policy no personnel had been denied access to the Audit Committee.

The Committee has reappointed M/s PriceWaterhouse Coopers Pvt. Ltd. as Internal Auditors of the Company for the period from 1st October, 2012 to 30th September, 2013. It has also reappointed M/s Ramanath Iyer & Company, as Cost Auditors to audit the cost accounts maintained by the Company in respect of certain products for the FY 2013-14. The Committee is recommending to the Board the re-appointment of M/s G Basu & Co., Chartered Accountants, as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for the financial year 2013-14.

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

Sd/-

Place: New Delhi
Date: April 30, 2013

P N Vijay
Chairman, Audit Committee

(b) Remuneration cum Compensation Committee

Composition

As on March 31, 2013, the Remuneration cum Compensation Committee comprises of Mr P N Vijay (Chairman) & Dr S Narayan, being independent Directors and Dr Anand Burman, a Non-Executive Promoter Director.

Meetings

The Remuneration cum Compensation Committee held two meetings during 2012-13 on: April 30, 2012 and July 23, 2012.

Attendance Record

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

Table 4: Attendance details of Remuneration cum Compensation Committee

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr P N Vijay	ID	Chairman	2	2
Dr S Narayan	ID	Member	2	2
Dr Anand Burman	PD/NED	Member	2	2

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

- Framing and implementing, on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors, including ESOP, pension rights and any compensation payment.
- Considering, approving and recommending to the Board changes in designation and increase in salary of the Executive Directors.
- Ensuring that the remuneration policy is good enough to attract, retain and motivate the Directors.
- Bringing about objectivity in determining the remuneration package, while striking a balance between the interests of the Company and the shareholders.
- Framing the ESPS/ESOS and recommending the same to the Board/shareholders for their approval and implementing the Scheme approved by the shareholders.
- Suggesting to Board/shareholders changes in the ESPS/ESOS.
- Deciding the terms and conditions of Employees Share Purchase Scheme (ESPS) and Employees Stock Option Scheme (ESOS) which, inter-alia, include the following:
 - ♦ Quantum of options to be granted under the Scheme per employee and in aggregate;
 - ♦ Vesting Period;
 - ♦ Conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - ♦ Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - ♦ Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - ♦ Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

- ♦ Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- ♦ Grant, vest and exercise of option in case of employees who are on long leave;
- ♦ Procedure for cashless exercise of options;
- ♦ Forfeiture/cancellation of options granted;
- ♦ All other issues incidental to the implementation of ESOS.
- To issue grant/award letters.
- To allot shares upon exercise of vested options.

Remuneration Policy

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

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis. As per the shareholders' approval obtained at the Annual General Meeting of the Company held on July 17, 2012, commission is paid to non-executive directors at a rate not exceeding 1% of the net profits per annum of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

1. Non-Executive Chairman

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

2. Non-Executive Promoter Directors

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

3. Independent Directors

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

4. Executive Directors

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

Remuneration cum Compensation Committee Report for the year ended March 31, 2013

To the Board of Directors of Dabur India Limited,

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

The Committee reviewed and approved the stock options of all members of the Management team for the year 2012-13. In addition, the Committee reviewed the grant of sign-on and regular stock options to various other employees of the Company during the year. In view of the changed economic scenario in India and world over financial targets for 2012-13 were revised for the purpose of rewarding target based Stock options. The Committee recommended the reappointment of Mr. P D Narang as whole time director of the company for 5 years w.e.f. 01.04.2013. Further the Committee also reviewed and approved the revision in remuneration of Mr P D Narang and Mr Sunil Duggal, Executive Directors.

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

Sd/-

P N Vijay

Place: New Delhi

Date: April 30, 2013

Chairman, Remuneration cum Compensation Committee

(c) Nomination Committee

Composition

Dabur's Nomination Committee consists of Dr Anand Burman, Non-Executive Promoter Director, as Chairman and Mr. Amit Burman, Non-Executive Promoter Director.

Meetings

The Nomination Committee held one meeting during 2012-13, on July 23, 2012.

Attendance Record

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

Table 5: Attendance details of Nomination Committee

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Dr Anand Burman	PD/NED	Chairman	1	1
Mr Amit Burman	PD/NED	Member	1	1

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

The functions of the Nomination Committee include:

- To identify and recommend suitable candidates to the Board of Directors for appointment as members of the Board.

- To engage the services of consultants and seek their help in the process of identifying candidates for appointments to the Board.
- To decide the remuneration of consultants engaged by the Committee.

Nomination Committee Report for the year ended March 31, 2013

To the Board of Directors of Dabur India Limited,

The Nomination Committee comprises of two Non Executive Promoter Directors. The main responsibility of the Nomination Committee is to identify and recommend suitable candidates to the Board of Directors for appointment as members of the Board.

During the year, the Committee recommended the appointment of Mr. Sanjay Kumar Bhattacharyya, as an additional Non Executive Independent Director on the Board.

Sd/-

Place: New Delhi

Anand Burman (Dr)

Date: April 30, 2013

Chairman, Nomination Committee

(d) Stakeholders Relationship Committee

Composition

As on March 31, 2013, the Committee consists of four members, Mr P N Vijay, Independent Director as Chairman, Dr Ajay Dua, Independent Director, Mr Amit Burman, Non Executive Promoter Director and Mr P D Narang, Executive Director.

Meetings

The Committee met four times during the year 2012-13, on April 30, 2012; July 23, 2012; October 26, 2012 and January 29, 2013.

Attendance Record

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

Table 6: Attendance Details of Stakeholders Relationship Committee

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

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

The Board of Directors in their meeting held on January 29, 2013 has changed the name of the Committee from Shareholders'/Investors' grievance & Share Transfer Committee to Stakeholders Relationship Committee.

The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Committee specifically looks into redressing

shareholders'/ investors' complaints/ grievances pertaining to share transfers, non-receipt of annual reports, non-receipt of dividend and other allied complaints.

The Committee performs the following functions:

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

Details of queries and grievances received and attended by the Company during the year 2012-13 are given in Table 7.

Table 7: Nature of complaints received and attended to during 2012-2013.

Nature of Complaint	Pending as on 1.4.2012	Received during the year	Disposed during the year	Pending as on 31.3.2013
1. Transfer/ Transmission/ Duplicate	0	2	2	0
2. Non-receipt of Dividend	0	8	8	0
3. Dematerialization /Rematerialization of shares	0	0	0	0
4. Others (Non receipt of bonus shares/ POA/change of signatures/ address etc.)	0	2	2	0
5. Complaints received from:				
- Securities and Exchange Board of India	0	21	21	0
- Stock Exchanges	0	6	6	0
- Registrar of Companies/ Ministry of Corporate Affairs	0	1	1	0
Total	0	40	40	0

There were no complaints which were pending as on March 31, 2013. The Company obtains certificate from BSE & NSE on quarterly basis about pending complaints against the Company. As per these certificates as on 31.03.2013 there were no pending complaints against the company.

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

Stakeholders Relationship Committee Report for the year ended March 31, 2013

To the Board of Directors of Dabur India Limited,

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

The Committee approved 1502 cases of Transfer, 1 case of Transmission, 74 cases of Re-materialisation, 81 cases of Sub-division, 3 cases of consolidation, 6 cases of issue of shares against defaced certificates and 13 cases of issue of duplicate share certificates. The Committee reviewed the status of investors' grievances on quarterly basis. As at the close of the Financial Year there were no complaints pending for redressal.

Sd/-
P N Vijay

Place: New Delhi
Date: April 30, 2013

Chairman, Stakeholders Relationship Committee

MANAGEMENT COMMITTEE

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

SUBSIDIARY COMPANIES - MONITORING FRAMEWORK

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

- i) The Audit Committee reviews Financial Statements of the subsidiary companies, along with investments made by them, on a quarterly basis.

- ii) The Board of Directors reviews the Board meeting minutes and statements of all significant transactions and arrangements, if any, of the subsidiary companies.

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

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

MANAGEMENT

Management Discussion and Analysis

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

DISCLOSURES

Related Party Transactions

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

The Senior Management personnel make disclosures to the Board periodically regarding

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

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

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

Significant related party transactions (having value of ₹1 crore & above) are summarised herein below:-

1. Subsidiaries:

- Equity contribution of ₹34.30 crores has been given by the Company to H & B Stores Limited by way of conversion of outstanding loan into equity for equivalent amount.
- During the year loan of ₹9.00 crores was given by the Company to H & B stores Limited. However after conversion of Loan into equity, an amount of ₹1.20 crores is lying in the Loan Account.
- Goods worth ₹9.35 crores were sold to Dabur International Limited.
- Goods worth ₹1.66 crores were purchased from Dabur International Limited.
- Guarantees amounting to ₹65.45 crores have been given on behalf of Dabur International Limited, which also includes adjustment due to exchange rate fluctuation.
- Stock options worth ₹3.42 crores have been granted to employees of Dabur International Ltd.

2. Fellow Subsidiaries (subsidiary of a subsidiary):

- Goods worth ₹8.39 crores were sold to African Consumer care Limited.
- Goods worth ₹2.58 crores were sold to Dabur Nepal Pvt. Limited.
- Goods worth ₹5.32 crores were sold to Dabur Egypt Limited.
- Goods worth ₹22.22 crores were sold to Naturelle LLC.
- Goods worth ₹8.46 crores were sold to Asian Consumer care Pakistan (Pvt) Ltd.
- Goods worth ₹6.67 crores were sold to Asian Consumer care Pvt. Ltd.
- Goods worth ₹309.26 crores were purchased from Dabur Nepal Pvt. Ltd.
- Guarantees amounting to ₹13.77 crore have been released which was earlier given on behalf of Dabur Egypt Limited, which also includes adjustment due to exchange rate fluctuation.
- Guarantees amounting to ₹107.39 crores have been given on behalf of Dermoviva Skin Essentials Inc, which also includes adjustment due to exchange rate fluctuation.
- Guarantees amounting to ₹128.59 crores have been given on behalf of Dabur Lanka (Pvt.) Ltd which also includes adjustment due to exchange rate fluctuation.
- Guarantees amounting to ₹21.71 crores have been given on behalf of Naturelle LLC. which also includes adjustment due to exchange rate fluctuation.
- Guarantees amounting to ₹63.51 crores have been given on behalf of Dabur Nepal Pvt Ltd. which also includes adjustment due to exchange rate fluctuation.

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

- General expenses amounting to ₹5.42 crores have been paid to Forum 1 Aviation Limited.

4. Key Management Personnel & their Relatives:

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

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

Disclosure of accounting treatment in preparation of financial statements

The Company has followed prescribed accounting standards including AS-30 (which is recommendatory one) as laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Details of non-compliance by the Company

Dabur has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority

on any matter related to capital market during the last three years.

Code for prevention of insider-trading practices

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

Whistle-Blower Policy

The Company promotes ethical behaviour in all its business activities and in line with the best international governance practices, Dabur has established a system through which employees and business associates may report unethical business practices at work place without fear of reprisal. The Company has set up a Direct Touch initiative, under which all employees / business associates have direct access to the Chairman of the Audit Committee, and also to a three-member direct touch team established for this purpose. The Direct Touch team comprises one senior woman member so that women employees of the Company feel free and secure while lodging their complaints under the policy. The Whistle-Blower Protection Policy aims to:

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

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

Dividend Policy

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

CEO/CFO certification

The CEO and CFO certification on the Financial Statements and the Cash Flow Statement for the year is enclosed at the end of the report.

Risk Management

Dabur has established comprehensive risk assessment and minimization procedures, which are reviewed by the Board periodically. At Dabur, we have a structure in place to identify and mitigate the various risks faced by the Company from time to time. At every Board meeting, the risk register is reviewed

by the Board, new risks are identified, the same are then assessed, controls are designed, put in place and enforced through the process owner, and a fixed timeline is set for achieving the same.

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

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

SHAREHOLDERS

Reappointment/Appointment of Directors

As per the Articles of Association of Dabur, one-third of its Directors retire every year and, if eligible, offer themselves for re-election at every Annual General Meeting. Consequently, Dr Anand Burman, Mr P D Narang, Dr Ajay Dua and Mr R C Bhargava, would retire this year and, being eligible, offer themselves for re-appointment in accordance with the provisions of the Companies Act, 1956. Mr Sanjay Kumar Bhattacharyya appointed as additional director by the Board has been proposed to be appointed as Director in the forthcoming annual general meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director. Their brief CVs are given below:

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

Currently he is holding 660000 equity shares in the Company.

Mr P D Narang: B.Com, FCA, FCS, AICWA, MIIA (USA) was born in 1954 and joined the Board in 1998. Currently he is the Whole time-Director designated as Group Director-Corporate Affairs of the Company.

Currently he is holding 2899394 equity shares in the Company.

Dr Ajay Dua: BA (Hons), M.Sc (Economics) from London School of Economics & Politics and Ph.D from University of Bombay, a retired civil servant (IAS) was born in 1947 and joined the Board on 3rd September, 2009. He is a Non-Executive Independent Director of the company.

Currently, he has no shareholding in the Company.

Mr R C Bhargava: MA in Development Economics, MS in Mathematics, IAS (Retd.) was born in 1934 and joined the Board in 2005. He is Non-Executive Independent Director of the Company.

Currently, he has no shareholding in the Company.

Mr Sanjay Kumar Bhattacharyya: BA (Hons) in Economics, from St. Stephen's College, New Delhi, was born in 1950 and has served State Bank of India since 1972 at various senior positions and was the Managing Director of the Bank from October, 2007 to 2010. He has joined the Board on 23.07.2012. He is a Non-Executive Independent Director of the company.

Currently, he has no shareholding in the Company.

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

MEANS OF COMMUNICATION WITH SHAREHOLDERS

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

- **Quarterly:** The quarterly financial results are normally published in The Economic Times/ Times of India /Mumbai Mirror/Mint and Navbharat Times newspapers. Table 8 below gives details of the publication of the financial results in the year under review.
- **Half Yearly Report:** Audited half-yearly financial statements, including summary of significant events and MD&A, for the half-year ended September 30, 2012 was sent electronically to all the shareholders possessing email ids. Shareholders who had not yet provided their email ids to the Company / its Registrar, are requested to do the same at the earliest.
- **Annual Report:** Annual Report of the Company containing, inter-alia, Audited Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Report on Corporate Governance, Auditors Report and other important information is circulated to the members and others entitled thereto for each financial year. The Management Discussion and Analysis Report forms part of the Annual Report.

Table 8: Publications of financial results during 2012-13

Description	Date
Unaudited Financial Results for the quarter ended June 30, 2012	July 25, 2012
Audited Financial Results for the quarter/half year ended September 30, 2012	October 28, 2012
Unaudited Financial Results for the quarter / nine months ended December 31, 2012	January 31, 2013
Audited Financial Results for the quarter/financial year ended March 31, 2013	May 02, 2013 (tentative)

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

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

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

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

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

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

NEAPS (NSE Electronic Application Processing system): NEAPS is a web based application designed by NSE for corporates. Shareholding Pattern and Corporate Governance Report of every Quarter are also filed electronically on NEAPS.

SCORES (SEBI complaints redressal system): SEBI has commenced processing of investor complaints in a centralized web based complaints redressal system i.e SCORES. Though this system a shareholder can lodge complaint against a company for his grievance. The company uploads the action taken on the complaint which can be viewed by the shareholder. The company and investor can seek and provide clarifications online to each other.

Exclusive email ID for investors: The Company has designated the email id investors@dabur.com exclusively for investor servicing, and the same is prominently displayed on the Company's website www.dabur.com.

Shareholders' Feedback Survey: The Company had sent feedback forms to the shareholders via e-mail seeking their views on various matters relating to investor services during the month of July, 2012. As per the feedback received, shareholders were very happy with the timely receipt of the Annual Report, the quality of Annual Report, quality of service levels and the rating of services provided by company's Registrars & Transfer Agents. However, the Company needs to re-evaluate its website contents and email communication strategy to improve the way it engages with its shareholders.

INVESTOR RELATIONS

The growing requirements of disclosure, transparency and corporate governance have made it imperative for companies to manage information flow and communicate more effectively with shareholders. Investor Relations (IR) at Dabur aims at seamless two-way communication with the investor community. It is based on the tenets of transparency, accuracy and timeliness of disclosures. There is a conscious effort towards effective dissemination of information to the financial community and shareholders to communicate the company's long term vision and goals.

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

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

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

- One-on-one and group meetings with investors to brief them about the company and respond to their queries and concerns.
- Provide detailed updates on the company's performance to all investors immediately after the release of quarterly results.
- Post the quarterly results, a webcast and conference call is arranged to discuss highlights of the company's performance. All members of the financial community are invited for the same and an opportunity is provided to them to participate in the Q&A. Archived copy of the webcast and transcript is provided on the Company's website. The conference call is hosted by the company in order to give a free and fair opportunity for all to participate.
- The company holds analyst meetings from time to time to brief the research analysts about the company's vision, business situation and plans at a strategic level and to answer their queries.
- The company participates in investor conferences organized by leading institutional brokerage houses. During 2012-13 we attended, to name a few, conferences hosted by Morgan Stanley, CLSA, UBS, Edelweiss and Bank of America Merrill Lynch.
- All historical and fresh information updates are promptly available on the Investor Relations page of the company's website for ready access.

GENERAL BODY MEETINGS

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

Table 9: Location and Time of the last three General Body Meetings

Financial Year	Category	Location of the meeting	Date	Time
2009-2010	Annual General Meeting	Air Force Auditorium, Subroto Park, New Delhi-110 010.	August 31, 2010	11.00 AM
2010-2011	Same as above	Same as above	July 15, 2011	11.00 AM
2011-2012	Same as above	Same as above	July 17, 2012	11.00 AM

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

August 31, 2010

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

July 15, 2011

No Special Resolution was taken up in the AGM.

July 17, 2012

- Appointment of Mr Saket Burman as Director of the Company.
- Reappointment of Mr P D Narang as Whole-time Director of the Company for a period of 5 years w.e.f. 01.04.2013.
- Approval for payment of Commission to non Whole-time Directors of the Company for a period of 5 years w.e.f. 01.04.2012.

Postal Ballot

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

COMPLIANCE**Mandatory requirements**

Compliance Report of Dabur with the applicable mandatory

requirements of Clause 49 is as under:

Table 10: Compliance Report

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

ADOPTION OF NON-MANDATORY REQUIREMENTS**(a) Maintenance of the Chairman's office**

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

(b) Tenure of Independent Directors

No specific tenure has been specified for the Independent Directors.

(c) Remuneration Committee

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

(d) Shareholders Rights

Half yearly audited financial statements are uploaded on the Company's website www.dabur.com in the month of November every year.

(e) Training of Board Members

Board members are regularly trained and updated on the business model of the Company, changes in relevant laws, their duties/ responsibilities and liability as a director.

(f) Audit Qualifications

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

(g) Mechanism for evaluation of Non-Executive Directors

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

(h) Whistle-Blower Policy

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

- January 29, 2013: Third Quarter
- April 30, 2013: Fourth Quarter and Annual

For the year ending March 31, 2014, results will be announced by:

- 24th July 2013 (tentative): First Quarter
- 28th October 2013 (tentative): Half Yearly
- 22nd January 2014: (tentative): Third Quarter
- 29th April 2014 (tentative): Fourth Quarter and Annual

Book Closure

The dates of Book Closure are from the 25th day of June, 2013 to the 2nd day of July, 2013, inclusive of both days.

Dividend Payment

Interim dividend of ₹0.65 per equity share was paid on November 07, 2012 for the financial year 2012-13. Final Dividend of ₹0.85 per equity share for the Financial year 2012-13 has been recommended by the Board of directors to shareholders for their approval.

Dates of Transfer of Unclaimed Dividend

Pursuant to section 205A of the Companies Act, 1956, unclaimed dividend for Financial Year(s) upto 2004-05 (Final) including unclaimed dividend for Financial Year 2004-05 (Final) pertaining to erstwhile Femcare Pharma Limited (FEM) (now merged with Dabur India Limited) and 2005-06 (interim), have been transferred to the General Revenue Account of the Central Government/ Investor Education and Protection Fund (IEPF) established by the Central Government. The dividends for following years, which remain unclaimed for seven years, will be transferred to IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified in Table below are requested to immediately send their request for issue of duplicate warrants. The details of unclaimed dividends upto the financial year ended 31.03.2012 are also available on the website of the Company www.dabur.com. Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof either with the Company or IEPF.

ADDITIONAL SHAREHOLDER INFORMATION**Annual General Meeting**

Date: July 17, 2013

Time: 11:00 AM

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

Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2013, results were announced on:

- July 23, 2012: First Quarter
- October 26, 2012: Half Yearly

Table 11: Dividends declared in the past

Financial Year	Type of Dividend	Dividend rate %	Date of Declaration	Due Date for transfer to IEPF
2005-2006	Final	100	08/07/2006	08/08/2013
2005-2006	Final (pertaining to FEM)	60	11/09/2006	18/10/2013
2006-2007	Interim	100	31/10/2006	04/12/2013
2006-2007	Interim	75	13/03/2007	16/04/2014
2006-2007	Final (pertaining to FEM)	70	28/09/2007	04/11/2014
2007-2008	Interim	75	24/10/2007	30/11/2014
2007-2008	Final	75	10/07/2008	16/08/2015
2007-2008	Final (pertaining to FEM)	70	30/09/2008	06/11/2015
2008-2009	Interim	75	28/01/2009	05/03/2016
2008-2009	Final	100	15/07/2009	21/08/2016
2009-2010	Interim	75	26/10/2009	02/12/2016
2009-2010	Final	125	31/08/2010	05/10/2017
2010-2011	Interim	50	27/10/2010	02/12/2017
2010-2011	Final	65	15/07/2011	20/08/2018
2011-2012	Interim	55	31/10/2011	06/12/2018
2011-2012	Final	75	17/07/2012	22/08/2019
2012-2013	Interim	65	26/10/2012	01/12/2019

Unclaimed/ Undelivered Share Certificates

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

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

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

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

Table 12: Status of Unclaimed Suspense Account

Sl. No.	Particulars	No. of shareholders	No. of equity shares held
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	1557	3677885
2	Additional number of shareholders/ shares transferred in the Unclaimed Suspense Account during the year	30	35171
3	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	60	104500
4	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	60	104500

Sl. No.	Particulars	No. of shareholders	No. of equity shares held
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	1527	3608556

Listing

At present, the equity shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE), the National Stock Exchange of India Ltd. (NSE). The Company has also filed application with MCX Stock Exchange limited (MCX) for listing of shares. The annual listing fees for the financial year 2013-2014 to NSE, BSE & MCX has been paid.

Table 13: Dabur's Stock Exchange codes

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

Equity Evolution during the year

As on March 31, 2012 the paid up Equity Share Capital of the Company was ₹1,74,21,00,854 consisting of 1742100854 equity shares of ₹ 1/- each. The table below gives details of equity evolution of the Company during the year under review:

Table 14: Shares allotted during 2012-13

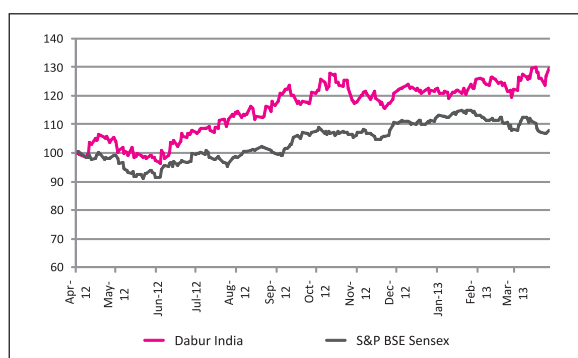
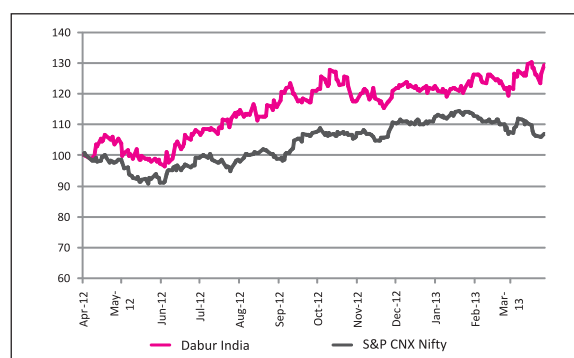
Date	Particulars	Issued no. of equity shares of ₹ 1 each during the year	Cumulative
May 30, 2012	Allotment pursuant to exercise of Stock Options	677829	1742778683
August 07, 2012	-do-	142528	1742921211
December 07, 2012	-do-	13800	1742935011

Stock Market Data

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

Table 15: High, Low and Volume of Dabur's shares for 2012-13 at BSE and NSE.

BOMBAY STOCK EXCHANGE LTD.				NATIONAL STOCK EXCHANGE OF INDIA LTD.		
Month	High (₹)	Low (₹)	Volume (No. of shares)	High (₹)	Low (₹)	Volume (No. of shares)
April 2012	112.70	104.35	1754066	112.90	104.60	17304593
May 2012	109.95	98.20	6838109	109.95	98.11	27731955
June 2012	114.05	102.05	1656802	114.55	102.15	31852876
July 2012	120.20	112.90	2892011	120.60	112.95	21372280
August 2012	124.75	118.15	3234140	124.85	118.05	22056047
September 2012	130.80	123.85	1630926	130.85	124.10	29440343
October 2012	135.25	124.25	3516805	135.30	124.35	25820943
November 2012	128.70	122.15	1335056	129.15	122.15	16760311
December 2012	131.15	127.75	3237685	131.05	127.55	17092050
January 2013	131.75	126.00	2526382	132.70	126.05	22009320
February 2013	133.85	126.45	4031984	133.85	126.40	18135722
March 2013	137.70	121.79	1878074	137.85	121.43	15589791

Chart A: Dabur's Share Performance versus BSE Sensex**Chart B: Dabur's Share Performance versus Nifty**

Note: The charts have share prices and indices indexed to 100 as on the first working day of 2012-13.

Distribution of Shareholding

Tables 16 and 17 list the distribution of the shareholding of the equity shares of the Company by size and by ownership class, as on March 31, 2013. Table 18 lists the top 10 shareholders of the Company.

Table 16: Shareholding pattern by size

Number of equity shares held	Physical form		Dematerialisation form		Total number of share holders	% of share holders	Total number of shares	% of share holding
	No. of share holders	No. of shares	No. of share holders	No. of shares				
up to 5000	11036	4357676	99617	38290463	110653	95.85	42648139	2.45
5001 – 10000	604	3700292	2991	18887058	3595	3.12	22587350	1.29
10001 and above	65	1116002	1129	1676583520	1194	1.03	1677699522	96.26
Total	11705	9173970	103737	1733761041	115442	100.00	1742935011	100

Table 17: Shareholding Pattern by ownership

Particulars	As on 31st March 2013				As on 31st March 2012			
	No. of share Holders	% of share Holders	No. of shares held	% of share Holding	No. of share Holders	% of share Holders	No. of shares held	% of share Holding
Directors, promoters and family members	27	0.02	1196738850	68.66	27	0.02	1196738850	68.70
FII's	350	0.30	352748304	20.24	305	0.24	320883652	18.42
Mutual Funds/UTI	35	0.03	7024585	0.40	65	0.05	18762520	1.08
Financial Institutions/ Banks/ Insurance Co's.	33	0.03	67082189	3.85	34	0.03	93512566	5.37
NRIs	3151	2.73	5639817	0.33	3270	2.62	6161909	0.35
Corporates	1401	1.22	24810346	1.42	1391	1.12	12277829	0.70
Individuals	110445	95.67	88890920	5.10	119648	95.92	93763528	5.38
Total	115442	100	1742935011	100	124740	100	1742100854	100

Table 18: Top ten shareholders as on 31/03/2013

Name	No. of shares held	% of shareholding
Chowdry Associates	217934000	12.50
VIC Enterprises Private Limited	217734000	12.49
Gyan Enterprises Pvt Ltd	202237980	11.60
Puran Associates Private Limited	189212000	10.86
Ratna Commercial Enterprises Private Limited	154960930	8.89
Milky Investment and Trading Company	106140970	6.09
Burmans Finvest Pvt Ltd	53012986	3.04
Genesis Indian Investment Company Ltd -General Sub Fund	40455005	2.32
Life Insurance Corporation of India	31927681	1.83
First State Investments (Hongkong) Limited A/c First State Asian Equity Plus fund	31177221	1.79

Dematerialization of Shares and Liquidity

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

As on March 31, 2013, 99.47% shares of the Company were held in dematerialized form.

The equity shares of the Company are frequently traded at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Dematerialization of Shares

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

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

Consolidation of folios and avoidance of multiple mailing

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

Service of documents through Email

Ministry of Corporate Affairs ("MCA") has vide its Circular No.17 dated 21.4.2011 & Circular No. 18 dated 29.04.2011, undertaken a "Green initiative in the Corporate Governance" by allowing service of documents on members by a company through electronic mode. Further SEBI, vide its Circular Ref. No. CIR/CFD/DIL/2011 dated 5th October 2011, has also directed listed companies to supply soft copies of full annual reports to all those shareholders who have registered their e-mail addresses for the purpose.

Accordingly the Company proposes to send documents like Shareholders Meeting Notice/ other Notices, Audited Financial Statements, Directors' Report, Auditors' Report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their Depositories. This will definitely help in prompt receipt of

communication, reduce paper consumption and save trees as well as avoid loss of documents in transit.

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

Outstanding GDRs/ADRs/Warrants/Options

The Company has 17473798 outstanding Options as on March 31, 2013, with vesting period from 1 to 5 years from the date of grant.

Details of Public Funding Obtained in the last three years

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

Registrar and Transfer Agent

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

1. Karvy Computershare Private Limited
Unit: Dabur India Limited,
305, New Delhi House, 27, Barakhamba Road,
New Delhi-110001.
Phone No.: 011- 43681700, Fax No.: 011-43681710
Website: www.karvy.com
2. Karvy Computershare Private Limited
Unit: Dabur India Limited,
Plot No. 17-24, Vithal Rao Nagar
Madhapur, Hyderabad- 500081
Phone No.: 040- 23420818, Fax No. 040-23420814
Email id: einward.ris@karvy.com

Share Transfer System

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

Stakeholders Relationship Committee is authorized to approve transfer of shares in the physical segment. The Committee has delegated the authority for approving transfer and transmission of shares and other related matters to the officers of the Company. Such transfers take place on weekly basis. A summary of all the transfers/ transmissions etc. so approved by officers of the Company is placed at every Committee meeting. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Company obtains from a Company Secretary in practice half yearly

certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement, and files a copy of the same with the Stock Exchanges.

Reconciliation of Share Capital Audit

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

Compliance with Secretarial Standards

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

Company's Registered Office Address:

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

PLANT LOCATIONS

Sahibabad Unit I & II, Plot No.22, Site IV, Sahibabad, Ghaziabad - (U.P.) 201 010, Ph 0120 - 3008700 (30 Lines), Fax : 0120 - 2779914 / 4376924

Baddi

- **Hajmola Unit**, 109, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173 205, Tel : 01795-244385, Fax : 01795-244090;
- **Chyawanprash Unit**, 220-221, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173 205, Tel : 01795-244385, Fax : 01795-244090;
- **Amla/Honey Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173 205, Tel : 01795-244385 Fax : 01795-244090;
- **Shampoo Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173 205, Tel: 01795-244385 Fax : 01795-244090;
- **Toothpaste Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173 205, Tel: 01795-244385 Fax : 01795-244090;
- **Honitus/Nature Care Unit**, 109, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173 205, Tel : 01795-244385, Fax : 01795-244090;
- **Food Supplement Unit**, 221, HPSIDC Industrial Area, Baddi, Distt Solan, H.P.-173 205, Tel: 01795-244385, Fax : 01795-244090;
- **Oral Care Unit**, 601, Malku Majra, Nalagarh Road, Baddi, Distt Solan, H.P. - 173 205, Tel : 01795-246363 Fax : 01795-244090;
- **Green Field Unit**, Village Manakpur, Tehsil Baddi, Distt Solan, H.P. - 174 101, Tel : 01795-244385 Fax : 01795-244090;
- **Air Freshener Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173 205, Tel: 01795-244385 Fax : 01795-244090;
- **Toothpowder Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173 205, Tel: 01795-244385 Fax : 01795-244090;

- **Skin Care Unit**, Village Manakpur, Tehsil Baddi, Distt Solan, H.P. - 174 101, Tel : 01795-244385 Fax : 01795-244090;
- **Honey Unit**, Village Manakpur, Tehsil Baddi, Distt Solan, H.P. - 174 101, Tel : 01795-244385 Fax : 01795-244090;

Pantnagar: Unit I and Unit II, Plot No.4, Sector-2, Integrated Industrial Estate Pantnagar, Distt. Udham Singh Nagar, Uttarakhand -263146, Tel: 05944-398500; 9760013990, 991, 992 Fax : 05944 - 250064;

Jammu: Unit I, II & III, Lane No.3, Phase II, SIDCO Indl. Complex, Bari Brahmna, Jammu, Tel: 01923-220123, 221970, 222341; Fax: 01923 - 221970;

Katni: 10.4 Mile Stone, NH -7, Village Padua, KATNI, (M.P.) - 483442, Tel: 07622 - 262317, 262297, 297507;

Alwar: SP-C 162, Matsya Industrial Area, Alwar - 301 030, Rajasthan, Tel: 0144 - 2881542/5132101/5132102 Fax : 0144 - 2881302;

Pithampur: 86-A, Kheda Industrial, Area Sector-3, Pithampur - 454774, Distt. - Dhar (M.P.) Tel : 07292-400046 to 51, Fax : 07292-400112;

Narendrapur: 9, Netaji Subhash Chandra Bose Road, P.O. - Narendrapur, Kolkata - 700103, West Bengal, Tel: 033- 2477 2324 - 26, 2477 2620, 2477 2738, 2477 2740 (033)32919827/28, M-(0)9331048165, Fax : 033- 2477 2621;

Silvassa: Unit - I & II, Survey No. 225/4/1, Village Saily, Silvassa- 396240, Dadra & Nagar Haveli (UT of India), Tel : 0260-2681071/72/73/74; Fax - 0260 - 2681075;

Newai: G 50-59, IID Centre, NH-12, Road No.1, Newai - 304020 Distt. Tonk (Rajasthan), Tel: 01438 -223342, 223783, 223892, Fax No.01438- 223010;

Jalpaiguri: Kartowa, P.O. Mahanvita, P.S. Rajganj Distt. Jalpaiguri (West Bengal) Pin 735135 Tel: 09800008457, 9800008456, 09933399800;

Nashik: D-55, MIDC, Ambad, Nashik - 422 010 (M.S.) India Tel: 0253- 6623222, Fax : 0253- 2383146, 2383577.

ADDRESS FOR CORRESPONDENCE

- For share transfer / dematerialisation of shares, payment of dividend and any other query relating to the shares:
 - Karvy Computershare Private Limited, 305, New Delhi House, 27, Barakhamba Road, New Delhi 110001, Tel: 011-43681700; Fax: 011-43681710
- For queries of Analysts, FIs, Institutions, Mutual Funds, Banks and others:
 - Mrs Gagan Ahluwalia, Dabur India Limited, Punjabi Bhawan, 10 Rouse Avenue, New Delhi - 110002, Tel: 011-42786000; Fax: 011-23222051
- Chief Compliance Officer:
 - Mr A K Jain, Sr General Manager (Finance) & Company Secretary, Dabur India Limited, Punjabi Bhawan, 10 Rouse Avenue, New Delhi - 110 002, Tel: 011 - 42786000; Fax: 011 - 2322 2051

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

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

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2013 and its entire schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - (a) These statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - (b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls for financial reporting and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures pertaining to financial reporting.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever

applicable, to the Company's auditors and through them to the Audit Committee of the Company's Board of Directors:

- (a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
- (b) Significant changes in internal control over financial reporting during the year;
- (c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems over financial reporting;
- (d) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

	Sd/-	Sd/-
	Sunil Duggal	Lalit Malik
Place: New Delhi	CEO	CFO
Date : April 30, 2013	Dabur India Limited	Dabur India Limited

CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY

I declare that all Board members and senior management have affirmed compliance with the code of conduct for the Financial year 2012-13.

	Sd/-
	Sunil Duggal
Place: New Delhi	CEO, Dabur India Limited
Date: April 30, 2013	

ANNEXURE 1

DETAILS OF OTHER DIRECTORSHIPS HELD

Name of the Director	Status	Directorship	Committee Membership	Committee Chairmanship
Dr Anand Burman	CHAIRMAN/ PD/NED	Aviva Life Insurance Co. India Ltd. Dabur Pharmaceuticals Ltd. H & B Stores Ltd. Hindustan Motors Ltd. Althea Lifesciences Ltd. Hero MotoCorp Ltd. Dabur Research Foundation Ester Industries Ltd.	NIL	NIL
Amit Burman	PD/NED	H & B Stores Ltd. Q H Talbros Ltd. Jetage Infrastructure Ltd. Talbros Automotive Components Ltd. Micromax Informatics Ltd. Cinemax India limited	Audit Committee Audit Committee Audit Committee	NIL
Saket Burman	PD/NED	NIL	NIL	NIL
Mohit Burman	PD/NED	Aviva Life Insurance Co. India Ltd Dabur Ayurvedic Specialities Ltd. Mahindra Forgings Ltd. H & B Stores Ltd. Dabur Pharmaceuticals Ltd. Universal Sompco General Insurance Co. Ltd.	Audit Committee Audit Committee Audit Committee	NIL
P D Narang	ED	H & B Stores Ltd. Jetage Infrastructure Ltd. Aviva Life Insurance Co. India Ltd. Dabur Research Foundation	NIL	Audit Committee
Sunil Duggal	ED	H & B Stores Ltd.	Audit Committee	NIL
P N Vijay	ID	Reed Relay & Electronics India Ltd.	NIL	NIL
Dr S Narayan	ID	Godrej Properties Ltd. Apollo Tyres Ltd. Seshasayee Paper and Board Ltd. Aviva Life Insurance Co. India Ltd. India Infoline Limited Artemis Medicare Services Limited	Audit Committee Audit Committee Audit Committee	NIL
R C Bhargava	ID	Idea Cellular Ltd ILFS Ltd. Polaris Financial Technology Ltd. Grasim Industries Ltd. Maruti Suzuki India Ltd. Thomson Press Ltd. UltraTech Cement Co. Ltd. Kokoyu Camlin Ltd.	 Audit Committee Audit Committee Shareholders Grievance Committee	Audit Committee Shareholders Grievance Committee Audit Committee Audit Committee Audit Committee
Albert Wiseman Paterson	ID	NIL	NIL	NIL
Dr Ajay Dua	ID	Aviva Life Insurance Co. India Ltd. Peninsula India limited	Audit Committee	NIL
Sanjay Kumar Bhattacharyya	ID	C&S Electric Limited Persistent Systems Limited	 Audit Committee	Shareholders Grievance Committee

To,
The Members

Your Directors have pleasure in presenting the 38th Annual Report on the business and operations of the Company, together with the Audited Accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

Financial results are presented in Table below :

	(₹ in crore)	
	2012-13	2011-12
Turnover (including other income)	4,436.28	3,812.68
Profits before Tax	749.67	587.03
Less : Tax Expenses	158.69	123.79
Profit after Tax	590.98	463.24
Add: Balance in Profit & Loss Account brought forward from the previous year	864.11	714.22
Sub Total	1,455.09	1,177.46
Less: Appropriation to		
General Reserve	60.00	50.00
Capital Reserve	0.00	0.14
Interim Dividend – Paid	113.29	95.81
Final Dividend – Proposed	148.15	130.66
Corporate tax on Dividend	43.56	36.74
Dividend adjustment of earlier years	0.05	0.00
Dividend tax adjustment of earlier years	0.01	0.00
Balance in Surplus Account	1,090.02	864.11

DIVIDEND

The Company has paid an interim dividend of 65% (₹ 0.65 per share of Rupee one each) on November 7, 2012. We are pleased to recommend a final dividend of 85% (₹ 0.85 per share of Rupee one each) for the financial year 2012-13. The final dividend, if approved by the members, will be paid to members within the period stipulated by the Companies Act, 1956. The aggregate dividend for the year will amount to 150% (₹ 1.50 per share of Rupee one each) as against 130% (₹ 1.30 per share of Rupee one each) declared last year. The dividend payout ratio for the current year, inclusive of corporate tax on dividend distribution, is at 51.61%.

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, final dividend for the year 2004-05 and interim dividend for the year 2005-06 which remained unpaid or unclaimed for a period of 7 years, amounting to ₹1,3,00,752/- and ₹1,3,50,524/- respectively has been transferred by the Company to the Investors' Education and Protection Fund (IEPF). Further final dividend for the year 2004-05 pertaining to erstwhile Femcare Pharma Limited (FEM), now merged with the Company, which remained unpaid or unclaimed for a period of 7 years, amounting ₹1,07,744/- has also been transferred by the Company to IEPF. The due dates for transfer of unpaid dividend to IEPF for subsequent years is given in Table 11 under the Corporate Governance Report. The list of unpaid dividend is available on Company's website www.dabur.com. Shareholders are requested to check the said list and if any dividend due to them remains unpaid in the unpaid list, can approach the company for release of the unpaid dividend.

ABRIDGED FINANCIAL STATEMENTS

In accordance with the SEBI Circular No. CIR/CFD/DIL/7/2011 dated 5th October 2011, the Abridged Annual Report containing salient features of the Balance Sheet and Profit & Loss Account

for the Financial Year 2012-13, as prescribed in section 219(1)(b) (iv) of the Companies Act, 1956 is being sent to all shareholders who have not registered their email address(es) for the purpose of receiving documents/ communication from the company in electronic mode.

Full version of the Annual Report 2012-13 containing complete Balance sheet, Statement of Profit & Loss Account, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956, Directors Report (including Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report) are being sent via email to all shareholders who have provided their email address(es) and are also available at the Company's website at www.dabur.com.

Please note that you will be entitled to be furnished, free of cost, the full Annual Report 2012-13, upon receipt of written request from you, as a member of the Company.

OPERATIONS AND BUSINESS PERFORMANCE

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

CORPORATE GOVERNANCE

Dabur today is truly becoming a global organization and hence has a strong belief that the corporate governance standards must also be globally benchmarked. Besides adhering to the prescribed corporate governance practices as per Clause 49 of the Listing Agreement, it voluntarily governs itself as per highest standards of ethical and responsible conduct of business in line with local and global standards. Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved market capitalization, high credit ratings and various awards bagged by the Company for its brands, stocks, environmental impact, etc. In recognition of excellence in Corporate Governance, Dabur India limited has been awarded the prestigious '**Golden Peacock award for excellence in Corporate Governance**' for the year 2012 in the FMCG Sector.

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

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

BUSINESS RESPONSIBILITY REPORT

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

Further, for Business Responsibility Report as stipulated under Clause 55 of the Listing Agreement with the Stock Exchanges, kindly refer to Business Responsibility Report section which forms part of the Annual Report.

CREDIT RATING

During the year under review the Company has sustained its long term credit rating of AAA. The highest credit rating of AAA awarded by CRISIL reflects the Company's financial discipline

and prudence. The Company's short term credit rated as A1+ by CRISIL, has also been reaffirmed. This being the highest rating indicates a very strong degree of safety with regard to timely payment of interest & principal.

Further ICRA has reaffirmed the rating of NCD programme of the Company as AAA (stable). The rating indicates highest credit quality. The rated instrument carries lowest credit risk and the outlook on the rating is stable.

DIRECTORS

During the year, Mr Analjit Singh, Independent Director had resigned from the Board on 16.07.2012 and Mr. Sanjay Kumar Bhattacharyya was appointed as additional Non Executive Independent Director on 23.07.2012. Mr Bhattacharyya shall hold office upto the date of the ensuing Annual General Meeting of the Company and, being eligible, offer himself for reappointment.

In terms of Article 103 and 104 of the Articles of Association of the Company, Dr Anand Burman, Mr P D Narang, Dr Ajay Dua and Mr R C Bhargava will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment in terms of the provisions of Article 106 of the Articles of Association of the Company.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CHANGE IN CAPITAL STRUCTURE AND LISTING OF SHARES

The Company's shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and are actively traded. Application for listing on MCX Stock Exchange Limited (MCX) has been filed by the company.

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

Equity shares allotted against the options exercised by employees pursuant to Employees Stock Option Scheme of the Company:

- 677829 equity shares allotted on May 30, 2012.
- 142528 equity shares allotted on August 07, 2012.
- 13800 equity shares allotted on December 07, 2012.

AUDITORS AND THEIR REPORT

M/s G. Basu & Company, Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment as statutory auditors for the financial year 2013-14. The Company has received a letter dated April 1, 2013 from them to the effect that their re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Auditors have vide their letter dated April 22, 2013 also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the peer Review Board of the ICAI.

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

COST AUDITORS

M/s Ramanath Iyer & Company, Cost Accountants, were re-appointed as Cost Auditors for the financial year 2013-14 to conduct cost audit of the accounts maintained by the Company, in respect of the various products prescribed under Cost Audit Rules, 2011. Full particulars of the Cost Auditor are as under:

M/s Ramanath Iyer & Company
808, Pearls Business Park, Netaji Subash Place, Pitampura, New Delhi - 110088.
Telephone No: 011-45655448; Email ID - Info@ramanathiyer.com
(Firm's Membership No. 000019)

The Cost Audit Report for the Financial year 2011-12, issued by M/s Ramanath Iyer & Company, Cost Auditors, in respect of the various products prescribed under Cost Audit Rules, 2011, was filed with the Ministry of Corporate Affairs (MCA) on December 28, 2012. The due date for filing the said Report with MCA was February 28, 2013.

The Cost Audit Report for the Financial year 2012-13, in respect of the various products prescribed under Cost Audit Rules, 2011, is due to be filed with MCA on or before September 27, 2013 (being within 180 days from the end of reporting year).

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2012-13. Consolidated Turnover grew by 16.93% to ₹ 6,270.62 crore as compared to ₹ 5,362.82 crore in the previous year. Similarly, Net Profit after Tax and after Minority Interest for the year at ₹ 763.42 crore is higher by ₹ 118.53 crore as compared to ₹ 644.89 crore in the previous year.

INTERNAL CONTROL SYSTEM

The Company has a well placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal control system comprises audit and compliance by in-house Internal Audit Division, supplemented by internal audit checks from PriceWaterhouseCoopers Private Limited, the Internal

Auditors and various transaction auditors. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

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

NATURE OF BUSINESS

There has been no change in the nature of business of the Company. However, updates regarding new projects undertaken by the subsidiary Companies is as under:

Dabur Egypt Limited (Egypt) has set up a new Green field project with an approximate cost of EGP 6.5 crores (INR 51.87 crores) to support the expansion of its existing line of products and launch of certain new products. Commercial production at the new project had commenced by the end of July, 2012.

Dabur Lanka (Pvt.) Limited (Srilanka) is in the process of setting up a new project for manufacturing of fruit pulp based beverages mainly for export involving an approximate project cost of INR 84.84 crore. The project is nearing completion and the commercial production is scheduled to commence by May, 2013.

Asian Consumer care Pvt Ltd. (Bangladesh) is in the process of setting up a new green field project involving an approximate project cost of Tk 55 crore (INR 38.5 crores) for manufacturing Hair oil, Shampoo, Tooth paste, etc. The commercial production is scheduled to commence from July, 2013 tentatively.

SUBSIDIARIES

During the year Weikfield International (U.A.E.) Ltd has ceased to be the step down subsidiary of the Company. Further Namaste Cosmetics Ltda have been newly incorporated as a step down subsidiary of the Company in Brazil.

After the close of the Financial Year, a new step down subsidiary of the Company namely -Dabur Consumer Care (Private) Limited has been incorporated on April 19, 2013, in Srilanka.

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

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

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

profit after taxation (j) proposed dividend.

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

EMPLOYEES STOCK OPTION PLAN

During the year, 742226 options in 4 tranches were granted to eligible employees of the Company in terms of Employees Stock Option Plan (Dabur ESOP 2000). During the year 834157 options were exercised by the employees after vesting. Accordingly, the Company made the allotment of 677829 equity shares on May 30, 2012, 142528 equity shares on August 07, 2012 and 13800 equity shares on December 07, 2012, against the options exercised by the employees.

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

PARTICULARS OF EMPLOYEES

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

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

A. Conservation of energy:

(a) Energy conservation measures taken:-

A number of energy conservation techniques were initiated at large scale and successfully implemented. Some of the key initiatives undertaken in the manufacturing units were as follows-

- Investment in Independent 33 KVA feeder for Pantnagar Units with continuous power supply option, to reduce the HSD consumption and the cost of Power.
- Promotion of use of Solar light for street light for reducing Power Consumption.
- Replacement of Normal tube lights with LED for power saving.
- Interlocking of Cooling Tower (CT) fans, wet scrubber pump with forced draft (FD) fan in briquette boiler and CT fan with temperature controller.
- Replacement of old less efficient air compressors with new energy efficient compressors.
- VFD control in Air compressor motors of certain units.
- Modification in Pump House and raw water pipe lines to save the raw water pump running hours.
- Installation of DO System for ETP which has resulted in annual savings.
- Shifting of Line No 1 and 2 to Line No 3 & 4, in Baddi – Skin Care Unit, to reduce the activity load of Air conditioning.
- Installation of Magnetic resonator for Boiler & DG.
- Installation of Ducool Drying system in Pudim

Hara Drying area. This has reduced energy utilization by 50%.

- Installation of New DG Set in Odonil Section for better fuel efficiency.
 - Recirculation of waste water of Vacuum pump.
 - Installation of new Cooling Tower for 80 TR at Chyawanprash Unit.
 - Strict control of power factor.
 - Replacement of electrical exhaust fans with air ventilators in manufacturing.
 - Replacement of forced draft cooling tower with natural draft cooling tower.
 - Installation of Transparent Roof Sheet.
 - Installation of Photocell Sensor on Box Tapping Machine.
 - Replacement of Auto collator from 12 KW to 8 KW.
 - Installation of temperature controllers in two chillers of Toothpaste tube filling machines.
 - 100% usage of Herbal Waste as Boiler Feed.
 - Use of tunnel consuming 2KW heater (inbuilt) in place of 10 KW heater for shrink poly bags in LDM & Anmol.
 - Reduced product change over by doing manufacturing campaign batches which has resulted in power & water savings.
 - Replacement of Vapour Street Light with CFL Light.
 - Replacement of 750 KVA Dg with 250 KVA to optimize load and increase SFC.
 - Introduction of wind ventilator in Herbal Boiling section.
 - Replacement of 150 number of copper ballast luminaries with electronic choke.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-
- Additional Investment of ₹ 282.87 Lacs was made during the year for reduction of consumption of energy.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:-
- The energy conservation measures taken during the year have resulted into yearly saving of approximately ₹157.98 Lacs and thereby lowered the cost of production by equivalent amount. These measures have also lead to better pollution control, reduced maintenance time and cost, improved hygienic condition and consistency in quality and improved productivity.
- (d) Total energy consumption and energy consumption per unit of production as per Form A
- Attached herewith as Annexure 4

B. Technology Absorption:

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

C. Foreign Exchange earnings and outgo:

i) Activities and initiatives relating to exports:

Dabur's key markets for international business which is managed by its wholly owned subsidiary

Dabur International Limited and other step down subsidiaries are Middle East, Africa, U.S. and South Asia with manufacturing facilities across regions. In addition, Dabur has a private label business in the U.S. and a guar gum export business operating out of India.

International Business:

Dabur's international business continued on the strong growth trajectory growing by 17.1 % to ₹ 1892 crores in fiscal 2012-13. The international business now contributes 31% to consolidated sales.

During fiscal 2012-13, key markets in MENA (Middle East and North Africa) and South Asia (ex-India) regions performed well. Dabur continued to gain share in categories such as Hair Oils, Hair Creams and Shampoos in the key markets. Overall in the MENA region it continued to be market leader in Hair Oils with a 52% market share. In Egypt the Hair Oil market share increased to 50% from 44% last year. Similarly Hair Oil market shares in KSA (Kingdom of Saudi Arabia) witnessed an uptick and were at 65.7% v/s 63.4% last year. In the Hair Creams category, the share in the MENA region was 25%. Dabur continued to be the biggest Hair Creams player in KSA with a 27.7% market share v/s 24.7% last year. In UAE, its Hair Creams market share increased to 26.5% v/s 23.4% last year.

Some of the international markets were under pressure during fiscal 2012-13. The situation was tense in Egypt and macro-economic indicators such as GDP growth rates and the local currency, Egyptian Pound (EGP) were under pressure. In addition, turmoil in the YSL markets (Yemen, Syria and Libya) impacted sales during fiscal 2012-13.

During fiscal 2012-13 raw material prices were relatively benign in the overseas operations and this led to improvement in gross margins.

Vatika

Vatika witnessed strong growth in fiscal 2012-13. The brand witnessed several new product launches such as Vatika Hair Oil Curry Leaves, Vatika Enriched hair oil (Black Seed), Vatika Ingredient Range of Shampoo and Conditioner in Argan, Garlic and Black Seed variants. In addition, Vatika Hair Serums were launched entering the Hair Serum category. Vatika Henna Hair Colors were launched during the year marking the entry into Hair Colors category on the naturals platform. Dabur had made a foray into Hair Gels category in the fiscal 2011-12 with launch of Vatika Hair Gels which performed well, garnering share in the hair gels segment.

Dabur Amla

Dabur Amla portfolio performed well during fiscal 2012-13. Performance was driven by the Hair Oil portfolio which grew particularly well in KSA (Kingdom of Saudi Arabia), where it crossed 50% mark in terms of market share. Dabur Amla Hair Oil is now the 2nd biggest Hair Oil brand in Egypt, witnessing increase in market share from 16% to 19%. Dabur Amla's brand extensions such as Hair Creams also performed well and added to the growth.

Miswak and Dabur Herbal Toothpaste

Dabur's international business also has oral care

products which sell in GCC, North and West Africa. The Miswak toothpaste which is based upon the herbal ingredient "Miswak" is well known for its medicinal properties in MENA region and is sold widely in the North African countries. The brand performed well during fiscal 2012-13. In Nigeria Dabur sells a range of toothpastes under the brand 'Dabur Herbal Toothpastes' offering herbal variants such as basil, neem and clove. The range was extended with the launch of Dabur Natural Medicated Toothpaste during fiscal 2012-13.

Dermoviva

The skin care offerings such as skin creams and lotions under the Dermoviva brand launched during fiscal 2011-12 continue to elicit positive response, particularly in key markets in the MENA (Middle East and North Africa) region.

Fem

Fem had undergone a complete design and range overhaul earlier. During fiscal 2012-13, Fem expanded its hair removal cream portfolio with the offering, "Fem Hair Removal Cream enriched with aloe extracts" specifically meant for extra dry skin. This expansion takes the entire range of hair removal cream to 5 variants. Fem also expanded its geographic reach of wax strips in North Africa. The year saw launch of Fem wax strips and hair removal creams into Turkey. These have been specially formulated for the Turkish consumer and this launch also marks the entry of Dabur products into Turkey by leveraging the distribution network available through Hobi Kozmetik.

Operations

The manufacturing facility in Sri Lanka for manufacturing fruit juices is nearing completion and will be commissioned in the earlier part of fiscal 2013-14. A greenfield manufacturing facility for hair care and skin care products was commissioned in Egypt. The toothpaste manufacturing facility in Nigeria was expanded and a new Hair Cream manufacturing facility was installed in RAK (Ras-al Khaimah). The manufacturing facilities received many certifications during fiscal 2012-13. The RAK factory received GMP ISO 22716 (International Cosmetic Good Manufacturing Practices), Food GMP Certificate as per ISO-22000 Guidelines, EPC-2012 from Ministry of Environment and Water (Consistent Environmental Performance). The facility in Nigeria received GMP ISO 22716, certification from NAFDAC (National Agency for Food and Drug Administration and Control).

Performance in key regions/ subsidiaries

- (a) GCC, one of the largest regions in the International Business grew by 20% in fiscal 2012-13.
- (b) Egypt grew by 15% in fiscal 2012-13 inspite of tough political and macro-economic conditions.
- (c) Nigeria has been flattish in fiscal 2012-13 over last year.
- (d) Pakistan has grown by 38% in fiscal 2012-13. Hajmola and Dabur Amla are the two strong brands for the region.
- (e) Bangladesh performed exceedingly well with a growth of 70% during the fiscal 2012-13. A new

manufacturing facility is under commissioning to further enhance presence in Bangladesh.

- (f) Dabur Nepal Pvt Limited which manufactures fruit juices and also caters to local consumer market in Nepal recorded growth of 13% during fiscal 2012-13 in its local sales.
- (g) Hobi Kozmetik: For Hobi Group, the Gulf and African regions recorded impressive sales growths. Dabur's distributors and channel partners continued to be the drivers of growth for the Hobby range of products with new countries being opened along with ramped up distribution in markets such as Jordan and Kenya, where Hobby range of products were re-introduced through existing Dabur distributors. Major export markets for Hobby - Saudi Arabia, Iraq, Ethiopia and Algeria continued to demonstrate robust growth.

A key highlight of the year was the launch of Fem range of products, marking the entry of Dabur's range of products in Turkey. The range of products launched includes wax strips and hair removal creams, which have been specially formulated for the Turkish consumer. The range will be distributed by Hobi Kozmetik across leading modern trade outlets in Turkey.

The ERP platform, SAP was successfully rolled out across all functions in Turkey, enabling seamless information flow, thereby ensuring complete data integration between Dabur and Hobi Kozmetik. Best practices are continuously being shared across functions to enable growth of the business in Turkey as well as the export markets.

- (h) Namaste Laboratories: Africa currently contributes 21% to Dabur's international business. The region continues to offer tremendous opportunities for consumer product companies driven by factors such as a rapidly emerging middle class, with increasing disposable incomes.

With the sheer volumes and growth in the number of consumers, Africa continues to excite leading FMCG players. Further, women of African origin are known for relatively higher usage intensity of hair care products. Accordingly, Dabur has established a dedicated business unit for Sub Saharan Africa, tasked with exploiting these opportunities. With the acquisition of Namaste Laboratories LLC, Dabur is in a unique position to offer an extremely relevant product range specifically targeted for the African consumer. Further, the product offerings strategically fit in with Dabur's product portfolio in Africa. The biggest product segment in Namaste's portfolio is the relaxing and hair straightening products. Namaste's other products targeted at the women of African origin comprise nourishment products such as olive oil based shampoos, conditioners and hair fertilizers.

The Namaste portfolio already has a strong base in the United States, which contributes to around 70% of its sales. The African continent is the next

biggest contributor. With the rapid expansion of opportunities and growing consumption in Africa, the Company expects greater potential for these products in this market.

As part of integration between Namaste and Dabur, Dabur has started manufacturing Namaste products in the Ras-al-Khaimah facility in UAE and is considering adding another line at the existing manufacturing facility in Nigeria, to ensure optimization of supply chain for the African business. Further, local manufacturing is being explored in South Africa, thereby ensuring that Dabur International continues to tap into the growing potential of Africa.

Exports from India

The company exports Guar Gum and private label oral care products from India. During fiscal 2012-13 the company recorded guar gum exports to the tune of ₹ 158.7 crores as compared to ₹ 107.3 crore in fiscal 2011-12. Exports of guar gum reported high growth as the demand for guar gum saw extraordinary increase worldwide particularly for the value added hydrating guar variants.

Sales in USA (Dabur Branded and Private label) grew from ₹ 34.4 crores in fiscal 2011-12 to ₹ 39.6 crores in fiscal 2012-13. The company caters to the ethnic Indian channels in the USA supplying the range of Dabur brands which are popular among the South Asian / Indian community. Retail penetration was extended by extending direct distribution to several new states in the US such as California, Texas, Florida and Michigan. Distribution was also extended to wholesalers targeting Hispanics and African-Americans. A strategic tie-up also was made with Canada's largest Retailer, Loblaw's. A range of Ethnic hair care products were launched which included Shampoos, Hair Serums and Hair masks under the Vatika brand. Dabur also exports private label oral care products to USA and Europe which includes Toothpastes, Mouthwash and Denture Adhesives. The company acquired new customers for private label in Italy, Central Europe, Central America and in the U.S. Several new advanced Oral Care formulations were developed and launched which included Whitening, Herbal and Pro-Age formulations.

ii) Development of new markets for Products & Services:

New Markets have been opened up for business in geographies like South East Asia (Cambodia), far East (Japan, Taiwan), West Africa (Ghana, Senegal) and Latam (Panama). The Sales & Distribution infrastructure in these markets has been augmented by appointing new distributors. Local resources have been enhanced in key markets of Middle East & North Africa, Nigeria, Egypt, East Africa and South East Asia to further strengthen the S&D structure.

(iii) Export Plans:

The focus, going forward, is to continue expanding the Group's presence through its subsidiaries across geographies and to exploit opportunities in existing and potential segments. There are huge growth opportunities across Middle East, Africa and South Asian markets for our products. As part of group's growth plans, we will expand our current product

portfolio, consider focused geographic expansion, and increase penetration for our products across various distribution networks.

Depending on various factors that make a market attractive, Dabur has divided the world into focus markets, potential markets, and opportunistic markets. We consider the GCC, Egypt, Nigeria, Turkey, the United States, Pakistan, Bangladesh, Nepal and Sri Lanka to be our key focus markets. The Levant, North Africa, Sub-Saharan Africa, and the European Union are potential markets for us, and we are concentrating on growing in these markets as well. The opportunistic markets are the ones where some demand is visible albeit on a smaller scale and this is catered through our exiting supply chains without adding too many resources and infrastructure.

The Company will continue to invest in brand building, manufacturing and human capital in order to maintain and improve the existing robust growth path in focus and potential markets.

Total Foreign Exchange used during 2012-13: ₹ 3,742 lac.

Total Foreign Exchange Earned during 2012-13: ₹ 23,817 lac.

HEALTH, SAFETY AND ENVIRONMENTAL REVIEW (HSE)

Dabur India Limited. is committed to achieving its vision of zero harm and Zero Environmental incident. To renew the commitment, the Occupational Health and Safety Policy and the Environment Policy were merged and launched on 1st April, 2012 under the name 'Occupational Health, Safety and Environment Policy'. The Health, safety and environment strategy prioritises eliminating workplace illness, injuries and environmental incident through the Integrated Management System. Huge progress has been made in the area of process safety and HSE Management System implementation which is evident from the fact that there were no High Potential Accidents. With regard to other environmental focus areas, Dabur has greatly improved its waste management and also reduced the GHG emissions to reduce the overall impact on environment.

To ensure focus and delivery of HSE activity, Dabur has conducted the 2nd National Safety Meet with HSE Improvement Plan at manufacturing level. Focus is more on building an engaged safety culture where expectations are clear, people are trained, interventions are welcomed and consequences are understood. One key to build an engaged safety culture is through safety behaviour and Hazard observation. The tools used in Dabur to register safety behaviour / Hazard Observation is called SBO which is recorded through the inbuilt software called SURAKSHA which is in place since last two years. Beside this, all the manufacturing units have complied with statutory requirements laid by Government in terms of Act and Rules w.r.t. to Health, Safety and Environment. With its Health, Safety and Environment management system Dabur aims to effectively control risks and prevent people from being injured or harmed during the course of their work.

With an aim to certify all its operational locations with the Integrated Management system OHSAS 18001 and ISO 14001 - Occupational Health, Safety and Environment, Dabur has got externally accreditation for its twelve (12) manufacturing location by TUV NORD and nine (9) manufacturing units have successfully completed their Surveillance Audit. This standard is the foundation of the overall health, safety and environment framework of Dabur.

The environmental agenda of reducing environmental impact of Company's operations was achieved by environment management program through a combination of energy & water conservation, rainwater harvesting and solid waste recycling. Some sites modified their boilers to use bio-fuels, resulting in significant environmental benefits by reducing the SoX and CO2 emission in environment.

Dabur, being aware of its social corporate responsibility, is in the process of further strengthening its current resources for better health, safety and environment management.

Key Initiatives taken during the year are:

- Got certified its 12 manufacturing location with OHSAS 18001 and ISO 14001 integrated management system and is in a process of preparing 1 more manufacturing location for the certification.
- Risk assessment at all manufacturing locations was done with a system of planned inspection product wise, which resulted in reduction of All Injury Rate (AIR) and Total Recordable Frequency Rate (TRFR)
- Legally Complied at unit level w.r.t to Safety and Environment Act and Rules.
- Carbon and Water Footprint Study was conducted for all Manufacturing locations with a focus on Product Life Cycle Analysis of 3 products viz. Chyawanprash, Honey and Real juice.
- Environmental Monitoring was carried out at unit level to check the impact on environment.
- Different Guidelines and Standards were rolled out for implementation at unit level and focus on the training (on job and off job) to minimize the AIR.
- Installation of Fire Hydrant and Detector System was as per latest technologies.
- Emergency preparedness plan is in place which was executed through mock drill.
- Regular Tool Box Talk at the Shop floor for the workers comprising of Safety related Do's and Don'ts.

- Different tests have been carried out at unit level to check the efficiency of PPE's used at work place.
- Health Check up for all employees was carried out at unit level.
- LOTO (Lock out Tag out) – Training and Survey conducted for manufacturing facilities.
- Procurement of Safety equipments viz. oxygen meter, DB meter and multi gas detector, to detect any hazardous environment in surroundings before doing any activity.
- Generation of Bio Gas from ETP, for use in Kitchen and other places.
- Tree Plantation at manufacturing locations to reduce the GHG emission. 1st January every year is being observed as Tree Plantation Day.
- Conversion of organic waste as a fuel for Boiler.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board
Sd/-
(DR ANAND BURMAN)
CHAIRMAN

Place: New Delhi
Date: April 30, 2013

Annexure `1`

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,
The Members of Dabur India Limited,
We have examined the compliance of conditions of Corporate Governance by Dabur India Limited, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

We state that all investor grievances were redressed within 30 days of lodgement of grievance and as on 31.03.2013 no investor complaint is pending against the Company as per the records maintained by the Stakeholders Relationship Committee.

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

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

Place: New Delhi
Date : April 30, 2013

S Lahiri
Partner
Membership No. 51717

Annexure '2'

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

1	Name of the Subsidiary	Dabur Nepal Pvt.Ltd.*	Dabur (UK) Ltd.*	H & B Stores Ltd	Dabur International Ltd	Dabur Egypt Ltd*	Asian Consumer Care Pvt. Ltd*	African Consumer Care Ltd*	Asian Consumercare (Pvt) Ltd*	Naturelle LLC*	Dermoviva Skin Essentials Inc*	Hobi Kozmetik Imalat Sanayi Ve Ticaret Anonim Sirketi*	Pazarlama Limited Sirketi*	Namaste Laboratories LLC*	Hair Rejuvenation & Revitalization Nigeria Ltd*	Healing Hair Lab. International LLC*	Urban Lab. International LLC*	Dabur Egypt Trading Ltd*	Namaste Cosmetics Ltda*	Dabur Lanka Pvt Ltd*
2	Holding Company's Interest	-	-	37,91,00,000 Equity Shares of ₹ 1 each fully Paid Up	17,00,000 Equity Shares of Pounds Sterling 1 each fully Paid Up	-	-	-	-	-	5,65,000 Equity Shares of US Dollar 1 each fully paid up	-	-	-	-	-	-	-	-	-
3	Extent of Holding	-	-	100%	100%	-	-	-	-	-	2.21%	-	-	-	-	-	-	-	-	-
4	Subsidiary Financial Year ended on	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13
5	Net aggregate amount of subsidiaries Profit/(Loss) not within the holding company's accounts:																			
(i)	For the financial year of the subsidiaries	-	-	(₹ 8,44,23,330)	₹ 98,60,77,171 AED 6,67,16,994	-	-	-	-	-	₹ 36,67,35,112 USD 67,56,358	-	-	-	-	-	-	-	-	-
(ii)	For the previous financial year of the subsidiaries since they become the holding company's subsidiaries.	-	-	(₹ 11,62,66,582)	₹ 24,18,22,76,322 AED 21,07,23,116	-	-	-	-	-	₹ 16,29,92,337 USD 31,02,701	-	-	-	-	-	-	-	-	-
6	Net aggregate amount of subsidiaries Profit/(Loss) dealt within the holding company's accounts:																			
(i)	For the financial year of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii)	For the previous financial year of the subsidiaries since they become the holding company's subsidiaries.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Subsidiary under section 4(1)(c)

Exchange Rate as on 31.03.2013, 1 AED= ₹ 14.78, 1 US \$ = ₹ 54.28, 1 GBP = ₹ 82.10

For and on behalf of the Board

(Dr. Anand Burman)
Chairman

Annexure '3'

Disclosure regarding Employees Stock Option Plan pursuant to the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and forming part of the Directors' Report for the year ended 31st March, 2013.

		For the Year	Cumulative
1.	Number of Options granted	: 742226	34488655
2.	Pricing formula	: Each option carries the right to the holder to apply for one equity share of the Company at par/discount to market value.	
3.	Options vested	: 834157	11738274
4.	Options exercised	: 834157	11711624
5.	Total number of shares arising as a result of exercise of option	: 834157	12213383
6.	Options lapsed/cancelled	: 721481	5303233
7.	Variation in terms of options	: None	None
8.	Money realized by exercise of options	: ₹ 4,41,182/-	₹ 1,10,84,823/-
9.	Total number of options in force	: 17473798	17473798
10.	Employee-wise details of options granted during the year to:		
	i. Senior managerial personnel	: Mr Lalit Malik	Chief Financial Officer
			21867
	ii. Employees who received the options amounting to 5% or more of options granted during that year	: Mr Mohit Malhotra Dr Sudhir Achar Mr Ashok Jain Mr Arun Gupta	CEO- International Operations VP (R&D) Sr. GM (Fin.) & Co. Secretary Sr. GM Corporate Affairs
			168000 144000 72728 72728
	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 : ₹ 3.37 issuance of options under ESOP		
12.	The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, to account for stock options issued under Dabur ESOS 2000, the Company's stock option scheme. Under this method, compensation expenses is recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option.		
	As allowed by the above referred SEBI Guidelines the company has decided to continue to apply the intrinsic value method of accounting and accordingly the disclosure required as per para 12 (I) of the Guidelines are given herein below:-		
	(₹ in lacs)		
	Net Profit after Tax, as reported in audited accounts		59,098
	Add: Stock Option compensation expenses charged in above reported profit		2,419
	Deduct: Stock option compensation expenses determined under fair value method (black scholes model)		2,710
	Net Profit after Tax, as adjusted		58,807
	Impact on profit (i.e. profit would have been lower by)		291
	Earning per share (₹)	Basic (₹)	Diluted (₹)
	- As reported	3.39	3.37
	- As adjusted	3.37	3.35
	- Impact on EPS	0.02	0.02
13.	Weighted average exercise price (per option)		₹ 50.26
	Weighted average fair value of per option:		
	- (per intrinsic value method)		₹ 110.56
	- (per Black Scholes Model)		₹ 117.88
14.	The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions:-		
	- Risk free interest rate		6.95
	- Expected life		1 to 5 years
	- Expected volatility		28.43
	- Expected Dividend yield		1.16%
	- Price of underlying shares in the market at the time of option grant		₹ 117.12

FORM - A

(See Rule 2)

Form of Disclosure of particulars with respect to Conservation of Energy**A. Power & Fuel Consumption****1 Electricity****(a) Purchased**

Units

Total Amount – (₹)

Rate per Unit – (₹)

(b) Own Generation

i) Through Diesel generator

Units

Unit per Litre of Diesel Oil

Cost per Unit – (₹)

Total Cost – (₹)

ii) Through Steam Turbine / Generator

Units

Unit per Litre of Fuel Oil

Cost per Unit – (₹)

2 Coal (Specify Quality and where used) -

(Bio Briquettes/ Pet Coke/ LPG for steam generation- Boiler)

Quantity (Tonnes)

Total Cost – (₹)

Average Rate per Tonne – (₹)

3 Furnace Oil

Quantity (Tonnes / KL)

Total Cost – (₹)

Average Rate per Tonne – (₹)

4 Others / Internal generation**HSD**

Quantity (Kilo Ltr)

Total Cost – (₹)

Average Rate per Kilo Ltr – (₹)

LDO

Quantity (Kilo Ltr)

Total Cost – (₹)

Average Rate per Kilo Ltr – (₹)

PNG

Quantity (SCM)

Total cost

Average rate per SCM (₹)

	2012-13	2011-12
	35210758.92	36275215.00
	214291722.91	191285572.51
	6.09	5.27
	3239608.21	2914989.02
	3.01	3.02
	12.88	12.60
	41740168.91	36722062.99
	Nil	Nil
	14217.77	11615.01
	90320308.84	75456121.82
	6352.63	6496.43
	498.81	1779.28
	24307182.67	75165963.95
	48730.34	42245.06
	1170.91	864.91
	49043960.84	32928583.28
	41885.34	38071.78
	0.00	117.15
	0.00	6415837.00
	0.00	54766.00
	422785.49	521157.03
	16803296.44	19407933.00
	39.74	37.24

B. Consumption per unit of production

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

FORM - B
(See Rule 2)

Form of Disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT

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

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

Healthcare:

During the year, the Research Centre (DRDC) obtained DSIR recognition and had filed two patents. There were about 6 publications from DRDC this year. 100% API compliance status was achieved for the raw materials. This means now all the herbs used by Dabur (247 herbs) comply with the Ayurvedic Pharmacopoeial standards. In order to standardize the finished products an activity using HPLC (High Performance [Pressure] Liquid Chromatography) and/or HPTLC (High Pressure Thin Layer Chromatography) techniques was initiated and about 30 products have been standardized in 2012-13.

Key areas of R&D were:

(a) Formulations (Classical & OTC):

The division was engaged in developing a number of new products out of which a few were launched. Formulations developed were focused more in the areas of Health Supplement, Digestive Disorder, Liver Disorders, Laxatives, Pain Management, Diabetes, Hyperacidity, Joint Disorders, Urinary Disorders, & Classical Ayurvedic formulations for various other disorders.

(b) Medical Affairs & Clinical Research:

Undertook pre-clinical & clinical studies for safety and efficacy evaluation for NPDs as well as validation of the traditional claims on the existing products. Latest scientific tools like in-vitro studies, cell based assays and in-vivo studies to generate claim support data were applied on both existing and new products. Clinical studies for both regulatory and marketing purposes were also conducted.

(c) Analytical Development:

Analytical Development group carried research and development of quality related analytical methods and developed validation protocols to aid the technology transfer. Lot of work was done in developing raw material specifications, in-process specifications, product specifications, standard operating procedures and standard test procedures.

The team also conducted stability studies, preservative efficacy tests and microbial limit tests.

(d) Bio Resources Development:

Basic and applied R&D concerning sustainable development for medicinal plants was carried out during the year. The focal areas include pharmacognosy, phytochemistry, plant biotechnology molecular biology. In addition, the Company has collaborated with other external partners to carryout the biological activities/ assays. During the year following new R&D projects were initiated:

- Inter-cropping of medicinal plants in Mango-orchards - a feasibility study for 3 years duration.
- In-vitro assessment of potential candidates for use as substitutions for Bark – duration being one year.
- Standardization of protocols for In-vitro multiplication of Piper longum
- Completion of collaborative project on Root Stock Transfer Techniques for Mesua ferrea
- The ongoing study on Brihatpanchamoola has been continued.

Food:

R&D efforts were done to develop new flavours for fruit juices both under the Real and Activ brands. Products such as tender coconut water and kokam drink have been developed to target the ethnic drinks market.

Home Care:

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

Personal Care:

R&D was carried out for enhancing the existing product range and introduction of new products in Hair Care, Hair oils, Skin care and Oral care in Indian and many overseas markets.

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

Healthcare:

(a) Formulations (Classical & OTC):

The Company has been able to launch a number of new products. Variants of Hajmola Candy have been developed.

(b) Medical Affairs & Clinical Research:

The R&D centre conducted required safety studies as well as proof-of-efficacy studies for its products. In general, Ayurvedic products are normally perceived to be safe, yet data was generated on safety and efficacy using reliable scientific procedures, in the larger interest of discerning consumers. Inputs were also provided for the proposed Schedule Z draft guidelines to Department of AYUSH, Government of

India; to help Government of India create scientific regulations for ethical and legal conduct of clinical trials in India.

(c) Analytical Development

- Established and implemented a management system as per ISO:17025.
- Applied for NABL accreditation
- Analytical data of 45 medicinal plants submitted to APC (Ayurvedic Pharmacopoeia Committee) has been accepted for the updation of quality parameters of individual monographs of medicinal plants in API (Ayurvedic Pharmacopoeia of India).
- Upon the advice of Bureau of Indian Standard (BIS), partnered with other industries in developing a quick and efficient method for estimation of dyes in Hair Colourants. This method has been submitted to BIS draft committee for approval.
- TLC fingerprint Atlas developed to ensure quality of raw materials/formulations as well as batch to batch consistency:
 - Medicinal Plants – 100 No.'s
 - Formulations – 50 No.'s
- HPLC method for quantification of marker compound/active ingredient in 50 products compiled in the form of a book.
- Developed monograph of Shilajeet for Ayurvedic Pharmacopoeia of India (API).
- Preservative Efficacy Test (PET) carried out to ensure robustness of the products.
- Anti-Microbial Efficacy Test carried out in 25 formulations of Personal Care Products.
- In-house capability developed for Residual Pesticides & Aflatoxins analysis
- Stability studies carried out/going on for 124 products
- 35 New analytical techniques were developed to make the analysis more reliable and efficient.
- Analytical assay method of 32 products validated as per ICH guidelines (viz. specificity, linearity, method precision, system precision, ruggedness, LOQ, LOD, recovery, robustness & stability of solution)
- 354 New specifications of raw materials, intermediates & finished products prepared
- 41 New Standard Test Procedures (STP's) prepared
- 6 Papers on analytical methodology & standardization published in national/international journals.

(d) Bio Resources Development

- Under the project regarding Inter-cropping of medicinal plants in Mango-orchards, a demo-site was developed at village Rataul (Baghpat).

Orientation programme for farmers has been organized. Basis the project outcome, farming of two species as inter-crops is being promoted in the region.

- The data from the study on Brihatpanchamool has consolidated the hypothesis further. The leads establish the usefulness of young roots of Bilva, Brihat-agimantha and Syonaka- as substitutions for use of Bark.
- As a result of the work on Nagkeshar flower, it has been possible to produce about 2000 saplings of an endangered species. These sapling shall be transplanted in Odisha under OFSDP (Orissa Forestry Sector Development Project) project.

Foods:

Broadly the benefits derived are as follows:

Beverages- In fruit based ethnic drinks a new variant - Kokam Drink has been developed. Activ Tender Coconut Water was launched during the year. As an extension in Fruit Fiber Beverage category, Green Apple and Strawberry Banana has been developed.

Homemade – Ready to cook gravies were developed.

Home care:

In the hard surface cleaners category, two new products were developed in the Toilet Cleaner & Floor Cleaner categories. In Air care segment Odonil Air Freshener Gels were introduced in a new avatar with a user friendly packaging in four different fragrance variants.

Personal Care:

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

- Gulabari Saffron & Turmeric Fairness Cold Cream
- Gulabari Pearl Fairness Moisturiser
- Fem Saffron Fairness Creme Bleach
- Fem Pearl Fairness Crème Bleach
- Fem Turmeric Herbal Fairness Crème Bleach
- OxyLife Crème Bleach
- Fem Antidarkening Hair removal Cream
- Uveda Sunblock SPF 30 Cream
- Fem Gold Home Facial Kit
- Fem Pearl Home Facial Kit
- Fem Soft Handz hand wash
- Fem Botanica Antiageing Cream – Improved

In Oral Care- Babool Salt with improved benefits in Gum Care with a new fresh flavour has been launched. R&D efforts are being focused on other areas within oral care.

3. Future plan of action:

Healthcare:

For Formulations (Classical & OTC) division focus shall be on the development of standardized products in the areas of Health Supplements, Digestives, Immunity Boosters, Pain Management, Constipation, Hypertension, Insomnia and Fiber supplement.

The Medical Affairs & Clinical Research centre has plans to create/update SOP for all the critical functions related to preclinical as well as clinical research. As and when Schedule Z comes, all the forthcoming new products shall be tested in compliance with the forthcoming law.

The Bio Resource Development centre has the following plans:

- Basis the outcome of the work on Brihatpanchamoola project, pilot-scale production of Young roots for 3 species will be started during 2013-14.
- A project shall be initiated to optimize production of flower- Nagkeshar in Dapoli, Dist. Ratnagiri in collaboration of Konkan Krishi Vidyapeeth.
- Agronomic research on a new variant of Pippali shall be initiated.
- A project on sustainable harvesting of bark from two tree species shall be initiated in collaboration with TFRI (Tropical Forest Research Institute), Jabalpur.

Foods:

Future plans in this category are:

More research activities are being put into creating functional beverages so that along with taste, health arena as well is targeted. Extension of fruit juices in other fruit related categories is also being explored.

Other options of culinary paste like ready to cook gravies/ mix like Indian, continental, oriental etc. which will make cooking even more simpler and easy is being created.

Home Care:

Newer formats of repellents are being developed. In air freshener's, the focus is to enchant the consumers with new variants, freshness and user friendly systems.

Personal Care:

New technologies and products will continue to be focused in all the major categories of personal care.

4. Expenditure on R&D (2012-13)

(a) Capital	₹ 197 lacs
(b) Recurring	₹ 219 lacs
Total	₹ 416 lacs
(c) Total R&D expenditure as a percentage of Total Turnover	0.095%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

Continuing our efforts towards technology upgradation

following machines/ processes were installed during the year:

- Tilting Kettles for pishti frying.
- Auto sleeving machine for Chyawanprash & Vatika Hair oil manufacturing.
- Plugging Machine for Vatika Hair oil manufacturing.
- Un-scrambler for Hair Oil.
- Automatic blow-down with heat recovery system
- Dust Extraction and Collection Technology taken from ESTA, Germany and installed.
- Tablet Conveying system installed for Hajmola Sachet filling machine.
- Usage of Bio Gas generated through Effluent Treatment Plant replacing PNG.
- Automation of Sleeving, Capping, New Ribbon Blender installed in Lal Dant Manjan section.
- Automatic Foil Cutting & Sealing In Anmol manufacturing.
- Automatic CBB coding & Sealing Machine.
- Incorporation of imported Rotary Labelling machine in Honey section.

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

- Savings of ₹ 34.26 Lac in Sahibabad unit.
- Cost reduction through increased productivity & Product improvement in Pantnagar.
- Manufacturing and packaging capacity enhancement, power cost reduction and manpower cost reduction in Pithampur.
- Improvement in quality & reduction in wastages in Narendrapur.

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

(a) Technology imported

Semi automatic Tablet Counting & Filling Machine
Labeling and cartooning machines Tetrapak straw applicator

(b) Year of import

2007-08

(c) Has technology been fully absorbed

Yes

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

N/A

To the Members of Dabur India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Dabur India Limited ("the Company"), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) In the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report 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 as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- (e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **G.Basu & Co.**

Chartered Accountants

Firm's registration number: 301174E

Anil Kumar

Partner

Place: New Delhi
Date: April 30, 2013

Membership number: 9390

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

1. (a) 'The Company' has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals. As informed, no material discrepancies between book records and the physical inventories have been noticed on such verification.
- (c) Fixed assets disposed of during the year were not material enough to affect the going concern identity of the company.
2. (a) The inventories have been physically verified at reasonable intervals during the year by the management.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that 'the company' is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
3. 'The company' has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of 'the company' and the nature of its business for purchase of inventory and fixed assets and on the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the company to correct major weakness in internal control system.

5. (a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which appear reasonable as per information available with 'the company'.
6. 'The Company' has not accepted any deposits from the public.
7. In our opinion 'the company' has an internal audit system commensurate with its size and nature of its business.
8. On the basis of records produced we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of products of 'the company' covered under the rules under said section have been maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
9. (a) According to information and explanations given to us, 'the company' is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.
- (b) There is no disputed due on account of wealth tax, and cess. Dues on account of Sales Tax/ Income Tax/ Excise Duty /Service tax disputed by the company and not being paid, vis-à-vis forums where such disputes are pending are mentioned below:-
12. debenture holder.
12. 'The company' has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, 'the Company' is not a Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society. Accordingly, paragraph 4 (xiii) of the order is not applicable.
14. Based on our examination of the records and evaluations of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts relating to shares, securities, debentures and other investments dealt in by 'the company' and timely entries have been made in the records. We also report that 'the company' has held the shares, securities, debentures and other investments in its own name except for those pending transfer in Company's name.
15. 'The company' has given guarantees for loans taken by others from banks or financial institutions. The terms and conditions thereof are not prima facie prejudicial to the interest of the company.
16. The term loans taken by 'the company' has been applied for the purpose for which they were raised.
17. No short term fund has been applied for long term purpose.
18. 'The company' has made preferential allotment of shares under their ESOP Scheme to the parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. The price at which these shares were issued is not prima-facie prejudicial to the interest of the company.
19. 'The Company' has not issued any secured debentures during the year.
20. 'The Company' has not raised any fund through public issue during the year
21. Based on information and explanations furnished by the management, which have been relied Upon by us, there were no frauds on or by 'the company' noticed or reported during the year.

Name of the Statute	Nature of dues	Period	Amount (₹ in Lacs)	Forum where Pending
Sales Tax and VAT Laws	Central Sales Tax Act, Local Sales Tax Act, Value Added Tax, Entry Tax	1999-00 to 2010-11	522.74	DC, AC, DETC, REV, Board, A, A, DETC (Commissioner's Level
		1997-98 to 1999-00, 2001-02 to 2003-04, 2005-06 to 2006-07, 2008-09 to 2009-10	300.06	Appellate Tribunal
		1990-91 to 1998-99, 2006-07 to 2010-11	465.68	High Court
Income Tax Act, 1961	Income Tax	2006-07 & 2010-11	12.29	Assessing Officer
		1996-97 to 2002-03, 2008-09	9.16	Commissioner (Appeal)
Central Excise Act, 1944	Excise Duty	1993 to 2001, 1996 & 1998	517.84	Dy. Commissioner
		1994-2008	181.93	Commissioner (Appeal)
		1994-2011	9758.92	Tribunal
Service tax (Finance Act 1994)	Service Tax	2005	0.28	Commissioner (Appeal)
		2001-2008	199.80	Tribunal

10. 'The Company' does not have accumulated losses at the end of the financial year. 'The Company' has not incurred cash losses in the financial year and in the immediately preceding financial year.

11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that 'the Company' has not defaulted in repayment of dues to any financial institution, bank or

Place: New Delhi
Date: April 30, 2013

For **G.Basu & Co.**
Chartered Accountants
Firm's registration number: 301174E

Anil Kumar
Partner
Membership number: 9390

(All amounts in ₹ Lacs, except share data)

Sl. No.	Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I	EQUITY AND LIABILITIES			
	1. Share holders' Funds			
	(a) Share Capital	3	17,429	17,421
	(b) Reserves and Surplus	4	1,42,049	1,12,906
	2. Non-current Liabilities			
	(a) Long Term borrowings	5	84	114
	(b) Deferred Tax Liabilities (Net)	6	3,418	2,711
	(c) Long-term provisions	7	3,965	4,049
	3. Current Liabilities			
	(a) Short-term borrowings	8	24,074	27,213
	(b) Trade payables	9	60,414	52,228
	(c) Other current liabilities	10	13,364	12,240
	(d) Short-term provisions	11	17,992	16,271
	Total		2,82,789	2,45,153
II	ASSETS			
	1. Non-current Assets			
	(a) Fixed Assets			
	(i) Tangible assets	12	60,371	57,819
	(ii) Intangible assets		1,287	714
	(iii) Capital work-in-progress		1,707	1,158
	(b) Non-current investments	13	23,497	15,948
	(c) Long-term loans and advances	14	870	1,857
	(d) Other non-current assets	15	21,318	8,384
	2. Current Assets			
	(a) Current investments	16	49,444	39,324
	(b) Inventories	17	49,974	52,857
	(c) Trade receivables	18	25,532	22,417
	(d) Cash and cash equivalents	19	31,940	26,129
	(e) Short-term loans and advances	20	11,653	15,325
	(f) Other current assets	21	5,196	3,221
	Total		2,82,789	2,45,153
	Summary of significant accounting policies	2		
	Contingent Liabilities, capital and other commitments	22, 23		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants

Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED****DR ANAND BURMAN**

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2013

13 | 14 | 15 | 16 | 17 | 18

(All amounts in ₹ Lacs, except share data)

Sl. No.	Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I	Revenue from operations	26	4,34,939	3,75,754
II	Other Income	27	8,689	5,514
III	Total Revenue (I + II)		4,43,628	3,81,268
IV	Expenses			
	Cost of materials consumed	28	1,65,805	1,48,370
	Purchase of stock in trade	29	63,029	60,294
	Changes in inventories of FG, WIP & stock-in-trade	30		
	Finished Goods		1,281	(1,878)
	Work in Progress		226	(3,191)
	Stock in trade		1,076	(864)
	Employee benefits expenses	31	28,124	24,337
	Finance costs	32	1,840	1,410
	Depreciation and Amortisation expenses	33	7,324	6,588
	Other Expenses	34	99,956	83,010
	Total Expense		3,68,661	3,18,076
V	Profit before exceptional and extraordinary items and tax (III - IV)		74,967	63,192
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		74,967	63,192
VIII	Extraordinary Items		-	(4,489)
IX	Profit before tax (VII - VIII)		74,967	58,703
X	Tax expense			
	1. Current tax		15,059	11,445
	2. Deferred tax		707	934
	3. Earlier year tax		103	-
XI	Profit/(Loss) for the year from continuing operations (IX - X)		59,098	46,324
XII	Earnings per equity share in ₹ (before Extraordinary items)			
	(1) Basic		3.39	2.92
	(2) Diluted		3.37	2.90
XIII	Earnings per equity share in ₹ (after Extraordinary items)			
	(1) Basic		3.39	2.66
	(2) Diluted		3.37	2.64
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants

Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED**

DR ANAND BURMAN

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

(All amounts in ₹ Lacs, except share data)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	74,967	63,192
Add:		
Depreciation	4,904	3,873
Loss on Sale of Fixed Assets	43	37
Fixed Assets Discarded	34	50
Miscellaneous Exp. Written Off	2,419	2,958
Provision for Contingent Liability	54	109
Interest	1,239	1,410
Unrealised Loss/(Gain) on Financial Instruments under AS-30	(528)	(65)
Unrealised Loss/(Gain) in Foreign Exchange	420	89
	8,585	8,461
	83,552	71,653
Less:		
Interest Received	6,986	4,513
Profit on Sale of Investment	956	719
Profit on Sale of Assets	11	65
	7,953	5,297
Operating Profit Before Working Capital Changes	75,599	66,356
Working Capital Changes		
(Increase)/Decrease in Inventories	2,883	(6,799)
(Increase)/Decrease in Trade & other Receivables	(2,088)	(5,173)
Increase/(Decrease) in Trade Payable and other Payables	8,676	9,546
(Increase)/Decrease in Working Capital	9,471	(2,426)
Cash Generated from Operating Activities	85,070	63,930
Tax Paid	14,816	11,918
Cash Used(-)/(+) Generated from Operating Activities (A)	70,254	52,012
B. Cash Flow from Investing Activities		
Acquisition of Fixed Assets	(8,540)	(14,239)
Sales of Fixed Assets	539	245
Purchases of Investment	(4,60,718)	(3,37,501)
Interest Received	4,945	3,671
Proceed of Sale of Investments	4,33,008	3,27,566
Payment (-)/Proceeds(+) from Loan to Subsidiaries	(900)	(1,600)
Cash Used(-)/(+) Generated in Investing Activities(B)	(31,666)	(21,858)
C. Cash Flow from Financing Activities		
Proceeds from Share Capital & Premium	4	7
Repayment(-)/Proceeds(+) of Long Term Secured Liabilities	(46)	(585)
Repayment(-)/Proceeds(+) from Short Term Loans	335	991
Repayment(-)/Proceeds(+) from Other Unsecured Loans	(3,475)	1,981
Payment of Dividend	(24,343)	(20,859)
Corporate Tax on Dividend	(3,958)	(3,390)
Interest Paid	(1,294)	(1,411)
Cash Used(-)/(+) Generated in Financing Activities (C)	(32,777)	(23,266)
Net Increase(+)/Decrease(-) in Cash and Cash Equivalents (A+B+C)	5,811	6,888
Cash and Cash Equivalents Opening Balance	26,129	19,241
Cash and Cash Equivalents Closing Balance	31,940	26,129
Cash and Cash Equivalents (Year end)	31,940	26,128
Balance with banks without restatements	31,518	25,861
Unrealised Gain/(Loss) on Foreign Currency	280	237
Cheques / drafts in hand	103	2
Cash-in-hand	39	29

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants

Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED****DR ANAND BURMAN**

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

(All amounts in ₹ lacs, except share data)

1. COMPANY INFORMATION

Dabur India Limited (the 'Company') is a domestic public limited company and is listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The company is one of the leading FMCG players dealing in consumer care and food products. The Company has manufacturing facilities across the length & breadth of the country and Research and Development center in U.P. (Sahibabad), selling arrangements being primarily in India through independent distributors except for institutional sales which are handled directly by the company.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis for preparation of accounts**

The accounts have been prepared in accordance with the historical cost convention (except for specifically excluded treatment of accounts referred to in Note no.50) under accrual basis of accounting as per Indian GAAP. Accounts and Disclosures thereon comply with the Accounting Standards specified in Companies (Accounting Standard) Rules, other pronouncement of ICAI, provisions of the Companies Act, 1956 and guidelines issued by SEBI as applicable.

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

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

2.2 Recognition of Income and Expenses

- Sales and purchases are accounted for on the basis of passing of title to the goods.
- Sales comprise of sale price of goods including excise duty but exclude trade discount and Sales tax/Vat.
- Income/loss from future trading of commodities, forming part of inputs, is recognized at the closing point of the contract. For open contracts loss, if any, accrues on balance sheet date is recognized. However profit, if any, accruing on open contracts on balance sheet date is ignored.
- All the other incomes have been accounted for on accrual basis except for those income stipulated for recognition on realization basis on the ground of uncertainty under AS-9 or income or expenses referred to in appropriate paragraphs of Note 2.5.

2.3 Fixed Assets

- Fixed assets are stated at carrying amount i.e. cost less accumulated depreciation.
- Cost includes freight, duties, taxes and other expenses incidental to acquisition and installation.
- Depreciation on Fixed Assets has been provided on straight line method at rates specified in Schedule XIV of the Companies Act, 1956 and as per the useful lives of the assets estimated by the management when useful life of the assets is deemed less except for part of 5/1 Unit Sahibabad, Alwar unit and Narenderpur unit and for Motor Vehicles where depreciation has been provided for on written down value methods at the rates specified in the aforesaid Schedule.
- Fixed Assets purchased for less than ₹ 0.05 have been depreciated at the rate of 100%.
- Patents and trademarks are being amortized over the period of ten years on straight line basis.
- Softwares are being amortized over the period of five years on straight line basis.
- For New Projects, all direct expenses and direct overheads (excluding services provided by employees in company's regular payroll) are capitalized.
- Capital Subsidy received against fixed capital outlay is deducted from gross value of individual fixed assets, forming part of subsidy scheme granted, by way of proportionate allocation of subsidy amount thereon. Depreciation is charged on net fixed assets after deduction of subsidy amount.
- During sale of fixed assets, any profit earned towards excess of sale value over gross block of assets (i.e. balancing charge) is transferred from profit & loss account to capital reserve.

2.4 Impairment/discarding of Assets

- The company identifies impairable fixed assets based on cash generating unit concept for tangible fixed assets and asset specific concept for intangible fixed assets at the year-end in term of clause 5 to 13 of AS-28 and clause 83 of AS-26 respectively for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, is charged against revenue of the year.
- Apart from test of impairment within the meaning of AS-28, individual tangible fixed assets of various CGU's are identified for writing down/discarding on the ground of obsolescence, damage, redundancy & unusability at the year end.

- (c) Further the company has assessed recoverable value of each cash generating units (CGUs) and each intangible asset based on value-in-use method. Such assessment indicated the value in use of corresponding assets higher than corresponding carrying cost of assets thereby ruling out the cause of further arriving at their net-selling-price and exigency of provision against impairment loss.
- (d) CGUs include Narendraapur plant, Sahibabad plant, each of plants situated at Nashik, Baddi, Jammu, Rudrapur, Silvassa, Pitampur, Kanpur, Alwar, Newai and Jalpaiguri.
- (e) Annual discount rate considered for arriving at value-in-use of assets of each CGU is 7.50% i.e. the average interest rate of external borrowing plus risk factor @ 2.00 % per annum.

2.5 Financial Assets & Liabilities

(a) Financial assets held for trading

These assets relate to equity instruments, mutual funds held for short term which is carried at fair value. The difference of cost and fair value is accounted for as loss or income, as the case may be, in profit & loss account.

(b) Financial assets available for sale

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

(c) Other financial assets/liabilities – Loans, Receivables, Payables

These include all remaining items of assets and liabilities, (excluding equity, fixed (tangible & intangible) assets, inventories and specific exemptions referred to in paragraphs to follow), being carried at amortized cost. The difference between unamortized value and amortized value is accounted for as a loss or income, as the case may be, in profit & loss account.

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

(d) Financial Instruments

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

Financial Instruments are held at fair value and the profit or loss arising on year closing date on account of difference between contract rate and exchange rate (the latter being the fair value) on open contracts relevant to maturity

date is recognized as profit or loss of the year appearing under broad head of "Finance Cost".

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

2.6 Investments in Subsidiaries, Joint Ventures and Associates

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

No profit or losses of subsidiaries are accounted for.

2.7 Research and Development Expenses

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

2.8 Inventories

Inventories are valued at the lower of cost or net realizable value. Basis of determination of cost remains as follows:

- (a) Raw material, Packing Material, Stores & Spares: Moving weighted Average basis
- (b) Work-in-progress : Cost of Input plus overhead upto the stage of completion
- (c) Finished Goods : Cost of input plus appropriate overhead

2.9 Deferred Entitlement on Leave Travel Concession

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

2.10 Retirement Benefits

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

(a) Defined Benefit Plans

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

- iii) Gratuity Liability on the basis of actuarial valuation as per AS-15 (revised)

(b) Defined Contribution Plans

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

(c) Voluntary Retirement Scheme, if paid, is charged to revenue in the year of payment.

2.11 Income Tax and Deferred Tax

The liability of company on account of income tax is estimated considering the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

2.12 Contingent Liabilities

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

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

2.13 Foreign Currency Translation

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

2.14 Employee Stock Option Purchase (ESOP)

Aggregate of quantum of option granted under the scheme in monetary term (net of consideration of issue to be paid in cash) in terms of intrinsic value has been shown as Employees Stock Option Scheme outstanding in Reserve and Surplus head of the Balance Sheet with corresponding debit in deferred Employee Compensation under ESOP appearing

as Miscellaneous Expenditure under broad head of Non-current Assets as per guidelines to the effect issued by SEBI.

- (a) With the exercise of option and consequent issue of equity share, corresponding ESOP outstanding is transferred to share premium account.
- (b) Employees' contribution for the nominal value of share in respect to option granted to employees of subsidiary company is being reimbursed by subsidiary companies to holding company.
- (c) Entitlement of option rises proportionately with the issuance of bonus. Nominal value of shares against enhanced options is financed by the company at the point of exercise of such option by employees against utilization of general reserve/security premium.

2.15 Mergers/Amalgamation

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

2.16 Segment Reporting

The Company identifies primary segments based on the pre-dominant sources of risk effects and returns depending on organization and of the management and internal financial reporting system. The operating segments are the segments for which separate financial information are available and operating profit/loss there from are evaluated regularly by the management for allocation of resources and assessment of performance.

Revenue, expenses assets and liabilities which relate to the company as a whole which are not allocable to segments on direct and/or reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.17 Earnings per Share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.18 Miscellaneous Expenditure

- (a) Deferred Employees Compensation under ESOP is amortized on straight line basis over vesting period.
- (b) Share issue expenses and research fee paid in connection with technical collaborations are charged to revenue in the year of occurrence.

3. SHARE CAPITAL

	As at March 31, 2013	As at March 31, 2012
Authorized 2070000000 [March 31, 2012 : 2000000000] equity shares of ₹ 1 each	20,700	20,000
Issued, Subscribed and fully paid up 1742935011 [March 31, 2012 : 1742100854] equity shares of ₹ 1 each	17,429	17,421

(a) Reconciliation of the number of shares

Equity Shares:	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	1742100854	17,421	1740723798	17,407
Add: Shares issued under ESOP scheme during the year	834157	8	1377056	14
Balance as at the end of the year	1742935011	17,429	1742100854	17,421

(b) Rights, preference and restrictions attached to Equity Shares

- The Company has one class of equity shares having a par value of ₹1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.
- Shares of the company are ordinarily transferable provided:
 - Instrument of transfer is in form prescribed under the Act & duly stamped and executed by/on behalf of transferor and transferee.
 - Transferee consenting or replying affirmatively within specified period of his/her receipt of notice under section 110(2) of Companies Act, 1956 issued by the company in respect of application of transfer of registration of shares made by the transferor.
 - Transferee is not of unsound mind.
 - Company does not have any lien on shares under application of transfer.

(c) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the company

	As at March 31, 2013	As at March 31, 2012
Equity shares of ₹1 held by:		
Chowdry Associates	217934000	217934000
VIC Enterprises Private Limited	217734000	217734000
Gyan Enterprises Private Limited	202237980	202237980
Puran Associates Private Limited	189212000	189212000
Ratna Commercial Enterprises Private Limited	154960930	154960930
Milky Investment and Trading Company	106140970	106140970

(d) Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the reporting date

Number of equity shares issued under merger/amalgamation	1384620	1384620
Number of equity shares issued under ESOP scheme*	1113100	733925
* Part of consideration money not paid in cash		

(e) Shares allotted as fully paid up bonus shares during the period of five years immediately preceding the reporting date

Number of equity shares issued in last 5 years as fully paid up bonus shares	870361899	870361899
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(f) Shares reserved for issue under options

Number of equity shares reserved for issue under options contracts / commitment for sale for shares	17473798	18287210
Term therein: Options granted to an employee is subject to cancellation under circumstances of his cessation of employment with the company on or before vesting date.		

NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 14 15 16 17 18

4. RESERVES AND SURPLUS

	Details	As at March 31, 2013	Details	As at March 31, 2012
Capital Reserve:				
Opening Balance	2,692		2,678	
Add: Addition during the year	0	2,692	14	2,692
Securities Premium Reserve:				
Opening Balance	2,293		1,074	
Add: Addition during the year	728	3,021	1,219	2,293
Investment Revaluation Reserve:				
Opening Balance	78			
Addition during the year	371	449	78	78
ESOP Outstanding:				
Opening Balance	10,509		11,681	
Add: Addition during the year	595		928	
	11,104		12,609	
Less: depletion during the year	411		881	
Less: allotted during the year	728	9,965	1219	10,509
General Reserve:				
Opening Balance	10,923		5,854	
Add: Transitional adjustment towards financial assets & liabilities under AS-30 (net off deferred tax nil, PY ₹ 37)	0		76	
	10,923		5,930	
Add: Transferred from surplus	6,000		5,000	
	16,923		10,930	
Less: Transferred to surplus	4	16,919	7	10,923
Surplus / (deficit):				
Opening Balance	86,411		71,422	
Add: Profit/(Loss) for the year	59,098		46,324	
Transferred from general reserve	4		7	
Total	1,45,512		1,17,753	
Less: Bonus shares	4		7	
Transferred to General Reserve	6,000		5,000	
Transferred to Capital Reserve	0		14	
Interim Dividend	11,329		9,581	
Proposed Final Dividend	14,815		13,066	
Final Dividend for earlier years	0		0	
Corporate Tax on Final Dividend	2,518		2,120	
Corporate Tax on Interim Dividend	1,838		1,554	
Dividend adjustments of earlier years	5		0	
Dividend tax adjustment of earlier years	1	1,09,002	0	86,411
Total		1,42,049		1,12,906

5. LONG TERM BORROWINGS

Nature of Borrowing	Period	Total	Unsecured
Deferred Sales Tax Liabilities	As at 31 st March'2013	84	84
	As at 31 st March'2012	114	114
Total	As at 31 st March'2013	84	84
	As at 31 st March'2012	114	114

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

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

3. **Payback of Deferred Sales Tax liabilities :-**

Principal Undiscounted Value of this interest free loan amounting to ₹ 162 is repayable in next 9 years, aggregate of payments in next consecutive nine years being ₹ 46, 37, 26, 14, 13, 11, 8, 5 & 2.

6. DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability :		
Depreciation	5,599	5,067
Restatement of Financial Assets/Liabilities	190	37
Less: Deferred Tax Assets :		
Provision for Disputed Liabilities	92	75
Provision for Service Benefits	1,256	1,511
Provision for Doubtful Advances	28	28
Provision for Doubtful Debts	412	404
Unrealized loss on Financial Instruments	18	18
Others	565	357
	2,371	2,393
Net Deferred Tax Liability	3,418	2,711
(Decrease)/Accretion in Deferred Tax Liability	707	971
Charged to Opening general reserve against transitional provision under AS-30	-	37
Deferred Tax Liability provided during year	707	934

7. LONG TERM PROVISIONS

For diminution in value of long term investments	27	27
For Retirement Benefits of Directors'	3,928	4,012
For Taxation (net of advance tax ₹ 11930, PY: ₹11930)	10	10
	3,965	4,049

8. SHORT TERM BORROWINGS

Sl. No.	Nature of Borrowings		Total	Secured	Unsecured
i)	Cash credits from Bank	As at 31 st March'2013	2,247	2,247	0
		As at 31 st March'2012	1,912	1,912	0
ii)	Other short term loan from Banks	As at 31 st March'2013	0	0	0
		As at 31 st March'2012	15,000	0	15,000
iii)	Packing credit loan from Banks	As at 31 st March'2013	16,827	0	16,827
		As at 31 st March'2012	10,301	0	10,301
iv)	Commercial Papers	As at 31 st March'2013	5,000	0	5,000
		As at 31 st March'2012	0	0	0
Total		As at 31 st March'2013	24,074	2,247	21,827
		As at 31 st March'2012	27,213	1,912	25,301

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

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

3. Cash Credits are secured by hypothecation of inventories and book debts among bankers in consortium eg. Punjab National Bank, Standard Chartered Bank Ltd, Hongkong & Shanghai Banking Corporation Ltd., Royal Bank of Scotland, IDBI Bank Ltd., Citi Bank NA and HDFC Bank Ltd.

9. TRADE PAYABLES

	As at March 31, 2013	As at March 31, 2012
Creditors for Goods and Services	52,422	45,786
Acceptances	7,992	6,442
Total	60,414	52,228

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TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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10. OTHER CURRENT LIABILITIES

	As at March 31, 2013	As at March 31, 2012
Component of term loan repayable within a year	46	389
Unpaid dividends	459	401
Security Deposits	433	454
Creditors for capital goods	892	1,359
Advances from Customers	1,187	1,088
Statutory Liabilities	4,927	3,623
Other Payables	5,420	4,926
Total	13,364	12,240

11. SHORT TERM PROVISIONS

For Leave Encashment	0	137
For Gratuity Payable	131	471
For Post Separation benefit of Directors'	35	38
Provision for Taxation (Net of advance ₹ 822, PY: ₹ 822)	208	208
For Liability Disputed	285	231
Proposed Dividend	14,815	13,066
For Dividend Tax	2,518	2,120
Total	17,992	16,271

12. FIXED ASSETS

Sl. No.	Particulars of Assets	Gross Cost / Value as on 01.04.12	Gross Block				Sale / adjustment during this year	Gross Balance as on 31.03.13	Total as on 01.04.12	for the year	Depreciation / Amortisation			Total as on 31.03.13	Net Block	
			Acquisition	Business Combination	Other Adjustment	Sub Total					Impairment Loss	Reversal of Impairment Loss	Sale / Adjustment during this year		W.D.V as on 31.03.13	W.D.V as on 31.03.12
i)	Tangible Assets															
	Land: Leasehold	970	5	–	–	5	–	975	105	10	–	–	–	115	860	865
	Land: Freehold	3,697	–	–	–	–	–	3,697	–	–	–	–	–	–	3,697	3,697
	Building	32,345	1,062	–	37	1,099	4	33,440	6,490	895	–	–	3	7,382	26,058	25,855
	Plant & Equipment	40,305	4,768	–	564	5,332	443	45,194	15,754	2,990	–	–	337	18,407	26,787	24,551
	Furniture & Fixtures	3,446	557	–	40	597	60	3,983	2,287	288	–	–	46	2,529	1,454	1,159
	Vehicles	1,382	83	–	–	83	94	1,371	661	191	–	–	53	799	572	721
	Office Equipment	3,609	218	–	–	218	4	3,823	2,638	245	–	–	3	2,880	943	971
	Other (specify)	0	–	–	–	–	–	0	–	–	–	–	–	–	0	0
	Total	85,754	6,693	–	641	7,334	605	92,483	27,935	4,619	–	–	442	32,112	60,371	57,819
ii)	Intangible Assets															
	Goodwill	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Brands/ Trademarks	1,279	15	–	–	15	–	1,294	934	88	–	–	–	1,022	272	345
	Computer Software	1,290	844	–	–	844	–	2,134	921	198	–	–	–	1,119	1,015	369
	Total	2,569	859	–	–	859	–	3,428	1,855	286	–	–	–	2,141	1,287	714
iii)	Capital Work-in-progress	1,158	1,190	–	–	1,190	641	1,707	–	–	–	–	–	–	1,707	1,158
	Grand Total (i+ii+iii)	89,481	8,742	–	641	9,383	1,246	97,618	29,790	4,905	–	–	442	34,253	63,365	59,691
	Previous Year	77,125	13,638	–	–	13,638	1,282	89,481	26,932	3,873	–	–	1,015	29,790	59,691	50,193

Note: Leasehold Land relates to:

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

13. NON CURRENT INVESTMENTS

	As at March 31, 2013	As at March 31, 2012
I) Trade Investment (unquoted)		
Investment in fully paid equity Instruments		
A Forum I Aviation Ltd. (Joint Venture) (CY: 4550000 shares, PY: 4550000 shares of face value of ₹ 10 each)	456	456
B Sanat Products Ltd. (CY: 50000 shares, PY: 50000 shares of face value of ₹ 100 each)	105	105
C Dabon International Ltd. (Joint Venture) (CY: 270000 shares, PY: 270000 shares of face value of ₹ 10 each)	27	27
D Shivalik Solid Waste Management Ltd. (CY: 18000 shares, PY: 18000 shares of face value of ₹ 10 each)	2	2
II) Investment in subsidiaries in fully paid equity instruments (unquoted)		
A Dabur International Ltd. (CY: 1700000 share, PY: 1700000 shares of face value of 1 PSTG each)	5,949	5,949
B H & B Stores Ltd. (CY: 379100000 shares, PY: 36100000 shares of face value of ₹ 1 each)	3,791	361
C Dermoviva Skin Essentials Inc (CY: 565000 shares, PY: 565000 shares of face value of USD 1 each)	254	254
III) Other than trade		
(a) Investment in Government or Trust Shares / Securities (unquoted)		
A National Saving Certificates	2	2
(b) Investment in Bonds (quoted)		
A Power Finance Corporation (CY: 293729 units, PY: 293729 units of face value of ₹ 1000 each)	3,079	2,957
B Rural Electrification Corporation (CY: 383719 units, PY: 383719 units of face value of ₹ 1000 each)	4,013	3,855
C NHAI Bonds (CY: 37086 units, PY: 37086 units of face value of ₹ 1000 each)	395	381
D Indian Railway Finance Corporation (CY: 108753 units, PY: 108753 units of face value of ₹ 1000 each)	1,676	1,599
(c) Investment in non-convertible debentures (unquoted)		
A NCD of Shriram Transport Finance Co. (CY : 23126 units of face value of ₹ 1000 each, PY: Nil)	232	0
B NCD of Fullerton India Credit Co. Ltd. (CY: 100 units of face value of ₹ 10,00,000 each, PY: Nil)	1,016	0
C NCD of Shriram Transport Finance Co. (CY: 250 units of face value of ₹ 10,00,000 each, PY: Nil)	2,500	0
Total	23,497	15,948
Note: 1. (a) Aggregate cost of quoted investments	8,714	8,714
(b) Aggregate market value of quoted - investments	9,163	8,792
(c) Aggregate amount of unquoted investments	14,332	7,154
2. Provision for diminution in carrying amount of non-current-investment (forming part of long term provision)	27	27
3. Investment in H & B stores Ltd. (wholly owned domestic subsidiary) made during the year for ₹ 3430 (previous year nil) relates to conversion of loan into equity at par without consideration amount being paid in cash.		

14. LONG TERM LOANS & ADVANCES

Capital Advances	Considered good	712	1,354
Advance Payment of Tax (Net of provision of ₹ 27273, PY : ₹ 20305)	Considered good	158	503
Total		870	1,857

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15. OTHER NON CURRENT ASSETS

	As at March 31, 2013	As at March 31, 2012
Deferred Employee compensation ESOP (Read with Note 56)	2,917	5,383
Bank Deposit maturing after 12 months	18,401	3,001
Total	21,318	8,384

16. CURRENT INVESTMENTS

A Other than trade (Quoted)		
I) Investment in non convertible debentures		
(A) RHC Holding Ltd. of the face value of Nil lacs (PY: Face value of ₹ 2,500 lacs)	0	2,500
(B) Reliance Capital Limited of the face value of Nil lacs (PY: Face value of ₹ 1,000 lacs)	0	1,000
II) Investment in Mutual funds		
(A) Taurus Mutual Fund (CY: 53,196 units PY: 1,99,031 units of face value of ₹ 1000 each)	1,079	2,301
(B) L&T Mutual Fund (CY: 0 units PY: 20,00,000 units of face value of ₹ 10 each)	0	204
(C) JP Morgan Mutual Fund (CY: 41,15,329 units PY: 0 units of face value of ₹ 10 each)	527	0
(D) Principal Mutual Fund (CY: 0 units PY: 2,41,915 units of face value of ₹ 1000 each)	0	4,036
(E) Reliance Mutual Fund (CY: 1,23,30,678 units PY: 2,00,00,000 units of face value of ₹ 10 each)	2,287	2,319
(F) HDFC Mutual Fund (CY: 19,10,234 units PY: 12,90,939 units of face value of ₹ 10 each)	515	289
(G) Bank of Baroda Investments (CY: 1,06,185 units PY: 2,50,777 units of face value of ₹ 1000 each)	1,426	3,081
(H) Peerless Mutual Fund (CY: 2,39,15,001 units PY: 0 units of face value of ₹ 10 each)	3,095	0
(I) AIG - Pine Bridge (CY: 35,631 units PY: 0 units of face value of ₹ 1000 each)	507	0
(J) DWS Mutual Fund (CY: 2,10,27,062 units PY: 0 units of face value of ₹ 10 each)	3,078	0
(K) IDFC (SCB) Mutual Fund (CY: 1,11,32,550 units PY: 0 units of face value of ₹ 10 each)	2,090	0
(L) UTI Mutual Fund (CY: 41,23,925 units PY: 0 units of face value of ₹ 10 each)	527	0
(M) DSP BlackRock Mutual Fund (CY: 112186 units PY: 0 units of face value of ₹ 1000 each) (CY: 1605464 units PY: 0 units of face value of ₹ 10 each)	2,149	0
(N) ICICI Prudential Mutual Fund (CY: 46,18,938 units PY: 0 units of face value of ₹ 10 each)	1,042	0
(O) Kotak Mutual Fund (CY: 37,17,805 units PY: 0 units of face value of ₹ 10 each)	1,510	0
(P) SBI Mutual Fund (CY: 34,68,946 units PY: 0 units of face value of ₹ 10 each)	511	0

	As at March 31, 2013	As at March 31, 2012
B Other than trade (unquoted)		
I) Certificate of Deposits		
(A) Punjab & Sind Bank Limited of the face value of Nil lacs (PY: Face value of ₹ 6,000 lacs)	0	5,689
II) Commercial Papers		
(A) JM Financial Products Limited of the face value of Nil lacs (PY: Face value of ₹ 6,000 lacs)	0	5,651
(B) Reliance Capital Limited of the face value of ₹ 10,000 lacs (PY: Face value of ₹ 5,000 lacs)	9,264	4,721
(C) Religare Finvest Ltd. of the face value of Nil lacs (PY: Face value of ₹ 8,000 lacs)	0	7,533
(D) Morgan Stanley India of the face value of ₹ 10,000 lacs (PY: Nil)	9,198	0
(E) Kotak Mahindra Prime Ltd. of the face value of ₹ 4,000 lacs (PY: Nil)	3,640	0
(F) Reliance Home Finance Ltd. of the face value of ₹ 2,500 lacs (PY: Nil)	2,340	0
(G) Fullerton India Credit Co. Ltd. of the face value of ₹ 4,000 lacs (PY: Nil)	3,704	0
(H) First Blue Home Finance Ltd. of the face value of ₹ 1,000 lacs (PY: Nil)	955	0
Total	49,444	39,324
Note: (a) Aggregate cost of quoted investments	19,742	12,165
(b) Aggregate market value of quoted investments	20,343	15,730
(c) Aggregate amount of unquoted investments	29,101	23,594

17. INVENTORIES

Raw Materials (including packing materials)	21,967	22,274
Work-in-Progress	9,400	9,626
Finished goods	15,312	16,593
Stock-in-trade	3,244	4,320
Store & spares	51	44
Total	49,974	52,857
Note : Finished goods includes transit stock	526	862

18. TRADE RECEIVABLES

	Details	Details
Unsecured:		
Debts outstanding for a period exceeding six months from the date they are due for payment		
considered good	517	329
considered doubtful	1,269	1,246
	1,786	1,575
Less: Provision for doubtful debts	1,269	1,246
	517	329
Other debts: considered good	25,015	22,088
Total	25,532	22,417

19. CASH AND CASH EQUIVALENTS

Balances with banks	50,199	29,099
Cheques / drafts in hand	103	2
Cash-in-Hand	39	29
Total	50,341	29,130
Less: Fixed Deposit maturing after 12 months	18,401	3,001
Total	31,940	26,129

Note:

1. Balances with banks include -

(a) Balance in unpaid dividend account	457	401
(b) Other commitment (Fixed Deposits pledged with Govt. Authorities)	8	8

NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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20. SHORT TERM LOANS & ADVANCES

		As at March 31, 2013	As at March 31, 2012
Details		Details	
Unsecured:			
Loans & Advances to Related Parties	Considered good	120	2,650
Advances to Suppliers	Considered good	2,303	6,355
	Considered Doubtful	86	86
		2,389	6,441
	Less: Provision for doubtful advance	86	86
Advances to Employees	Considered good	419	265
	Considered Doubtful	20	20
		439	285
	Less: Provision for doubtful advance	20	20
Balance with Govt. Authorities	Considered good	4,392	2,810
Other Loans & Advances	Considered good	2,257	1,421
Advance Payment of Tax (Net of provision of ₹ 9361, PY: ₹ 5964)	Considered good	804	565
Deposit with Others	Considered good	1,358	1,259
Total		11,653	15,325

Additional Disclosure as per Clause 32 of the Listing Agreement:

(a) Loans and Advances to Domestic Subsidiary (interest free and without stipulation of repayment)

H & B Stores Ltd

- Amount outstanding

- Maximum amount outstanding during the year

120

3,530

2,650

2,650

21. OTHER CURRENT ASSETS

Unsecured & considered good			
Interest accrued on FD's, CP's, CD's and Government Bonds		3,398	1,356
Excess of Plan assets towards leave encashment over obligations		224	0
D.E.P.B & V.K.U.I Incentives		666	730
Income tax refund due		0	970
Other Assets		908	165
Total		5,196	3,221

22. CONTINGENT LAIBILITY

Claims against the company not acknowledged as debts			
1) Civil cases filed against the company		760	770
2) Claims by employees		58	44
3) Excise duty matters		8,014	7,611
4) Sales tax matters		1,272	1,070
5) Income tax matters		21	319
6) Letter of credits		4	390
		10,130	10,204

23. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments			
Estimated Amount of Contract in capital account remaining to be executed and not provided for		1,480	1,665
(b) Other commitments			
Guarantees furnished to bank/others in respect of borrowings of subsidiaries/jointly controlled entity		1,60,297	1,22,303

24. INFORMATION (PURSUANT TO AS-29)

Brief particulars of provision on disputed liabilities :

Nature of Liability	Particular of dispute	Opening Liability	Provision made during the year	Provision adjusted during the year	Closing Provision	Forum where the dispute is pending
Sales Tax	Classification of Laldant Manjan	36	0	0	36	Filed review application with High Court
Entry Tax	Entry tax on car	1	0	0	1	
Sales Tax	Classification of Hajmola Candy	28	0	0	28	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	29	0	0	29	Pending before High Court
Sales Tax	Taxability dispute on turnover (First point taxability issue)	0	48	0	48	Appeal pending before Appellate Comm.
Sales Tax	Short payment / interest on Sales Tax-BHPL	0	6	0	6	Appeal pending before DC Appeal
Excise	Hajmola Candy classification matter	109	0	0	109	Tribunal
Excise	Capital Goods removal	30	0	0	30	DC appeal
		233	54	0	287	

- Resulting outflows against above liabilities, pending before Sales Tax DC/Tribunal/CCT's, if mature, are expected to be in succeeding financial year.
- Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.
- Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities and commitments listed in point 22 & 23 above.

25. PROPOSED DIVIDEND

	As at March 31, 2013	As at March 31, 2012
The final dividend proposed for the year is as follows:		
On Equity Shares of ₹1 each		
Amount of dividend proposed	14,815	13,066
Dividend per Equity Share	0.85	0.75

26. REVENUE FROM OPERATION

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
A Sale of Products	4,38,390	3,78,149
Domestic	4,12,217	3,59,735
Export	26,173	18,414
B Sale of Services	30	41
C Other Operating Revenues	1,491	1,436
Export Subsidy	689	766
Sale of Scrap	787	654
Miscellaneous Receipts	15	16
D Less Excise Duty	(4,972)	(3,872)
Total	4,34,939	3,75,754

27. OTHER INCOME

A Interest Income	6,986	4,513
B Dividend Income	0	38
C Net gain/(loss) on sale of Current Investments (other than trade)	956	719
D Revaluation gain/ (loss) on Investments	600	–
E Gain on Sale of Fixed Assets	11	65
F Miscellaneous Receipts	136	179
Total	8,689	5,514

NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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28. COST OF MATERIAL CONSUMED

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
A Raw material consumed	1,05,036	93,054
B Packing material consumed	60,769	55,316
Total	1,65,805	1,48,370

29. PURCHASE OF STOCK-IN-TRADE

	As at March 31, 2013	As at March 31, 2012
Hair Oils	482	496
Tooth Powder & Paste	3,518	3,123
Hajmola	3,233	2,417
Fruits, Nector & Drinks	26,613	19,692
Vegetable Pastes	662	530
Others	28,521	34,036
Total	63,029	60,294

30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
A Opening Inventories		
i Finished Goods	16,593	14,715
ii Work-in-Progress	9,626	6,435
iii Stock-in-trade	4,320	3,456
B Closing Inventories		
i Finished Goods	15,312	16,593
ii Work-in-Progress	9,400	9,626
iii Stock-in-trade	3,244	4,320
Total	2,583	(5,933)

31. EMPLOYEE BENEFIT EXPENSES

A Salaries, Wages and Bonus	23,636	20,708
B Contribution to Provident and other Funds	2,375	1,627
C Workmen and Staff Welfare	1,003	983
D Director's Remuneration	1,109	1,018
E ESOP Expenses	1	1
Total	28,124	24,337

32. FINANCE COST

A Interest Expense	1,239	1,184
B Bank Charges	166	156
C Net (gain)/loss on foreign currency transaction & translation	435	70
Total	1,840	1,410

33. DEPRECIATION & AMORTISATION EXPENSES

Depreciation on Tangible fixed assets (Read with Note 12)	4,619	3,681
Amortisation of Intangible fixed assets (Read with Note 12)	286	191
Amortisation of Deferred Employee Compensation under ESOP (Read with Note 56)	2,419	2,715
Total	7,324	6,588

34. OTHER EXPENSES

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
A Consumption of stores and spare parts	1,346	1,345
B Power and Fuel	4,812	4,641
C Rent	2,728	2,156
D Repairs to buildings	345	368
E Repairs to machinery	576	448
F Insurance	424	361
G Rates and taxes	366	372
H Miscellaneous expenses (Read with Note 35)	89,359	73,319
Total	99,956	83,010

35. DETAILS OF MISCELLANEOUS EXPENSES

A Direct Manufacturing Expenses	31	–
B Repair to Others	815	737
C Processing Charges	2,300	2,074
D Sales Tax	728	308
E Freight and Forwarding Charges	8,180	7,196
F Commission, Discount and Rebate	3,012	3,287
G Advertisement and Publicity	50,237	39,766
H Travel and Conveyance	3,857	3,318
I Legal and Professional	2,092	1,537
J Telephone and Fax Expenses	394	382
K Security Expenses	641	560
L General Charges	15,766	12,718
M Director's Fees	11	12
N Auditor's Remuneration	86	87
O Donation	806	830
P Contribution to Scientific Research	–	9
Q Research & Development Expenditure	219	271
R Provision for Doubtful Debts	23	31
S Loss on Sale of Fixed Assets	43	37
T Fixed Assets Discarded	34	50
U Provision for Liabilities Disputed	54	109
V Net Loss on Future Trading	30	–
Total	89,359	73,319

36. EARNING PER SHARE

	As at March 31, 2013	As at March 31, 2012
Net Profit After Tax	59,098	46,324
Add: Extra ordinary Expenses/Income	0	4,489
Profit before consideration of Extraordinary items	59,098	50,813
Weighted average number of Equity Shares outstanding	1742766010	1741680390
Basic Earnings Per Share [Face Value of ₹1 each]	3.39	2.92
Add: Weighted number of potential equity shares on account of Employees Stock Options	11742887	10983628
Weighted average number of Equity Shares outstanding [inclusive dilutive ESOP shares outstanding]	1754508896	1752664018
Diluted Earnings Per Share [Face value of ₹ 1 each]	3.37	2.90
Profit after consideration of Extraordinary items	59,098	46,324
Basic Earnings Per Share [Face Value of ₹1 each]	3.39	2.66
Diluted Earnings Per Share [Face value of ₹ 1 each]	3.37	2.64

NOTES

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37. EXTRA ORDINARY ITEM

During the current year extraordinary item is Nil. Same for the previous year was ₹ 4489 relating to investment in H&B Stores limited a wholly owned subsidiary written off on account of Hon'ble High Court Delhi approving investee's application for reduction for share capital against cancellation of 448938127 number of equity shares of ₹ 1 each not being represented by tangible/ intangible assets.

38. CATEGORY WISE CLOSING WORK-IN-PROGRESS

	As at March 31, 2013	As at March 31, 2012
Chyawanprash	124	80
Asava-Arishta	234	490
Hair Oils	342	441
Hajmola	167	118
Tooth Powder & Paste	429	353
Honey	476	236
Others	7,629	7,907
Total	9,400	9,626

39. CATEGORY WISE RAW MATERIAL CONSUMED

Coconut Oil	5,327	7,911
Paradichlorobenzene	2,519	2,781
Liquid Parafin	7,530	7,399
Gold	2,864	2,094
Sorbitol Solution 70% IP	2,636	2,125
Amla Green	1,151	1,139
Others	83,009	69,605
Total	1,05,036	93,054

40. VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

	%	Amount	%	Amount
Raw Material				
Imported	1.48	1,554	0.92	854
Indigenous	98.52	1,03,483	99.08	92,200
	100.00	1,05,036	100.00	93,054
Packing Material				
Imported	0.13	78	0.09	48
Indigenous	99.87	60,691	99.91	55,268
	100.00	60,769	100.00	55,316
Stores & Spares Consumed				
Imported	0.03	0.45	5.87	79
Indigenous	99.97	1,345	94.13	1,266
	100.00	1,346	100.00	1,345

41. VALUE OF IMPORT ON CIF BASIS

Raw Materials	2,243	1,773
Stores & Spares (including packing material)	185	80
Finished Goods	55	–
Capital Goods	661	1,217
Total	3,144	3,070

42. PARTICULARS OF MAJOR ITEMS OF RAW MATERIALS PURCHASED

	As at March 31, 2013	As at March 31, 2012
Coconut Oil	5,853	7,699
Paradichlorobenzene	2,550	2,907
Liquid Parafin	7,626	7,293
Gold	3,101	2,162
Sorbitol Solution 70% IP	2,691	2,129
Amla Green	1,127	1,107
Others	81,716	68,486
Total	1,04,664	91,783

43. EARNINGS IN FOREIGN EXCHANGE

Export Sales at FOB	23,817	16,719
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44. EXPENDITURE IN FOREIGN CURRENCY

Professional, Consultation Fees & Others	414	193
Travelling & Conveyance	173	84
Royalty	11	10
Total	598	287

45. NET DIVIDEND REMITTED IN FOREIGN CURRENCY

Amount of final dividend remitted	1.31	5
The year to which dividend relates	2011-12	2011-12
Total number of non-resident shareholder	50.00	155
Total number of shares held by them on which dividend was due	17400	888000
Amount of interim dividend remitted	0.98	—
The year to which dividend relates	2012-13	—
Total number of non-resident shareholder	46	—
Total number of shares held by them on which dividend was due	151000	—

46. BUILDINGS CONSTRUCTED ON LEASEHOLD LAND INCLUDED IN THE VALUE OF BUILDING SHOWN IN FIXED ASSETS SCHEDULE

Cost/Revalued	19,241	18,745
Written Down	15,230	14,718

47. DEFINED BENEFIT PLANS (AS-15)

		Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director	Total
A. Defined Benefit Plan					
Expenses recognized during the period:					
A. Past Service Cost	CY	—	—	—	—
	PY	—	—	—	—
B. Current Service Cost	CY	321	204	116	641
	PY	280	181	120	581
C. Interest Cost	CY	236	80	324	640
	PY	236	81	351	668
D. Expected return on Plan Assets	CY	(230)	(79)	0	(309)
	PY	(168)	(68)	0	(236)
E. Accumulated Loss/(Gain)	CY	117	60	(353)	(175)
	PY	(296)	(107)	(298)	(701)
F. Total expenses recognized	CY	444	265	87	796
during the year (A+B+C+D+E)	PY	52	87	173	312

		Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director	Total
B. Reconciliation of opening & closing balances of obligations :					
I. Obligation as on 01.04.2012	CY	2952	995	4050	7998
	PY	2776	957	4133	7866
II. Past service cost	CY	0	0	0	0
	PY	0	0	0	0
III. Current service cost	CY	322	204	117	643
	PY	280	181	120	580
IV. Interest cost	CY	236	80	324	639
	PY	235	82	351	668
V. Acturial (Gain)/ Loss	CY	184	74	(353)	(94)
	PY	(189)	(48)	(298)	(535)
VI. Settlement	CY	(197)	(224)	(174)	(595)
	PY	(150)	(176)	(257)	(583)
VII. Obligation as on 31.03.2013	CY	3497	1129	3964	8590
	PY	2952	996	4050	7998
C. Change in Plan Assets (Reconciliation of opening and closing balances)					
I. Fair Value of Plan Assets as on 01.04.2012	CY	2481	859	0	3340
	PY	1870	758	0	2628
II. Expected Return on Plan Assets	CY	230	79	0	309
	PY	168	68	0	236
III. Actuarial Gain/ (Loss)	CY	67	14	0	81
	PY	108	59	0	167
IV. Employer Contribution	CY	785	625	0	1410
	PY	485	150	0	635
V. Settlement	CY	(197)	(224)	0	(421)
	PY	(150)	(176)	0	(326)
VI. Fair value of Plan Assets as on 31.03.2013	CY	3366	1353	0	4719
	PY	2481	859	0	3340
D. Closing Obligation vis-a-vis Planned Assets					
I. Obligation as on 31.03.2013	CY	3497	1129	3963	8589
	PY	(2952)	(996)	(4049)	(7997)
II. Fair value of planned assets as on 31.03.2013	CY	3366	1353	0	4719
	PY	(2481)	(859)	0	(3340)
	CY	131	224	3963	3870
	PY	(471)	(137)	(4050)	(4658)
E. Investment detail of plan assets as on 31.03.2013: 100% reimbursement right from Insurance Company for fund managed by it					
F. Actuarial Assumption					
i) Financial assumption:					
Discount rate (%)		7.5 to 8.5			
Estimated rate of return on plan assets (%)		9 to 9.25			
Salary escalation rate (%)		10			
ii) Method of computation		Project unit credit method			
iii) Demographic assumption : Life expectancy		IALM (1994-96)			

- G. The basis used for determination of expected rate of return is average return on long term investment in Government bonds
- H. The estimate of future salary increase take into account regular increment, promotional increases and Inflationary consequence over price index.
- I. Demographics assumptions take into account mortality factor as per LIC (1994-96) ultimate criteria, employees and normal retirement age at 58.
- J. Particulars on planned assets have been ascertained on the basis of last confirmation from Insurance Company.
- K. CY- Current Year, PY - Previous Year
- L. **Defined Contribution Plan**
Company's contribution to different defined contribution plans

	2012-13	2011-12
Provident Fund	946	854
Employees State Insurance	165	129
Employees Superannuation Fund	403	357
	1,514	1,340

48. AUDITOR'S REMUNERATION

	As at March 31, 2013	As at March 31, 2012
Audit Fees	56	55
Certification and Others	8	11
Reimbursement of Expenses	22	21
Total	86	87

49. INFORMATION PURSUANT TO AS-19 ISSUED BY ICAI RELATING TO OPERATING LEASE (AS LESSOR)

i) The future minimum lease payment under non-cancelable operating lease	Not Later than 1 year	Later than 1 year but not later than 5 year	Later than 5 year
Building & Machine	87 (38)	272 (13)	0 0
Cars	88 (57)	124 (78)	0 0

- ii) Lease rent debited to Profit & Loss account of the year ₹ 95 (Previous year ₹ 67)
- iii) Irrevocable lease agreement relates to flat, machine & vehicle, lease period not exceeding five years in respect of any arrangement
- iv) Figures in bracket relates to previous year

50. AS 30, 31 & 32

- a) Considering mandatory status of AS-30 as conferred by ICAI, continuing upto the point of approval of accounts of previous year, company adopted relevant standard in said year. Notwithstanding subsequent modification of mandatory status on AS-30 by ICAI, the company continues to follow AS-30 for treatment of financial instruments, financial assets & liabilities as relevant standard, has been recommended for adoption by ICAI and is akin to International Accounting Standard with ability to express the affairs of its jurisdiction in relatively realistic perspective of true and fairness of accounts.
- b) Financial assets/liabilities available for sale are of the nature of loans, receivables and payables, (not being receivable/payable in short term context), call for measurements at amortized value unless amortized value does not materially differ from unamortized value or assets /liabilities are held at floating rate of interest.
- c) Effective rate of interest applicable for arriving at discounted value of relevant liabilities & assets as on date, hereby described as amortized value, has been considered on the basis of appropriate Government Bond rate ruling as on 31-03-2013 which is 7.95 % as against 8.4% ruling as on 31-03-2012. Such benchmarking of effective rate is attributed to expected cognizance taken by government of the market risk, commodity price index, foreign exchange reserve, inflationary & deflationary impact on internal rates & cyclic/non cyclic fluctuations in fiscal & monetary system for the purpose of arriving at the rate of bond.
- d) Particulars on financial assets/liabilities where fair value/amortized cost differ from book balance:

Particulars			Holding Price	Fair value	Profit/ (Loss)	Head of account Profit/(Loss) being accounted for
A. FINANCIAL ASSETS						
	a. Held for Trading					
Mutual Funds	as on 31.03.2013	19,742	20,342	600	Other Income	
	as on 31.03.2012	12,165	12,231	65	Opening General Reserve	

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Particulars			Holding Price	Fair value	Profit/ (Loss)	Head of account Profit/(Loss) being accounted for
b. Available for Sale						
Government Bond	as on 31.03.2013	8,714	9,163	449	Investment Revaluation Reserve	
	as on 31.03.2012	8,714	8,792	78	-do-	
B. FINANCIAL INSTRUMENTS						
a. Instrument hedging adverse currency fluctuation against Off Balance Exposure in Foreign Currency	as on 31.03.2013	0	0	0	Finance Cost	
	as on 31.03.2012	0	10	10	Finance Cost	
b. Instrument hedging adverse currency fluctuation against borrowing in foreign currency	as on 31.03.2013	0	(56)	(56)	Finance Cost	
	as on 31.03.2012		(63)	(63)	Finance Cost	
Particulars		Original Amount	Discounted Value	Re-Instated Discounted Value	Profit/ (Loss)	Head of account Profit/(Loss) being accounted For
C. FINANCIAL LIABILITIES						
Long term Borrowing	as on 31.03.2013	162	114	130	(16)	Finance Cost
	as on 31.03.2012	212	164	0	48	Opening General Reserve

- e) Unrealized hedging loss forming part of financial assets of ₹ 56 (₹ 53) against off balance sheet exposure appears in the current liabilities in the balance sheet.
- f) Value of equity instruments, financial assets not carried at fair value except for those having negligible impact or bearing floating rate of interest.
₹ 107 (₹ 107) towards non current investment
₹ 18401 (₹ 3000) of term deposit with bank maturing little after one year
- g) All financial assets and financial liabilities, not being referred to in above table, being short term in nature and not tradable in primary or secondary market, have been carried at unamortized cost.
- h) The company has no exposure involving credit risk included in loan or receivable.
- i) ₹ 8 (₹ 8) of fixed deposits are pledged with government authorities towards excise bond.
- j) Outstanding overseas exposure hedged by forward option/ contract against adverse currency fluctuation.

				Foreign Currency	Local Currency	Nature of risk hedged	
k)	i) Packing Credit Loan	CY	USD	310	INR	16,741	Adverse currency Fluctuations
		PY	USD	203	INR	10,265	
	ii) Off balance sheet exposure towards sale instrument of foreign exchange	CY	USD	0	INR	0	Adverse currency Fluctuations
		PY	USD	33	INR	1,664	
	Outstanding overseas exposure not being hedged against adverse currency fluctuation						
	i) Export Receivable	CY	EUR	3	INR	175	
PY		EUR	2	INR	132		
CY		GBP	0	INR	38		
PY		GBP	1	INR	34		
CY		USD	40	INR	2185		
PY		USD	74	INR	3603		
ii) Overseas Creditors	CY	AED	23	INR	339		
	PY	AED	23	INR	291		
	CY	AUD	1	INR	80		
	PY	AUD	1	INR	18		
	CY	EUR	0	INR	21		
	PY	EUR	2	INR	165		
	CY	GBP	0	INR	14		
	PY	GBP	0	INR	1		
iii) Foreign Currency Loan	CY	JPY	0	INR	0		
	PY	JPY	433	INR	269		

51. INVESTMENT IN JOINT VENTURE INFORMATION (pursuant to AS-27)

- (a) The company is a party to joint venture agreement controlling the management of Forum 1 Aviation Limited, a domestic jointly controlled corporate entity (JCE) with part of its operation akin to jointly controlled operation, the main object of the JCE being maintenance of aircraft for use of venturers or otherwise. The contributions of venturers are towards capital build up of the JCE and periodic contribution towards cost of maintenance of aircraft. Variable component of cost of maintenance is borne by user of the aircraft in proportion to their actual usage and fixed component is shared by all the venturers in proportion to their capital contribution. The participation of the venturers in the affairs of the management of the JCE is through representation in the composition of Board of Directors as agreed in share holder's agreement.
- (b) Share of the company in assets, outside liability, net worth, income and expenses not being accounted for herein works out to ₹ 952 (Previous year ₹ 1011), ₹ 347 (Previous year ₹ 441), ₹ 605 (Previous year ₹ 114), ₹ 526 (Previous year ₹ 396) and ₹ 442 (Previous year ₹ 362) respectively in respect of year under audit as per un-audited accounts of the JCE.
- (c) Stake of the company in terms of percentage of total subscribed and paid up capital of JCE is 14.28%. Said amount ₹ 456 (₹ 456) appears under investment head in balance sheet of the company.
- (d) Company's commitment towards revenue expenditure of the JCE amounting to ₹ 542 (Previous year ₹ 439) has been charged to profit and loss account under the head general charges.
- (e) The company has furnished guarantee bond for ₹ 714 (previous year ₹ 714) in respect of borrowing availed by the JCE for acquisition of aircraft which forms part of point 23 of these notes.
- (f) No income from said investment, unless realized in cash, is recognized in this stand alone account.

52. A. RELATED PARTY DISCLOSURES

Related party disclosures as required under AS-18:

(a) Related parties where control exists:

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

(b) Other related parties in transaction with the company:**(i) Joint venture /Partnership**

Forum 1 Aviation Limited

(ii) Key management personnel**(Whole time directors)**

1. P D Narang
2. Sunil Duggal

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

None

B. Related Party Transactions as on 31.03.2013

	Subsidiary	J V/ Partnership	Key Management Personnel	Entity Under Significant Influence	Total	Outstanding as on 31.03.2013
(A) Profit & Loss A/c*						
1. Purchase of Goods	31,133	-	-	-	31,133	-
	(29,706)	-	-	(341)	(30,047)	(35)
2. Sale of Goods	6,390	-	-	-	6,390	705
	(5,060)	-	-	-	(5,060)	(1,766)
3. Royalty Expense	11	-	-	-	11	22
	(10)	-	-	-	(10)	(19)
4. General Expenses	-	542	-	-	542	52
	-	(439)	-	-	(439)	(49)
5. Interest Received on Loan	-	-	-	-	-	-
	(9)	-	-	-	(9)	-
6. Remuneration/Exg./Pension	-	-	1,109	-	1,109	-
	-	-	(1,018)	-	(1,018)	-
7. Employee Stock Option Scheme	349	-	1,088	-	1,436	-
	(244)	-	(1,290)	-	(1,533)	-
8. Interest Received on Sec. Deposit	-	3	-	-	3	-
	-	(2)	-	-	(2)	-
(B) Balance Sheet*						
9. Loan Given	900	-	-	-	900	120
	(1,600)	-	-	-	(1,600)	(2,650)
10. Repayment of Loans given	3,430	-	-	-	3,430	-
	-	-	-	-	-	-
11. Equity Contribution	3,430	-	-	-	3,430	10,555
	(1,483)	-	-	-	(1,483)	(7,125)
12. Security Deposit	-	-	-	-	-	38
	-	-	-	-	-	(38)
(C) Off Balance Sheet Item*						
13. Guarantees & Collaterals	37,288	-	-	-	37,288	158,978
	(29,189)	-	-	-	(29,189)	(121,690)

*Previous Balance as on 31.03.2012

- A. Item referred to in 1 above includes Purchases from Dabur Nepal Pvt. Ltd. ₹30,926 (₹ 29,451)
- B. Item referred to in 2 above includes Sales to Dabur International Ltd, African Consumer Care Ltd., Naturelle LLC, Asian Consumer Care Pakistan (Pvt) Ltd., Asian Consumer care Ltd. ₹ 935, ₹ 839, ₹ 2,222, ₹ 846 and ₹ 667 respectively (₹ 774, ₹ 540, ₹ 1,448, ₹ 805 and ₹ 583 respectively)
- C. Items referred to in 3 above relates to royalty paid to Dermoviva Skin Essentials Inc ₹ 11 (₹ 10)
- D. Items referred to in 4 above relates to joint venture expenses paid to Forum 1 Aviation Ltd. ₹ 542 (₹ 439)
- E. Items referred to in 5 above includes Interest received on loan given to Dermoviva Skin Essentials Inc ₹ Nil (₹ 9)
- F. Items referred to in 6 above relates to remuneration paid to Sunil Duggal & P D Narang ₹ 554 & ₹ 555 respectively (₹ 507 & ₹ 508 respectively)
- G. Items referred to in 8 above relates to interest paid on security deposit from Forum 1 Aviation Ltd. ₹ 305 (₹ 228)
- H. Items referred to in 9 above relates to loan given to H&B Stores Ltd. ₹ 900 (₹ 1,600)
- I. Items referred to in 10 above relates to loan repaid by H&B stores Ltd. by converting it into equity at par
- J. Item referred to in 11 above relates to equity issued by H&B Stores Ltd. by converting loan into equity ₹ 3,430 (₹ Nil)
- K. Figures in bracket relate to Previous year.

53. The company's freehold land situated at Sahibabad measuring about 7.58 acres was acquired by U.P. Government under Land Acquisition Act and the State Government had allotted and given possession of about 4.72 acres of land on lease to the Company in lieu of acquired land. The company has filed a claim for compensation of ₹ 572 before the Office of Special Land Acquisition Officer, Ghaziabad against the land so acquired. However, keeping in view the generally accepted accounting practice, the said claim has not been considered in the books of accounts.

54. Loans and Advances include ₹ 49 (Previous year ₹ 49) paid by the Company to Excise authorities on behalf of Sharda Boiron Laboratories Limited, now known as SBL Limited, in respect of excise duty demand of ₹ 68 raised by the District Excise Officer,

Ghaziabad, against the Company and Sharda Boiron Laboratories Limited. The Hon'ble Supreme Court of India had concurred with the order of the District Excise Officer, Ghaziabad.

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

55. SEGMENT INFORMATION PURSUANT TO AS-17

	Consumer Care Business		Foods		Others		Unallocated		Total	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
REVENUE										
External Sales	3,47,367	3,06,341	66,612	53,434	19,439	14,502	-	-	4,33,418	3,74,277
Inter-segment sales										
Total Revenue	3,47,367	3,06,341	66,612	53,434	19,439	14,502	-	-	4,33,418	3,74,277
RESULT										
Segment result	92,288	77,120	8,317	9,686	1,367	367	-	-	1,01,972	87,173
Unallocated corporate expenses	-	-	-	-	-	-	32,151	27,084	32,151	27,084
Operating profit	92,288	77,120	8,317	9,686	1,367	367	(32,151)	(27,084)	69,821	60,089
Interest expense	-	-	-	-	-	-	1,840	1,410	1,840	1,410
Interest income	-	-	-	-	-	-	(6,986)	(4,513)	(6,986)	(4,513)
Income Tax (Current + Deferred)	-	-	-	-	-	-	15,869	12,379	15,869	12,379
Profit from ordinary activities	92,288	77,120	8,317	9,686	1,367	367	(42,874)	(36,360)	59,098	50,813
Extraordinary item	-	-	-	-	-	-	-	(4,489)	-	(4,489)
Net profit	92,288	77,120	8,317	9,686	1,367	367	(42,874)	(40,849)	59,098	46,324
OTHER INFORMATION	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12
Segment assets	97,763	89,287	21,020	15,924	3,717	13,031	-	-	1,22,500	1,18,242
Unallocated corporate assets	-	-	-	-	-	-	1,57,372	1,21,528	1,57,372	1,21,528
Total Assets	97,763	89,287	21,020	15,924	3,717	13,031	1,57,372	1,21,528	2,79,872	2,39,770
Segment liabilities	22,911	13,030	6,952	1,137	1,107	10,007	-	-	30,970	24,174
Unallocated corporate liabilities	-	-	-	-	-	-	92,342	90,648	92,342	90,648
Total Liabilities	22,911	13,030	6,952	1,137	1,107	10,007	92,342	90,648	1,23,311	1,14,822
Capital Expenditure	4,920	10,017	590	445	90	270	2,940	3,507	8,540	14,239
Depreciation	2,631	2,078	510	403	323	255	1,440	1,137	4,904	3,873
Non-cash expenses other than depreciation	-	-	-	-	-	-	2,419	2,715	2,419	2,715

56. DEFERRED EMPLOYEE COMPENSATION UNDER ESOP

	As at March 31, 2013	As at March 31, 2012
Opening Balance	5,383	8,294
Addition during the year	595	928
Less: Cancelled during the year	411	881
	5,568	8,341
Less: Amortisation related to subsidiary	232	243
Less: Amortised during the year	2,419	2,715
Total	2,917	5,383

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TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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57. MOVEMENT IN PROVISION

A. Movement of provision for doubtful debts

	As at March 31, 2013	As at March 31, 2012
Opening Provision	1,246	1,215
Provision made during the year	23	31
	1,269	1,246
Excess provision withdrawn	–	–
Charged to Bad debts (off the balance sheet)	–	–
Closing Provision	1,269	1,246

B. Movement of provision against inventories (netted with the value of inventories)

Opening Provision	130	200
Provision made during the year	–	130
	130	330
Charged off during the year	130	200
Closing Provision	–	130

C. Movement of Provision for tax

Opening Provision	39,138	31,878
Provision made during the year	15,059	11,445
	54,197	43,323
Adjustment during the year with advance tax	5,398	4,186
Closing Provision	48,799	39,138

58. Amount due to Micro & Small enterprises under MSMED Act, 2006 is ₹ 475 (previous year ₹ 566). Identification of such enterprises has been made on the basis of their disclosure in correspondences, bills to the effect as mandated for them. There was neither any default nor any delay in payment made to such enterprises, credit terms where of were within period prescribed under statute.

59. Sale of Services ₹ 30 (previous year ₹ 41) relates to hiring charges paid by customers for using Company's machines.

60. Exchange gain works out to ₹ 574 (Previous Year ₹ 2275) and exchange loss ₹ 994 (Previous year ₹ 2345) and their net impact have been debited to Profit & Loss Account under the head "Finance Cost".

61. Assets written down/ discarded

	Current Year	Previous Year
Fixed Asset discarded	34	50

62. (a) Figures for the previous year have been rearranged/ regrouped as and when necessary in terms of current year's grouping.

(b) Figures are rounded off to nearest rupees lacs.

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants
Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED**

DR ANAND BURMAN

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

To the Board of Directors of Dabur India Limited

We have audited the accompanying consolidated financial statements of Dabur India Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Also consolidated herein on proportionate basis in applicable of AS-27 are the unaudited accounts of Forum I Aviation Limited, a domestic jointly controlled corporate entity, the parent company being one of the joint ventures therein. Proportionate total net assets, profit and net cash flow amounting to ₹ 606, ₹ 85 and ₹ 15 respectively of the jointly controlled corporate entity have been consolidated with this financial statement on the basis of accounts of said entity as certified by its management which has not been audited by us.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) In the case of the consolidated statement of profit and loss account, of the profit for the year ended on that date; and
- (c) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **G.Basu & Co.**
Chartered Accountants
Firm's registration number: 301174E

Place: New Delhi
Date: April 30, 2013

Anil Kumar
Partner
Membership number: 9390

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2013

13 | 14 | 15 | 16 | 17 | 18

(All amounts in ₹ Lacs, except share data)

SI. No.	Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I	EQUITY AND LIABILITIES			
	1. Share holders' Funds			
	(a) Share Capital	3	17,429	17,421
	(b) Reserves and Surplus	4	1,95,009	1,54,297
	2. Minority interest	5	1,206	303
	3. Non-current Liabilities			
	(a) Long-term borrowings	6	53,993	72,718
	(b) Deferred Tax Liabilities (Net)	7	3,621	2,740
	(c) Other long term Liabilities	8	12	–
	(d) Long-term provisions	9	4,919	20,566
	4. Current Liabilities			
	(a) Short-term borrowings	10	61,142	34,091
	(b) Trade payables	11	74,430	47,681
	(c) Other current Liabilities	12	43,196	50,840
	(d) Short-term provisions	13	18,684	19,376
	Total		4,73,641	4,20,033
II	ASSETS			
	1. Non-current Assets			
	(a) Fixed Assets	14		
	(i) Tangible assets		94,568	84,225
	(ii) Intangible assets		63,620	79,898
	(iii) Capital work-in-progress		9,257	2,676
	(b) Non-current investments	15	13,047	8,928
	(c) Long-term loans and advances	16	1,577	2,584
	(d) Other non-current assets	17	31,268	10,192
	2. Current Assets			
	(a) Current investments	18	50,141	39,324
	(b) Inventories	19	84,386	82,392
	(c) Trade receivables	20	48,413	46,168
	(d) Cash and cash equivalents	21	51,281	41,842
	(e) Short-term loans and advances	22	20,150	18,583
	(f) Other current assets	23	5,933	3,221
	Total		4,73,641	4,20,033
	Summary of significant accounting policies	2		
	Contingent Liabilities, capital and other commitments	24,25		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants

Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED**

DR ANAND BURMAN

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

(All amounts in ₹ Lacs, except share data)

Sl. No.	Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I	Revenue from operations	27	6,17,612	5,30,542
II	Other Income	28	9,450	5,740
III	Total Revenue (I + II)		6,27,062	5,36,282
IV	Expenses			
	Cost of materials consumed	29	2,42,211	2,27,880
	Purchase of stock in trade	30	59,922	51,665
	Changes in inventories of FG, WIP & Stock in Trade	31		
	Finished Goods		(3,028)	(5,454)
	Work in Progress		(87)	(2,571)
	Stock in trade		2,916	(2,280)
	Employee benefits expenses	32	47,123	38,742
	Finance costs	33	5,890	5,384
	Depreciation and Amortisation Expenses	34	11,240	10,324
	Other Expenses	35	1,65,575	1,33,543
	Total Expense		5,31,762	4,57,233
V	Profit before exceptional and extraordinary items and tax (III - IV)		95,300	79,049
VI	Exceptional Items		466	-
VII	Profit before extraordinary items and tax (V - VI)		94,834	79,049
VIII	Extraordinary Items		8	-
IX	Profit before tax (VII - VIII)		94,842	79,049
X	Tax expense			
	1. Current tax		17,278	13,829
	2. Deferred tax		881	809
	3. Earlier year tax		104	-
XI	Profit/(Loss) for the year from continuing operations (IX - X)		76,579	64,411
XII	Minority interest		237	(78)
XIII	Profit after Minority interest		76,342	64,489
XIV	Earnings per equity share ₹ (Before Extraordinary items)			
	(1) Basic		4.38	3.70
	(2) Diluted		4.35	3.68
XV	Earnings per equity share ₹ (After Extraordinary items)			
	(1) Basic		4.38	3.70
	(2) Diluted		4.35	3.68
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants

Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED****DR ANAND BURMAN**

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOW (PURSUANT TO AS-3) INDIRECT METHOD
FOR THE YEAR ENDED MARCH 31, 2013

13 | 14 | 15 | 16 | 17 | 18

(All amounts in ₹ Lacs, except share data)

Particulars	For the year ended March, 31, 2013	For the year ended March 31, 2012
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	95,300	79,049
Add:		
Depreciation	8,472	7,287
Loss on Sale of Fixed Assets	374	256
Fixed Assets Discarded/Written Down	34	50
Miscellaneous Exp. Written Off	2,768	3,037
Provision for Contingent Liability	60	109
Interest	3,494	3,039
Unrealised Loss/(Gain) on Financial Instruments under AS-30	(528)	(65)
Unrealised Loss/(Gain) in Foreign Exchange	(6,057)	(6,191)
	8,617	7,522
	1,03,917	86,571
Less:		
Interest Received	7,747	4,872
Profit on Sale of Investment	956	719
Profit on Sale of Assets	-	111
	8,703	5,702
Operating Profit Before Working Capital Changes	95,214	80,869
Working Capital Changes		
(Increase)/Decrease in Inventories	(1,994)	(11,539)
(Increase)/Decrease in Trade & other Receivables	(4,107)	(14,299)
Increase/(Decrease) in Trade Payable and other Payables	14,694	18,229
(Increase)/Decrease in Working Capital	8,593	(7,609)
Cash Generated from Operating Activities	1,03,807	73,260
Tax Paid	16,853	13,567
Cash Used(-)/(+) Generated from Operating Activities (A)	86,954	59,693
B. Cash Flow from Investing Activities		
Acquisition of Fixed Assets	(24,098)	(23,272)
Sale of Fixed Assets	1,718	852
Purchases of Investments	(4,70,159)	(3,36,068)
Interest Received	5,417	4,872
Proceed of Sale of Investments	4,33,008	3,27,566
Payment (-)/Proceeds(+) from Loan to Subsidiaries	-	-
Cash Used(-)/(+) Generated in Investing Activities(B)	(54,114)	(26,050)
C. Cash Flow from Financing Activities		
Proceeds from Share Capital & Premium	4	7
Repayment(-)/Proceeds(+) of Long Term Secured Liabilities	13,549	39,414
Repayment(-)/Proceeds(+) from Short Term Loans	(5,209)	454
Repayment(-)/Proceeds(+) from other Unsecured Loans	(30)	(32,605)
Payment of Dividend	(24,343)	(20,859)
Corporate Tax on Dividend	(3,958)	(3,390)
Interest Paid	(3,414)	(2,867)
Cash Used(-)/(+) Generated in Financing Activities (C)	(23,401)	(19,846)
Net Increase(+)/Decrease(-) in Cash and Cash Equivalents (A+B+C)	9,439	13,797
Cash and Cash Equivalents Opening Balance	41,842	28,045
Cash and Cash Equivalents Closing Balance	51,281	41,842
Cash and Cash Equivalents (Year end)	51,281	41,842
Balance with banks without restatements	49,921	40,882
Unrealised Gain/(Loss) on Foreign Exchange Fluctuation	289	240
Cheques / drafts in hand	104	358
Cash-in-hand	967	362

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants

Firm Regn. No. 301174E

ANIL KUMAR

Partner

Membership No. 9390

Place : New Delhi

Date : April 30, 2013

For **DABUR INDIA LIMITED**

DR ANAND BURMAN

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)

Cum Company Secretary

1) COMPANY INFORMATION

Dabur India Limited (the 'Company') is a domestic public limited company and is listed on the Bombay Stock Exchange Ltd. [BSE] and the National Stock Exchange of India Ltd. [NSE]. The company is one of the leading FMCG players dealing in consumer care and food products. The Company has manufacturing facilities across the length & breadth of the country and Research and Development center in U.P. (Sahibabad), selling arrangements being primarily in India through independent distributors except for institutional sales which are handled directly.

2) SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis for preparation of accounts**

The accounts have been prepared in accordance with the historical cost convention (except for specifically excluded treatment of accounts referred to in Note No. 46) under accrual basis of accounting as per Indian GAAP. Accounts and Disclosures thereon comply with the Accounting Standards specified in Companies (Accounting Standard) Rules, other pronouncement of ICAI, provisions of the Companies Act, 1956 and guidelines issued by SEBI as applicable. Indian GAAP enjoins management to make estimates and assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to years, the financial statement relate to. Actual result could differ from such estimates. Any revision in accounting estimates is recognized prospectively from current year and material revision, including its impact on financial statement, is reported in notes to accounts in the year of incorporation of revision.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

2.2 Principles of consolidation

i) Consolidated herein are the accounts of:

- Dabur India Limited (the parent company)
- H&B Stores Limited (a wholly owned subsidiary company incorporated in India)
- Dabur International Ltd., (a wholly owned subsidiary body corporate incorporated in Isle of MAN)
- Dabur (UK) Ltd. (a wholly owned subsidiary body corporate incorporated in British Virgin Island, 100% stake wherein is held by Dabur International Ltd.)
- Dabur Nepal Pvt. Ltd. (a subsidiary body corporate incorporated in Nepal, 97.5% stake wherein is held by Dabur International Ltd.)
- Dabur Egypt Ltd. (a wholly owned subsidiary body corporate incorporated in Egypt, 76% & 24% of stake wherein are held

(All amounts in ₹ Lacs, except share data)

by Dabur (UK) Ltd. and Dabur International Ltd. respectively)

- Asian Consumer care Pvt. Ltd. (a subsidiary body corporate incorporated in Bangladesh, 76% stake wherein is held by Dabur International Ltd.)
- African Consumer Care Ltd (a wholly owned subsidiary body corporate incorporated in Nigeria, 90% stake wherein is held by Dabur International Ltd & 10% stake held by Dabur (UK) Ltd)
- Asian Consumer Care Pakistan (Pvt.) Ltd (a subsidiary body corporate incorporated in Pakistan, 99.99% stake where in is held by Dabur International Ltd)
- Naturelle LLC (a subsidiary body corporate incorporated in Emirate of RAS Al Khaimah, 100% stake wherein is held by Dabur International Ltd)
- Dabur Egypt Trading Ltd. (a wholly owned subsidiary body corporate, incorporated in Egypt, 99% & 1% of stake wherein are held by Dabur International Ltd. and Dabur Egypt Ltd. respectively)
- Dermoviva Skin Essentials INC (a wholly owned subsidiary body corporate incorporated in USA, 97.79% and 2.21% stakes wherein are held by Dabur International Ltd & Dabur India Ltd respectively)
- Namaste Laboratories LLC (a wholly owned subsidiary body corporate, incorporated in USA, 100% right wherein is exercised by Dermoviva Skin Essentials INC)
- Urban laboratories International LLC (a wholly owned subsidiary body corporate incorporated in USA, 100% right wherein is exercised by Namaste Laboratories LLC)
- Healing Hair Laboratories International LLC (a wholly owned body corporate incorporated in USA, 100% rights wherein is exercised by Namaste Laboratories LLC)
- Namaste Cosmetics Ltda. (a wholly owned body corporate incorporated in Brazil, 100% rights wherein is exercised by Namaste Laboratories LLC)
- Two wholly owned overseas subsidiary body corporate incorporated in Turkey named Hobi Kozmetik and RA Pazarlama, 100% stake in each is held by Dabur International Ltd.
- Dabur Lanka (Pvt) Ltd (a wholly owned subsidiary body corporate incorporated in Sri Lanka 100% stake wherein is held by Dabur International Ltd.)

- ii) In addition to the above, proportionately consolidated herein is the accounts of Forum 1 Aviation Ltd. (a domestic corporate entity jointly controlled by parent company with others, stake of parent company being 14.28% therein) on the basis of un-audited results.
- iii) The consolidated financial statements have been prepared on the basis of AS-21, under pooling of interest method read with the following basic assumptions:
 - (a) 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.
 - (b) Entities joining business combination during the year / earlier years were accounted for at immediate post merger / amalgamation/ acquisition point in terms of note no. 2.6 which provides their initial basis of worth of assets, liabilities & reserves for consolidation. Subsequent accountal thereon remain on line to line basis.
 - (c) Investments of parent company in subsidiaries are eliminated against respective proportionate stake of parent company therein on the respective dates when such investments were made by way of debiting/crediting the difference of the two in goodwill/ capital reserve.
 - (d) In respect of foreign subsidiaries, rise in the value of stake of parent company in terms of reporting currency upto the date of commercial production (i.e. the date, their assets were due for capitalization) on account of exchange fluctuation has been credited to capital reserve. Subsequent generation of reserve other than that of the nature of capital reserve including gain/ loss arising on account of translating the transactions of the year, year-end assets and liabilities of the foreign subsidiaries for the purpose of consolidating with parent company's assets at exchange rates ruling on year-end-date has been recognized as reserve specifically earmarked for the purpose.
- iv) 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.
- v) 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 only. 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, along with other segments of reserve attributable to minorities has been disclosed in the consolidated financial statement separately from liability and equity of shareholders of parent company.

2.3 Translation of overseas subsidiaries from foreign currencies to reporting currency

All assets/ outside liabilities and income/ expenses of overseas subsidiaries have been translated in reporting currency in terms of exchange rates prevailing on year-end date and average monthly rate respectively on the basis of non-integral operational approach under revised AS-11 there by accounting for aggregate of net impact in exchange fluctuation in these regards as exchange reserve shown under broad head of "Reserve and Surplus".

2.4 Recognition of Income and Expenses

- (a) Sales and purchases are accounted for on the basis of passing of title to the goods.
- (b) Sales comprise of sale price of goods including excise duty but exclude trade discount and Sales tax/Vat.
- (c) Income/loss from future trading of commodities, forming part of inputs, is to be recognized at the closing point of the contract. For option contracts, loss if any occurs on balance sheet date is recognized. However profit, if any, accruing on open contracts on balance sheet date is ignored.
- (d) All the other incomes have been accounted for on accrual basis except for those income stipulated for recognition on realization basis on the ground of uncertainty under AS-9 or income or expenses referred to in appropriate paragraphs of Note 2.7.

2.5 Fixed Assets

- (a) Fixed assets are stated at carrying amount i.e. cost less accumulated depreciation.
- (b) Cost includes freight, duties, taxes and other expenses incidental to acquisition and installation.
- (c) Depreciation on Fixed Assets has been provided on straight line method at rates specified in Schedule XIV of the Companies Act, 1956 and as per the useful lives of the assets estimated by the management when useful life of the assets is deemed less except for part of 5/1 Unit Sahibabad, Alwar unit and Narenderpur unit and for Motor Vehicles where depreciation has been provided for on written down value methods at the rates specified in the aforesaid Schedule.

- (d) Fixed Assets purchased for less than ₹ 0.05 have been depreciated at the rate of 100%.
- (e) Patents and trademarks are being amortized over the period of ten years on straight line basis.
- (f) Softwares are being amortized over the period of five years on straight line basis.
- (g) For New Projects, all direct expenses and direct overheads (excluding services provided by employees in company's regular payroll) are capitalized.
- (h) Capital Subsidy received against fixed capital outlay is deducted from gross value of individual fixed assets, forming part of subsidy scheme granted, by way of proportionate allocation of subsidy amount thereon. Depreciation is charged on net fixed assets after deduction of subsidy amount.
- (i) During sale of fixed assets, any profit earned towards excess of sale value over gross block of assets (i.e. balancing charge) is transferred from profit & loss account to capital reserve.

2.6 Impairment/discarding of Assets

- (a) The company identifies impairable fixed assets based on cash generating unit concept for tangible fixed assets and asset specific concept for intangible fixed assets at the year end in term of clause 5 to 13 of AS-28 and clause 83 of AS- 26 respectively for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, is charged against revenue of the year.
- (b) Apart from test of impairment within the meaning of AS-28, individual tangible fixed assets of various CGU's are identified for writing down on the ground of obsolescence, damage, redundancy & un-usability at the year end.
- (c) Further the company has assessed recoverable value of each cash generating units (CGUs) and each intangible asset based on value-in-use method. Such assessment indicated the value in use of corresponding assets higher than corresponding carrying cost of assets thereby ruling out the cause of further arriving at their net-selling-price and exigency of provision against impairment loss.
- (d) CGUs include Narenderpur plant, Sahibabad plant, each of plants situated at Nashik, Baddi, Jammu, Rudrapur, Silvasa, Pitampur, Kanpur, Alwar, Newai and Jalpaiguri.
- (e) Annual discount rate considered for arriving at value-in-use of assets of each CGU is 7.50% i.e. the average interest rate of external borrowing plus risk factor @ 2.00 % per annum.

2.7 Financial Assets & Liabilities

(a) Financial assets held for trading

These assets relate to equity instruments, mutual funds held for short term which is carried at fair value. The difference of cost and fair value is accounted for as loss or income, as the case may be, in profit & loss account.

(b) Financial assets available for sale

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

(c) Other financial assets/liabilities – Loans, Receivables, Payables

These include all remaining items of assets and liabilities, (excluding equity, fixed (tangible & intangible) assets inventories and specific exemptions referred to in note 4(g) to follow), being carried at amortized cost. The difference between unamortized value and amortized value is accounted for as a loss or income, as the case may be, in profit & loss account.

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

(d) Financial Instruments

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

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

(e) Fair value of financial assets – held for trading is determined on the basis of market quotation/ NAV issued by investees. In the absence of scope of determination of fair value, same are held at cost.

(f) Amortized cost is carried at by way of discounting future cash inflow/outflow in respect of relevant asset/liability as on reporting date against application of effective rate of interest.

(g) Interest in subsidiaries/associates/joint venture, employees related dues, obligation under financial lease (in the capacity of lessee/ lessor) have been left out of the purview of treatments referred to herein for financial assets/liabilities because of different accounting standards dealing with them.

(h) No amortized value of fiscal provision or

advance tax has been considered because of period of uncertainty of their adjustment.

2.8 Research and Development Expenses

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

2.9 Inventories

Inventories are valued at the lower of cost or net realizable value. Basis of determination of cost remains as follows:

- (a) Raw material, Packing Material, Stores & Spares : Moving weighted Average basis
- (b) Work-in-progress : Cost of Input plus overhead upto the stage of completion
- (c) Finished Goods : Cost of input plus appropriate overhead

2.10 Deferred Entitlement on Leave Travel Concession

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

2.11 Retirement Benefits

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

(a) Defined Benefit Plans

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

(b) Defined Contribution Plans

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

2.12 Income Tax and Deferred Tax

The liability of company on account of income tax is estimated considering the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

2.13 Contingent Liabilities

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.), pending in appeal/ court for which no reliable estimate can be made of

the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

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

2.14 Foreign Currency Translation

- (a) Transactions of parent and domestic subsidiaries with overseas parties are recognized at currency rate ruling on the date of transaction. Gain or loss arising towards rise/fall of overseas currency vis a vis reporting currency is accounted for in profit and loss account.
- (b) Impact of currency fluctuation on current assets/ current or outside liabilities of individual entities with reference to currency of reporting in countries of their incorporation are charged to revenue.

2.15 Employee Stock Option Purchase (ESOP)

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

- (a) With the exercise of option and consequent issue of equity share, corresponding ESOP outstanding is transferred to share premium account.
- (b) Employees' contribution for the nominal value of share in respect to option granted to employees of subsidiary company is being reimbursed by subsidiary companies to holding company.
- (c) Entitlement of option rises proportionately with the issuance of bonus. Nominal value of shares against enhanced options is financed by the company at the point of exercise of such option by employees against utilization of general reserve/security premium.

2.16 Business combinations

i) Merger/Amalgamation

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

ii) Acquisition

Any new entity joining business combination consequent upon acquisition of its shares/rights

by any of the entities in group is accounted for under purchase method, assets and liabilities of the new entrant been accounted for as per book value of assets, liabilities appearing in books of new entrant on the date of its take over for the purpose of arising at the figure of goodwill/capital reserve.

- iii) During the course of merger/amalgamation/acquisition under purchase method, excess/shortfall of consideration money over vis-à-vis net assets (gross assets less outside liabilities) inherited under such deal is accounted for as goodwill/amalgamation or capital reserve. If balance sheet of transferor/acquired entity has any compulsory/statutory reserve at point of its transfer/acquisition, said reserves are retained subsequently under the Reserve & Surpluses against creation of new head called "Amalgamation Adjustment Account" accounted for under the head of Miscellaneous Expenditure in assets side of the balance sheet.

2.17 Segment Reporting

The Company identifies primary segments based on the pre-dominant sources of risk effects and returns depending on organization and of the management and internal financial reporting system. The operating segments are the segments for which separate financial information are available and operating profit/loss there from are evaluated regularly by the management for allocation of resources and assessment of performance.

Revenue, expenses, assets and liabilities which relate to the company as a whole which are not allocable

to segments on direct and/or reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.18 Earnings per Share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.19 Miscellaneous Expenditure

- Deferred Employees Compensation under ESOP is amortized on straight line basis over vesting period.
- Share issue expenses and research fee paid in connection with technical collaborations are charged to revenue in the year of occurrence.
- Statutory/compulsory reserves inherited from merger/amalgamation/acquisition of new entities are shown under this head as "Amalgamation Adjustment Account" for the purpose of their retention under "Reserves and Surplus" head in liability side.

Amalgamation Adjustment Account is reversed only after withdrawal of relevant statutory/compulsory reserve following expiry of fulfillment of statutory period/objective or cessation of statutory obligation.

3. SHARE CAPITAL

	As at March 31, 2013	As at March 31, 2012
Authorized		
2070000000 [March 31, 2012 : 2000000000] equity shares of ₹ 1 each	20,700	20,000
Issued, Subscribed and fully paid up		
1742935011 [March 31, 2012 : 1742100854] equity shares of ₹ 1 each	17,429	17,421

4. RESERVE AND SURPLUS

Capital Reserve	2,119	2,089
Investment Revaluation Reserve		
(Additions during the year pertaining to transitional adjustment towards financial assets - held for sale under AS 30)	449	78
Securities Premium Reserve	3,021	2,293
Legal Reserve	1,493	1,557
Special Fund	314	314
Employee Housing Reserve Fund	609	609
ESOP Outstanding	9,965	10,509
Exchange Fluctuation Reserve	(11,654)	(7,441)
General Reserve	10,876	6,390
Surplus / (deficit)	1,77,817	1,37,899
Total	1,95,009	1,54,297

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- ₹ 1493 out of legal reserve & entire special reserve represents statutory reserve inherited from two subsidiaries all incorporated in Turkey, having joined the group during financial year 2010-11 which has been retained as above against corresponding debit in the amalgamation adjustment account.
- Reconciliation of Exchange Fluctuation reserve (pursuant to Clause 40(b) of AS-11)

	2012-13	2011-12
Opening Balance	(7,468)	(1,187)
Exchange Gain against translation of fixed assets*	2,264	0
Exchange Loss against others	(6,514)	(6,254)
	(11,718)	(7,441)
Transferred to Minority Interest	64	(27)
Closing Balance	(11,654)	(7,468)

* Closing balance of fixed assets of overseas subsidiaries have been translated in terms of year end exchange rate unlike previous year thereby adding to exchange fluctuation reserve by ₹ 2264.

- Reserve & Surplus has been netted off by Interim Dividend ₹13167 (PY ₹ 11135), Proposed Dividend ₹ 17333 (PY ₹ 15186) and Bonus issue of ₹ 4 (PY ₹ 7).
- The note under reference is to be read with note 51.

5. MINORITY INTEREST

	As at March 31, 2013	As at March 31, 2012
Share Capital	777	203
Share Premium	9	9
Capital Reserve	–	127
General Reserve	11	11
Exchange Fluctuation Reserve	64	(27)
Surplus	345	(20)
Total	1,206	303

6. LONG TERM BORROWING

Sl. No. Nature of Borrowing	As at March 31, 2013			As at March 31, 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
i) Term Loans from Bank	53,909	–	53,909	40,344	32,260	72,604
ii) Deferred Sales Tax Liabilities	–	84	84	–	114	114
Total	53,909	84	53,993	40,344	32,374	72,718

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

7. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability:		
Depreciation	5,782	5,096
Restatement of Financial Assets/Liabilities	190	37
Less: Deferred Tax Assets		
Provision for Disputed Liabilities	92	75
Provision for Service Benefits	1,256	1,511
Provision for Doubtful Advances	28	28
Provision for Doubtful Debts	412	404
Unrealized loss of Financial Instruments	18	18
Others	545	357
	2,351	2,393
Net Deferred Tax Liability	3,621	2,740
(Decrease)/Accretion in Deferred Tax Liability	881	846
Charged to Opening general reserve against transitional provision under AS-30	–	37

8. OTHER LONG TERM LIABILITIES

Security Deposits	12	0
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9. LONG TERM PROVISIONS

	As at March 31, 2013	As at March 31, 2012
For diminution in value of long term investments	27	27
For Retirement Benefits (Directors)	4,274	4,012
For Leave encashment	64	408
For Gratuity	544	349
For Contingent consideration money	0	15,760
For Taxation (net of advance tax ₹ 11930, PY: ₹ 11930)	10	10
Total	4,919	20,566

10. SHORT TERM BORROWINGS

Sl. No.	Nature of Borrowings	Secured	Unsecured	Total	Secured	Unsecured	Total
i)	Cash Credits from Bank	2,247	24,631	26,878	1,912	6,878	8,790
ii)	Packing Credit Loan from Banks	–	16,827	16,827	–	10,301	10,301
iii)	Other Loans from Banks	–	12,437	12,437	–	15,000	15,000
iv)	Commercial Papers	–	5,000	5,000	–	–	–
Total		2,247	58,895	61,142	1,912	32,179	34,091

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

11. TRADE PAYABLES

Creditors for Goods and Services	66,438	41,239
Acceptances	7,992	6,442
Total	74,430	47,681

12. OTHER CURRENT LIABILITIES

Component of term loan repayable within a year	10,630	4,915
Unpaid dividends	459	401
Creditors for Capital Goods	1,026	267
Security Deposits	531	623
Advances from Customers	1,318	1,279
Interest accrued but not due on loans	370	232
Statutory Liabilities	6,962	5,153
Other payables	21,900	37,970
Total	43,196	50,840

13. SHORT TERM PROVISIONS

For Leave encashment	366	184
For Gratuity Payable	183	500
For Post Separation Benefit of Director	35	38
Provision for Taxation (net of advance tax ₹ 822, PY ₹ 4102)	208	740
For other provision	274	193
For Disputed Liabilities	285	284
For Contingent consideration money	–	2,251
For Proposed Dividend	14,815	13,066
For Dividend Tax	2,518	2,120
Total	18,684	19,376

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14. FIXED ASSETS

		Gross Block						Depreciation/Amortisation					Net Block			
Sl. No.	Particulars of Assets	Gross Cost / value as on 01.04.12	Addition			Sale/ adjustment during this year	Exchange Gain/(Loss)	Gross Balance as on 31.03.13	Total as on 01.04.12	for the year	Sales / Adjustment during this year	Exchange (Gain)/Loss	Total as on 31.03.13	WDV as on 31.03.13	WDV as on 31.03.12	
			Acquisition	Business Combination	Other Adjustment											Sub Total
i) Tangible Assets																
	Land:Leasehold	1,713	5	49	-	54	-	120	1,887	133	32	-	3	168	1,719	1,580
	Land:Freehold	5,651	-	-	-	-	-	71	5,722	-	-	-	-	-	5,722	5,651
	Building	47,262	1,061	727	1,110	2,898	99	1,246	51,307	9,434	1,596	23	158	11,165	40,142	37,828
	Plant & Equipments	65,327	4,767	2,717	4,082	11,566	1,602	(503)	74,788	31,617	5,331	1,294	(3,049)	32,605	42,183	33,710
	Furniture & Fixtures	5,458	556	158	119	833	132	(157)	6,002	2,649	414	90	610	3,583	2,419	2,809
	Vehicles	2,332	82	99	110	291	195	(47)	2,381	1,109	318	135	(14)	1,278	1,103	1,223
	Office Equipment	4,399	217	92	26	335	65	(70)	4,599	2,975	358	51	37	3,319	1,280	1,424
	Other (specify)															
	Total	1,32,142	6,688	3,842	5,447	15,977	2,093	660	1,46,686	47,917	8,049	1,593	(2,255)	52,118	94,568	84,225
ii) Intangible Assets																
	Goodwill	78,268	-	-	-	-	16,123	-	62,145	5	-	-	-	5	62,140	78,263
	Band/Trademarks	1,975	15	-	-	15	-	(431)	1,559	938	112	-	49	1,099	460	1,037
	Computer Software	2,068	844	4	-	848	0	(10)	2,906	1,470	311	0	106	1,886	1,020	598
	Total	82,311	859	4	-	863	16,123	(441)	66,610	2,413	423	0	154	2,990	63,620	79,898
iii)																
	Capital Work-in progress	2,676	1,189	10,895	(5,447)	6,637	-	(56)	9,257	-	-	-	-	-	9,257	2,676
	Grand Total (i+ii+iii)	2,17,129	8,736	14,741	0	23,477	18,216	163	2,22,553	50,330	8,472	1,593	(2,101)	55,108	1,67,445	1,66,799
	Previous Year	1,96,613	13,638	8,387	-	22,025	1,509	-	2,17,129	43,505	7,287	462	-	50,330	1,66,799	-

15. NON-CURRENT INVESTMENT

	As at March 31, 2013	As at March 31, 2012
I) Trade Investment (unquoted):		
Investment in fully paid equity Instruments		
A Sanat Products Ltd. (CY: 50000 shares: PY: 50000 shares of face value of ₹ 100 each)	105	105
B Dabon International Ltd. (Joint Venture) (CY: 270000 shares: PY: 270000 shares of face value of ₹ 10 each)	27	27
C Shivalik Solid Waste Management Ltd. (CY: 18000 shares: PY: 18000 shares of face value of ₹ 10 each)	2	2
II) Other than trade		
a) Investment in Government or Trust Shares/Securities (unquoted)		
A National Saving Certificates	2	2
b) Investment in Bonds (quoted)		
A Power Finance Corporation (CY: 293729 units: PY: 293729 units of face value of ₹ 1000 each)	3,079	2,957
B Rural Electrification Corporation (CY: 383719 units: PY: 383719 units of face value of ₹ 1000 each)	4,013	3,855
C NHAI Bonds (CY: 37086 units: PY: 37086 units of face value of ₹ 1000 each)	395	381
D Indian Railway Finance Corporation (CY: 108753 units: PY: 108753 units of face value of ₹ 1000 each)	1,676	1,599
c) Investment in non-convertible debentures (unquoted)		
A NCD of Shriram Transport Finance Co. (CY: 23126 units of face value of ₹ 1000 each : PY : Nil)	232	0
B NCD of Fullerton India Credit Co. Ltd. (CY: 100 units of face value of ₹ 1000000 each : PY : Nil)	1,016	0
C NCD of Shriram Transport Finance Co. (CY: 250 units of face value of ₹ 1000000 each : PY : Nil)	2,500	0
Total	13,047	8,928

16. LONG TERM LOANS AND ADVANCES

Advance Payment of Tax (Net of provisions of ₹ 27273, PY: ₹ 20305)	Considered good	158	503
Capital Advance	Considered Good	1,419	2,081
Total		1,577	2,584

17. OTHER NON CURRENT ASSETS

Deferred Employee Compensation under ESOP (Read with note no.44)	2,917	5,384
Amalgamation Adjustment Account	1,807	1,807
Bank Deposit maturing after 12 months	26,544	3,001
	31,268	10,192

Note : Amalgamation adjustment account refers to adjustment of retaining statutory and compulsory reserves of entities merged in the earlier years under Purchase method.

18. CURRENT INVESTMENT

A Other than trade (Quoted)		
I) Investment in non convertible debentures		
A) RHC Holding Ltd. of the face value of Nil lacs (PY: Face value of ₹ 2,500 lacs)	0	2500
B) Reliance Capital Limited of the face value of Nil lacs (PY: Face value of ₹ 1,000 lacs)	0	1000
II) Investment in Mutual funds		
A) Taurus Mutual Fund (CY: 53, 196 units : PY: 1,99,031 units of face of ₹ 1,000 each)	1,079	2,301
B) L&T Mutual Fund (CY: 0 units : PY : 20,00,000 units of face value of ₹ 10 each)	0	204

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	As at March 31, 2013	As at March 31, 2012
C) JP Morgan Mutual Fund (CY: 41,15,329 units : PY : 0 units of face value of ₹ 10 each)	527	0
D) Principal Mutual Fund (CY: 0 units : PY : 2,41,915 units of face value of ₹ 1000 each)	0	4036
E) Reliance Mutual Fund (CY: 1,23,30,678 units : PY : 2,00,00,000 units of face value of ₹ 10 each)	2,287	2,319
F) HDFC Mutual Fund (CY: 19,10,234 units : PY : 12,90,939 units of face value of ₹ 10 each)	515	289
G) Bank of Baroda Pioneer Investments (CY: 1,06,185 units : PY : 2,50,777 units of face value of ₹ 1000 each)	1,426	3,081
H) Peerless Mutual Fund (CY: 2,39,15,001 units : PY : 0 units of face value of ₹ 10 each)	3,095	0
I) AIG - Pine Bridge (CY: 35,631 units : PY : 0 units of face value of ₹ 1000 each)	507	0
J) DWS Mutual Fund (CY: 2,10,27,062 units : PY : 0 units of face value of ₹ 10 each)	3,078	0
K) IDFC(SCB) Mutual Fund (CY: 1,11,32,550 units : PY : 0 units of face value of ₹ 10 each)	2,090	0
L) UTI Mutual Fund (CY: 41,23,925 units : PY : 0 units of face value of ₹ 10 each)	527	0
M) DSP BlackRock Mutual Fund (CY: 1,12,186 units : PY : 0 units of face value of ₹ 1000 each) (CY: 16,05,464 units : PY : 0 units of face value of ₹ 10 each)	2,149	0
N) ICICI Prudential Mutual Fund (CY: 46,18,938 units : PY : 0 units of face value of ₹ 10 each)	1,042	0
O) Kotak Mutual Fund (CY: 37,17,805 units : PY : 0 units of face value of ₹ 10 each)	1,510	0
P) SBI Mutual Fund (CY: 34,68,946 units : PY : 0 units of face value of ₹ 10 each)	511	0
B Other than trade (unquoted)		
I) Certificate of Deposits		
A) Punjab & Sind Bank Limited of the Face Value of Nil Lacs (PY : Face value of ₹ 6,000 lacs)	0	5,689
II) Commercial Papers		
A) JM Financial Products Limited of the face value of Nil lacs (PY : Face value of ₹ 6,000 lacs)	0	5,651
B) Reliance Capital Limited of the face value of ₹ 10,000 lacs (PY : Face value of ₹ 5,000 lacs)	9,264	4,721
C) Religare Finvest Ltd. of the face of Nil lacs (PY : Face value of ₹ 8,000 lacs)	0	7,533
D) Morgan Stanley India of the face value of ₹ 10,000 lacs (PY : Nil)	9,198	0
E) Kotak Mahindra Prime Ltd. of the face value of ₹ 4,000 lacs (PY : Nil)	3,640	0
F) Reliance Home Finance Ltd. of the face value of ₹ 2,500 lacs (PY : Nil)	2,340	0
G) Fullerton India Credit Co. Ltd. of the face value of ₹ 4,000 lacs (PY : Nil)	3,704	0
H) First Blue Home Finance Ltd. Of the face value of ₹ 1,000 lacs (PY : Nil)	955	0
C Investment in Government or trust shares / securities (unquoted)		
Egyptian Government Treasury Bill	697	0
Total	50,141	39,324

19. INVENTORIES

	As at March 31, 2013	As at March 31, 2012
Raw Materials (including packing materials)	40,714	35,098
Work-in-Progress	10,469	10,381
Finished goods	26,734	27,715
Stock-in-trade	6,337	9,132
Stores & Spares	132	66
Total	84,386	82,392

Note : Finished goods include stock in transit for ₹ 3,356, PY ₹ 3,390

20. TRADE RECEIVABLES

Unsecured:		
Debts outstanding for a period of above 6 month since due date of payment		
Considered good	533	393
Considered doubtful	1,772	1,533
	2,305	1,926
Less : Provision for doubtful debts	1,772	1,533
	533	393
Other debts : Considered good	47,880	45,775
Total	48,413	46,168

21. CASH & CASH EQUIVALENTS

Balances with banks	76,754	44,123
Cheques/ drafts in hand	104	358
Cash-in-Hand	967	362
	77,825	44,843
Less : Bank deposit maturing after 12 months	26,544	3,001
Total	51,281	41,842

Note : Balance with banks include -

a) Balances in unpaid dividend account	457	401
b) Other comitment (Fixed deposits pledged with Govt. Authorities)	8	8

22. SHORT TERM LOANS AND ADVANCES

		Details	Details
Advances to Suppliers	Considered good	2,316	7,716
	Considered Doubtful	86	86
		2,402	7,802
	Less: Provision for doubtful advance	86	86
		4,180	7,716
Advances to Employees	Considered good	428	484
	Considered Doubtful	20	20
		448	504
	Less: Provision for doubtful advance	20	20
		687	484
Balance with Government Authorities	Considered good	6,667	2,810
Other Loans & Advances	Considered good	5,809	3,077
Advance Payment of Tax (Net of provision of ₹ 9361, PY: ₹ 5964)	Considered good	1,072	565
Deposit with others	Considered good	1,735	3,931
Total		20,150	18,583

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23. OTHER CURRENT ASSETS

	As at March 31, 2013	As at March 31, 2012
Unsecured and Considered Good		
Interest accrues on FDs, CP's, CD's and Govt. Bonds	3,686	1,356
Leave Encashment	224	–
D.E.P.B. & V.K.U.I. Incentives	666	730
Income Tax Refund due	–	970
Other Assets	1,357	165
	5,933	3,221

24. CONTINGENT LIABILITIES

Claims against the company not acknowledged as debts:		
1) Civil cases filed against the company	760	791
2) Claims by employees	58	44
3) Excise duty matters	10,850	7,611
4) Sales tax matters	1,485	1,234
5) Income tax matters	89	386
6) Letter of credits	3,683	3,971
	16,925	14,037

25. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments: Estimated Amount of Contract in capital account remaining to be executed and not provided for	5,194	6,467
(b) Other commitments: Bank Guarantees	3,499	2,867

26. INFORMATION (PURSUANT TO AS-29)

Brief particulars of provision on disputed liabilities :

Nature of Liability	Particulars of dispute	Opening Liability	Provision made during the year	Provision adjusted during the year	Closing Provision	Forum where the dispute is pending
Sales Tax	Classification of Laldant Manjan	36	0	0	36	Filed review application with High Court
Entry Tax	Entry tax on car	1	0	0	1	Appeal pending before DC
Sales Tax	Classification of Hajmola Candy	28	0	0	28	Appeal pending before ST Appellate
Sales Tax	Tax Paid purchase	29	0	0	29	Pending before High Court
Sales Tax	Taxability dispute on turnover (First point taxability issue)	0	48	0	48	Appeal pending before Appellate Comm.
Sales Tax	Short payment / interest on Sales Tax-BHPL	0	6	0	6	Appeal pending before DC Appeal
Excise	Hajmola Candy classification matter	109	0	0	109	Tribunal
Excise	Capital Goods removal	30	0	0	30	DC appeal
General Expense	Product claim lodged by third party	33	0	33	0	–
Income Tax	Ex promoter USA lighting	20	0	20	0	–
		286	54	53	287	

- Resulting outflows against above liabilities, pending before Sales Tax DC/Tribunal/CCT's, if mature, are expected to be in succeeding financial year.
- Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.
- Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities and commitments listed in point 24 & 25 above.

27. REVENUE FROM OPERATIONS

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
A Sale of Products	6,19,976	5,32,482
Domestic	5,42,109	4,78,724
Export	77,867	53,758
B Sale of Services	30	41
C Other Operating Revenues	2,944	2,184
Capital Subsidy	0	0
Export Subsidy	689	766
Sale of Scrap	1,351	1,062
Miscellaneous receipts	904	356
D Less Excise Duty	(5,338)	(4,165)
Total	6,17,612	5,30,542

28. OTHER INCOME

A Interest Income	7,747	4,872
B Dividend Income	0	38
C Net gain/(loss) on sale of Current Investments (other than trade)	956	719
D Revaluation gain/ (loss) on Investments	600	–
E Gain on Sale of Fixed Assets	0	111
F Miscellaneous Receipts	147	0
Total	9,450	5,740

29. COST OF MATERIAL CONSUMED

A Raw material consumed	1,53,945	1,53,431
B Packing material consumed	88,266	74,449
Total	2,42,211	2,27,880

30. PURCHASE OF STOCK-IN-TRADE

Purchase of Goods	59,922	51,665
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31. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE

A Opening Inventories		
Finished Goods	26,544	21,090
Work in Progress	10,382	7,811
Stock-in-trade	9,160	6,880
B Closing Inventories		
Finished Goods	29,572	26,544
Work-in-Progress	10,469	10,382
Stock-in-trade	6,244	9,160
Total	(199)	(10,305)

32. EMPLOYEE BENEFIT EXPENSES

A Salaries, Wages and Bonus	39,721	33,367
B Contribution to Provident and Other Funds	3,746	2,287
C Workmen and Staff Welfare	2,114	1,799
D Director's Remuneration	1,541	1,288
E ESOP Expenses	1	1
Total	47,123	38,742

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33. FINANCE COST

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
A Interest Expense	3,494	3,039
B Bank Charges	678	504
C Net (gain)/loss on foreign currency transaction & translation	1,718	1,841
Total	5,890	5,384

34. DEPRECIATION & AMORTISATIONS

Depreciation on Tangible fixed assets	8,049	6,962
Amortisation of Intangible fixed assets	423	326
Amortisation of Deferred Employee Compensation under ESOP	2,768	3,036
Total	11,240	10,324

35. OTHER EXPENSES

1 Direct Manufacturing Expenses	31	0
2 Power and Fuel	7,731	6,544
3 Stores and Spares Consumed	2,126	2,087
4 Repair to Building	560	649
5 Repair to Plant and Machinery	959	925
6 Repair to Others	1,610	1,454
7 Processing Charges	2,918	2,619
8 Rates and taxes	910	521
9 Rent	4,657	3,824
10 Insurance	1,448	1,220
11 Sales Tax	2,893	1,148
12 Freight and Forwarding Charges	12,665	10,725
13 Commission, Discount and Rebate	7,660	8,634
14 Advertisement and Publicity	83,698	65,951
15 Travel and Conveyance	5,882	4,699
16 Legal and Professional	4,835	3,682
17 Telephone and Fax Expenses	776	679
18 Security Expenses	982	802
19 General Charges	20,624	14,879
20 Director's Fees	11	12
21 Auditor's Remuneration	231	194
22 Donation	818	846
23 Contribution to Scientific Research	0	9
24 Research & Development Expenditure	218	365
25 Provision for Doubtful Debts	799	660
26 Loss on Sale of Fixed Assets	409	256
27 Fixed Assets Written Down	34	50
28 Net Loss on Net Trading	30	-
29 Provision for Liabilities Disputed	60	109
Total	1,65,575	1,33,543

36. BUILDINGS CONSTRUCTED ON LEASEHOLD LAND INCLUDED IN THE VALUE OF BUILDING SHOWN IN FIXED ASSETS SCHEDULE

	As at March 31, 2013	As at March 31, 2012
Cost/Revalued	19,241	18,745
Written Down	15,230	14,718

37. Loan and Advances includes ₹ 49 (Previous year ₹ 49) paid to Excise Authorities on behalf of Sharda Laboratories Limited, now known as SBL Limited, in respect of excise duty demand of ₹ 68 raised by the District Excise Officer, Ghaziabad, against the parent company and Sharda Bioron Laboratories Limited. The Hon'ble Supreme Court of India had concurred with the order of the District Excise Officer, Ghaziabad.

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

38. EMPLOYEE RELATED DUES

Particulars		Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director	Total
A. Defined Benefit Plan					
Expenses recognized during the period					
A. Past Service Cost	CY	–	–	–	–
	PY	–	–	–	–
B. Current Service Cost	CY	504	423	116	1,043
	PY	397	385	120	902
C. Interest Cost	CY	278	117	324	719
	PY	282	115	351	748
D. Expected return on Plan Assets	CY	(245)	(81)	–	(326)
	PY	(185)	(70)	–	(255)
E. Accumulated Loss/(Gain)	CY	414	165	(353)	227
	PY	(384)	(221)	(298)	(903)
F. Total expenses recognized during the year (A+B+C+D+E)	CY	951	625	87	1,663
	PY	110	209	173	492
B. Reconciliation of opening & closing balances of obligations					
I. Obligation as on 01.04.2012	CY	3,484	1,467	4,050	9,000
	PY	3,334	1,360	4,133	8,827
II. Past service cost	CY	–	–	–	–
	PY	–	–	–	–
III. Current service cost	CY	507	178	462	1,147
	PY	397	385	120	902
IV. Interest cost	CY	278	117	324	719
	PY	282	115	351	748
V. Actuarial (Gain)/ Loss	CY	474	179	(353)	301
	PY	(273)	(161)	(298)	(732)
VI. Settlement	CY	(355)	(364)	(174)	(893)
	PY	(222)	(229)	(257)	(708)
VII. Obligation as on 31.03.2013	CY	4,387	1,577	4,309	10,274
	PY	3,518	1,470	4,049	9,037
C. Change in Plan Assets					
(Reconciliation of opening and closing balances)					
I. Fair Value of Plan Assets as on 01.04.2012	CY	2,682	878	–	3,560
	PY	2,042	775	–	2,817
II. Expected Return on Plan Assets	CY	245	81	–	326
	PY	185	70	–	255

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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III. Actuarial Gain/ (Loss)	CY	60	14	–	74
	PY	111	60	–	170
IV. Employer Contribution	CY	901	625	–	1,526
	PY	511	150	–	661
V. Settlement	CY	(228)	(226)	–	(454)
	PY	(180)	(177)	–	(357)
VI. Fair value of Plan Assets as on 31.03.2013	CY	3,660	1,372	–	5,032
	PY	2,669	878	–	3,547

D. Closing Obligation vis-a-vis Planned Assets

I. Obligation as on 31.03.2013	CY	4,387	1,578	4,309	10,274
	PY	3,518	1,470	4,049	9,037
II. Fair value of planned assets as on 31.03.2013	CY	3,660	1,372	–	5,032
	PY	2,669	878	–	3,547
	CY	727	206	4,309	5,242
	PY	849	592	4,049	5,490

- E. Investment detail of plan assets as on 31.03.2013:** 100% reimbursement right from Insurance Company for fund managed by it

F. Actuarial Assumption

Financial assumption:

Discount rate (%)	7.5 to 8.5
Estimated rate of return on plan assets (%)	9 to 9.25
Salary escalation rate (%)	10

- G.** The basis used for determination of expected rate of return is average return on long term investment in Government bonds.
- H.** The estimate of future salary increase take into account regular increment, promotional increases and Inflationary consequence over price index.
- I.** Demographics assumptions take into account mortality factor as per LIC (1994-96) ultimate criteria, employees and normal retirement age at 58.
- J.** Particulars on planned assets have been ascertained on the basis of last confirmation from Insurance Company.
- K.** CY- Current Year, PY - Previous Year.
- L. Defined Contribution Plan**
Company's contribution to different defined contribution plans

	2012-13	2011-12
Provident Fund	1,151	1,045
Employees State Insurance	169	134
Employees Superannuation Fund	403	357
Payroll Taxes	192	24
401K Match	124	120
	2,039	1,680

39. RELATED PARTY DISCLOSURES (Pursuant to AS-18)

- (a) Related party where control exists : None
- (b) Other related parties in transaction with the group:
- (i) **Joint Venture** : Forum 1 Aviation Ltd
- (ii) **Key management personnel (KMP)** : (Whole time directors)
1. P D Narang 2. Sunil Duggal 3. Mohit Malhotra 4. Anoop Sharma 5. Mete Buyurgan 6. H S Bedi 7. R S Rana
8. Sikander Tiwana 9. Gary Gardner
- (iii) **Entity under significant influence (owned by a KMP)** : None

(c) Related Party Transactions

Related Party Transactions consolidated as on 31.03.2013

	JV/ Partnership	Key Management Personnel	Relatives of Key Management Personnel	Entity Under Significant Influence	Total	Outstanding as on period end
(A) Profit & Loss A/c*						
1. Purchase of Goods	-	-	-	-	-	-
	-	-	-	(341)	(341)	-
2. General Expenses	542	-	-	-	542	52
	(439)	-	-	-	(439)	(49)
3. Interest Received on Security	3	-	-	-	3	-
	(2)	-	-	-	(2)	-
4. Remuneration/Exg./Pension	-	1,616	-	-	1,616	-
	-	(1,488)	-	-	(1,488)	-
5. Employee Stock Option Scheme	-	1,088	-	-	1,088	1,088
	-	(1,290)	-	-	(1,290)	(1,290)
6. Staff Welfare	-	-	2	-	2	-
	-	-	(2)	-	(2)	-
(B) Balance Sheet*						
7. Security Deposit	-	-	-	-	-	38
	-	-	-	-	-	(38)
(C) Off Balance Sheet Item*						
8. Guarantees & Collaterals	-	-	-	-	-	714
	-	-	-	-	-	(714)

* Previous Balance as on 31.03.2012

- Notes: A. Item no.2 refers to Joint Venture Expenses to JCE (Forum I Aviation Ltd.)
 B. Item no.3 refers to interest on security deposit given by Forum 1 Aviation Ltd
 C. Item no.4 refers to remuneration paid to key managerial personnel
 D. Item no.6 refers to family pension paid to V.C. Burman

40. The parent company's freehold land situated at Sahibabad measuring about 7.58 acres was acquired by U.P.Government under Land Acquisition Act and the State Government had allotted and given possession of about 4.72 acres of land on lease to the company in lieu of acquired land. The company has filed a claim for compensation of ₹ 572 before the Officer of Special Land Acquisition Officer, Ghaziabad against the land so acquired. However, keeping in view the generally accepted accounting practice, the same claim has not been considered in the books of accounts.

41. INFORMATION (TO THE EXTENT APPLICABLE) PURSUANT TO AS-19 ISSUED BY ICAI

i) The future minimum lease payment under non-cancelable operating lease	Not Later than 1 year	Later than 1 year not later than 5 year	Later than 5 year
Building & Machine	87	272	0
	(781)	(1942)	(351)
Cars	88	124	0
	(57)	(78)	0

- ii) Lease rent debited to Profit & Loss account of the year ₹ 456 (Previous year ₹ 223).
 iii) Irrevocable lease agreement relates to flat, machine & vehicle, lease period not exceeding five years in respect of any arrangement.
 iv) Figures in bracket relates to previous year

42. Exchange Gain works out to ₹ 3,433 (Previous Year ₹ 2,936) and exchange loss ₹ 5,136 (Previous year ₹ 4,777) which has been debited to Profit & Loss Account.

43. Investment in Joint Venture

- (a) The parent company is a party to joint venture agreement controlling the management of Forum 1 Aviation Limited, a domestic jointly controlled corporate entity (JCE) with part of its operation akin to jointly controlled operation, the main

object of the JCE being maintenance of aircraft for use of venturers or otherwise. The contributions of venturers are towards capital build up of the JCE and periodic contribution towards cost of maintenance of aircraft. Variable component of cost of maintenance is borne by user of the aircraft in proportion to their actual usage and fixed component is shared by all the venturers in proportion to their capital contribution. The participation of the venturers in the affairs of the management of the JCE is through representation in the composition of Board of Directors as agreed in share holder's agreement. The stake of the company in the joint venture arrangement is 14.28%.

- (b) Parent company's commitment towards revenue expenditure of the JCE amounting to ₹ 542 (Previous year ₹ 439) has been charged to profit and loss account under the head general charges.
- (c) Incorporated in CFS on proportionate basis are the assets and liabilities as on 31.03.2013 and income and expenses for the year ended on that date, being the proportionate share of parent company estimated from unaudited financial statements of the JCE.

Assets & Liability of JCE as on 31.03.2013 is incorporated herein:

	March 31, 2013	March 31, 2012
Secured Loan	247	357
Creditors	62	46
Security Deposits	38	38
Fixed Assets	630	679
Investment	0	1
Advance to Employee	0	1
Cash & Bank	24	27
Debtors	63	47
Other Advances	236	256

Income and Expenses for the year ended as on 31st March, 2013 is incorporated herein:

	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Income		
Misc Receipt (include revenue from flying ₹ 525, previous year ₹ 395)	526	396
Total	526	396
Expenses		
Operation Expenses	197	110
Payment to and provision for employees	55	50
Administrative Expenses	151	150
Financial Expenses	39	52
Total	442	362
Profit (forms part of profit in consolidated Profit & Loss A/c)	85	34

- (d) Parent company has furnished guarantee bond for ₹ 714 to banks of the JCE against its share of Commitment against loan obtained by the JCE for acquisition of aircraft which forms part of note no. 25.

44. Deferred Employee Compensation under ESOP

	As at March 31, 2013	As at March 31, 2012
Opening Balance	5,384	8,295
Addition during the year	595	928
Less: Cancelled during the year	411	802
	5,568	8,421
Less: Amortised during the year	2,651	3,037
Closing Balance	2,917	5,384

45. Information on Subsidiaries pursuant to Clause (iv) of General Circular No. - 2/2011 dated 8th February 2011 issued by MCA.

Name of Subsidiaries	Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment (excluding investment in subsidiary)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Tax	Proposed Dividend
Domestic:												
H & B Stores Ltd	INR	—	3,791	(2,007)	2,884	2,884	0	6,204	(833)	0	(833)	0
Overseas:												
Dabur Nepal Pvt Ltd	NPR	0.63	499	11,407	32,081	32,081	0	46,253	2,646	474	2,172	0
Dabur International Ltd	AED	14.78	1,295	33,963	90,424	90,426	0	66,552	9,926	8	9,918	0
Weikfield International (UAE) LLC		0	0	0	0	0	0	716	33	0	33	0
Asian Consumer Care Pvt Ltd	Taka	0.7	3,184	437	6,463	6,463	0	8,062	1,041	420	621	0
African Consumer Care Ltd	Naira	0.34	1,847	1,589	5,093	5,093	0	5,526	571	0	571	0
Dabur Egypt Ltd	EGP	7.98	253	8,555	15,047	15,047	0	19,215	3,381	942	2,439	0
Dabur (UK) Ltd	USD	54.28	0	0	0	0	0	0	0	0	0	0
Asian Consumer Care Pakistan (Pvt) Ltd	Pakistan Rupee	0.55	540	(231)	927	927	0	3,425	382	111	271	0
Naturelle LLC	AED	14.78	393	318	13,435	13,435	0	33,455	130	0	130	0
Dermovia Skin Essentials INC	USD	54.28	11,489	(4,748)	66,328	66,327	0	4,614	3,661	0	3,661	0
Dabur Egypt Trading Ltd	EGP	7.98	4	0	4	4	0	0	0	0	0	0
Hobi Kozmetik	TRL	29.92	4,102	8,708	16,345	16,345	0	14,533	1,621	321	1,300	0
RA Pazarlama	TRL	29.92	248	367	5,870	5,870	0	15,192	(57)	32	(89)	0
Dabur Lanka (Pvt) Ltd	LPR	0.43	4,118	(18)	8,771	8,771	0	80	(48)	14	(62)	0
Namaste Laboratories LLC	USD	54.28	0	13,185	17,512	17,512	0	49,907	2,985	0	2,985	0
Urban Laboratories International LLC	USD	54.28	0	0	0	0	0	0	0	0	0	0
Hair Rejuvenation & Revitalization Nigeria Ltd	USD	54.28	0	0	0	0	0	0	0	0	0	0
Healing Hair Laboratories International LLC	USD	54.28	0	0	0	0	0	0	0	0	0	0
Namaste cosmetics Ltda	USD	54.28	0	0	0	0	0	0	0	0	0	0

46. AS-30, 31 & 32

- Considering mandatory status of AS-30 as conferred by ICAI, continuing up-to the point of approval of accounts of previous year, company adopted relevant standard in said year. Notwithstanding subsequent modification of mandatory status on AS-30 by ICAI, the company continues to follow AS-30 for treatment of financial instruments, financial assets & liabilities as relevant standard, has been recommended for adoption by ICAI and is akin to International Accounting Standard with ability to express the affairs of its jurisdiction in relatively realistic perspective of true and fairness of accounts.
- Financial assets/liabilities available for sale are of the nature of loans, receivables and payables, (not being receivable/payable in short term context), call for measurements at amortized value unless amortized value does not materially differ from unamortized value or assets /liabilities are held at floating rate of interest.
- Effective rate of interest applicable for arriving at discounted value of relevant liabilities & assets as on date, hereby described as amortized value, has been considered on the basis of appropriate Government Bond rate ruling as on 31-03-2013 which is 7.95 % as against 8.4% ruling as on 31-03-2012. Such benchmarking of effective rate is attributed to expected cognizance taken by government of the market risk , commodity price index, foreign exchange reserve , inflationary & deflationary impact on internal rates & cyclic / non cyclic fluctuations in fiscal & monetary system for the purpose of arriving at the rate of bond.
- Particulars on financial assets/liabilities where fair value/amortized cost differ from book balance:

Particulars		Holding Price	Fair Value	Profit/ (Loss)	Head of Account Profit/ (Loss) Being accounted for
A. FINANCIAL ASSETS					
a. Held for Trading					
Mutual Funds	as on 31.03.2013	19,742	20,342	600	Other Income
	as on 31.03.2012	12,165	12,231	65	Opening General Reserve
b. Available for Sale					
Government Bond	as on 31.03.2013	8,714	9,163	449	Investment Revaluation Reserve
	as on 31.03.2012	8,714	8,792	78	-do-
B. FINANCIAL INSTRUMENTS					
a. Instrument hedging adverse currency fluctuation against Off Balance Exposure in Foreign Currency	as on 31.03.2013	0	0	0	Finance Cost
	as on 31.03.2012	0	10	10	Finance Cost
b. Instrument hedging adverse currency fluctuation against borrowing in foreign currency	as on 31.03.2013	0	(56)	(56)	Finance Cost
	as on 31.03.2012	0	(63)	(63)	Finance Cost

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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Particulars		Original Amount	Discounted Value	Re-Instated Discounted Value	Profit/ (Loss)	Head of Account Profit/ (Loss) Being Accounted For
C. FINANCIAL LIABILITIES						
Long term Borrowing	as on 31.03.2013	162	114	130	(16)	Finance Cost
	as on 31.03.2012	212	164	0	48	Opening General reserve

- (e) Unrealized hedging loss forming part of financial assets of ₹ 56 (₹ 53) against off balance sheet exposure appears in the current liabilities in the balance sheet.
- (f) Value of equity instruments, financial assets not carried at fair value except for those having negligible impact or bearing floating rate of interest.
₹ 107 (₹ 107) towards non current investment
₹ 18401 (₹ 3001) of term deposit with bank maturing little after one year
- (g) All financial assets and financial liabilities, not being referred to in above table, being short term in nature and not tradable in primary or secondary market, have been carried at unamortized cost.
- (h) The company has no exposure involving credit risk included in loan or receivable.
- (i) ₹ 8 (₹ 8) of fixed deposits are pledged with government authorities towards excise bond.

47. INFORMATION PURSUANT TO AS-17 ISSUED BY ICAI

	Consumer Care Business		Foods		Retail		Others		Unallocated		Total Consolidated	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
REVENUE												
External Sales	5,14,189	4,48,961	74,488	60,220	5,997	4,237	19,964	14,899			6,14,638	5,28,317
Inter-segment sales												
Total Revenue	5,14,189	4,48,961	74,488	60,220	5,997	4,237	19,964	14,899			6,14,638	5,28,317
RESULT												
Segment result	1,14,798	96,825	11,505	11,107	(953)	(1163)	1,491	733			1,26,841	1,07,502
Unallocated corporate expenses									33,398	27,941	33,398	27,941
Operating profit	1,14,798	96,825	11,505	11,107	(953)	(1163)	1,491	733	(33,398)	(27,941)	93,442	79,561
Interest expense									5,890	5,384	5,890	5,384
Interest income									(7,747)	(4,872)	(7,747)	(4,872)
Income Tax (Current + Deferred)									18,263	14,638	18,263	14,638
Profit from ordinary activities	1,14,798	96,825	11,505	11,107	(953)	(1163)	1,491	733	(49,804)	(43,091)	77,037	64,411
Exceptional item/ Extraordinary Items									(458)		(458)	
Minority Interest									237	17	237	78
Net Profit	1,14,798	96,825	11,505	11,107	(953)	(1,163)	1,491	733	(49,582)	(43,108)	76,342	64,489
OTHER INFORMATION	As on 31/03/13	As on 31/03/12	As on 31/03/13	As on 31/03/12	As on 31/03/13	As on 31/03/12	As on 31/03/13	As on 31/03/12	As on 31/03/13	As on 31/03/12	As on 31/12/13	As on 31/03/12
Segment assets	2,04,818	1,87,850	50,804	38,035	2,884	1,545	4,670	13,831			2,63,176	2,41,261
Unallocated corporate assets									2,28,742	1,76,667	2,28,742	1,76,667
Total Assets	2,04,818	1,87,850	50,804	38,035	2,884	1,545	4,670	13,831	2,28,742	1,76,667	4,91,918	4,17,928
Segment liabilities	73,320	71,138	24,841	16,280	1,100	1,110	1,454	10,237			1,00,715	98,765
Unallocated corporate liabilities									1,81,682	1,54,658	1,81,682	1,54,658
Total Liabilities	73,320	71,138	24,841	16,280	1,100	1,110	1,454	10,237	1,81,682	1,54,658	2,82,397	2,53,423
Capital Expenditure	20,796	10,442	1,879	4,308	136	317	203	570	3,348	6,783	26,362	22,420
Depreciation	4,351	3,742	1,515	1,303	190	163	453	390	1,964	1,689	8,472	7,287
Non-cash expenses other than depreciation									2,768	3,037	2,768	3,037

48. EARNINGS PER SHARE

	As at March 31, 2013	As at March 31, 2012
Net Profit After Tax	76,342	64,489
Add: Extra ordinary Expenses/Income	8	-
Profit before consideration of Extraordinary items	76,350	64,489
Weighted average number of Equity Shares outstanding	1742766010	1741680390
Basic Earnings Per Share [Face Value of ₹1 each]	4.38	3.70
Add: Weighted number of potential equity shares on account of Employees Stock Options	11742887	10983628
Weighted average number of Equity Shares outstanding [inclusive dilutive ESOP shares outstanding]	1754508896	1752664018

	As at March 31, 2013	As at March 31, 2012
Diluted Earnings Per Share [Face value of ₹1 each]	4.35	3.68
Profit after consideration of Extraordinary items	76,342	64,489
Basic Earnings Per Share [Face Value of ₹1 each]	4.38	3.70
Diluted Earnings Per Share [Face value of ₹ 1 each]	4.35	3.68

49. Pursuant to acquisition of Namaste Laboratories LLC along with its subsidiaries in 2011, the group entered into an agreement with erstwhile promoters of acquired entities represented by one of their nominees in terms of which management of the units was entrusted with him in the capacity of CEO for a specified period against payment to them in consideration (in piecemeal) upto maximum of ₹ 18011 depending on the extent of achievement of target fixed over a period of four years thereby rendering the group contingently liable for the maximum consideration amount. Said amount was provided for in accounts. Consequent upon achievement of target in the first year, the group discharged proportionate liability to the tune of \$ 4.22 million in current financial year.

The said CEO has resigned in March' 2013. Consequently, as per terms of the contract and as comprehended by the group, it is no longer bound by the commitment. Accordingly the liability of ₹ 15800 has been withdrawn with consequent elimination of corresponding goodwill on acquisition by like amount.

50. **Assets written down/ discarded**

	Current Year	Previous Year
Fixed Asset	34	50

51. (a) Pursuant to Weikfield International (UAE) LLC leaving business combination following disposal of its stake by the group, following assets & liabilities made their exit from the group accounts:

A. Assets		
Goodwill (consolidation)	225	
Tangible Fixed Assets	144	
Trade Receivable	24	
Inventories	1	
Cash & Cash Equivalent	3	397
B. Liabilities (Minority Interest)		101
C. Net assets (A-B)		296
D. Consideration money received		55
E. Deficit		241
F. Goodwill charged-off		225
G. Loss on sale of subsidiary (accounted for as exceptional item)		466
(b) Exit of the subsidiary necessitated following adjustments in reserves:		
A. Loss on sale of subsidiary charged against surplus as exceptional item		466
B. Accumulated Reserve forming part of General Reserve towards the subsidiary transferred to surplus		26
C. Adjusted against Capital Reserve		440

- (c) During the year Namaste Cosmetics Ltda, a new body corporate has been formed in Brazil as a wholly owned subsidiary, 100% rights therein are held by Namaste Laboratories LLC incorporated in USA.

- (d) Aforesaid exit and entry from/in business combinations did not have any material impact on CFS.

52. (a) Grouping and heads of accounts of the subsidiaries have been rearranged in terms of Presentation of those of parent company as and when necessary.
- (b) Figures for the previous year have been rearranged/ regrouped as and when necessary in terms of current year's grouping.
- (c) Figures are rounded off to nearest rupees lacs.

As per our report of even date attached

for **G.BASU & CO.**

Chartered Accountants
Firm Regn. No. 301174E

ANIL KUMAR

Partner
Membership No. 9390
Place : New Delhi
Date : April 30, 2013

For **DABUR INDIA LIMITED**

DR ANAND BURMAN

Chairman

SUNIL DUGGAL

Whole Time Director

P D NARANG

Whole Time Director

A K JAIN

Senior G.M. (Finance)
Cum Company Secretary

ABOUT DABUR

Dabur India Limited is a leading Indian consumer goods company with interests in Hair Care, Oral Care, Skin Care, Health Care, Home Care and Foods. From its humble beginnings in the bylanes of Calcutta way back in 1884 as an Ayurvedic medicines company, Dabur India Limited has come a long way today to become a leading consumer products manufacturer in India. For the past 125 years, we have been dedicated to providing nature-based solutions for a healthy and holistic lifestyle.

Through our comprehensive range of products, we touch the lives of all consumers, in all age groups, across all social boundaries and this legacy has helped us develop a bond of trust with our consumers that guarantees you the best in all products carrying the Dabur name.

ABOUT THIS REPORT

The Securities and Exchange Board of India (SEBI) as per its circular dated 13th August 2012 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 100 listed entities based on market capitalisation at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) as on March 31, 2012. The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the 9 Principles. Following is the second Business Responsibility Report of our company based on the format suggested by SEBI in its circular. This report should be treated as a supplement to our detailed business responsibility report for 2012-13 (available at: <http://www.dabur.com/InvestorCentre-BR-Report-2012-13>) which is also based on the 9 Principles enshrined in the NVGs.

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Section A: General Information about the Company

Section B: Financial Details of the Company

Section C: Other Details

Section D: BR Information

Section E: Principle-wise performance (Principle 1 to 9)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company** : L24230DL1975PLC007908
2. **Name of the Company** : Dabur India Limited
3. **Registered address** : 8/3, Asaf Ali Road, New Delhi 110002
4. **Website** : www.dabur.com
5. **E-mail id** : investors@dabur.com
6. **Financial Year reported** : 2012-13
7. **Sector(s) that the Company is engaged in (Industrial activity code-wise)**

Dabur is a Fast-Moving Consumer Goods (FMCG) company and operates in key consumer product categories like hair care, oral care, health care, skin care, home care & foods. Our product portfolio includes over 250 herbal/ayurvedic products. Three principle products of the Company with ITC Code are :

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

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

Dabur's product portfolio can be broadly categorised into:

- Health care products
- Consumer care products which includes home & personal care
- Foods consisting of fruit-based beverages and culinary pastes business

Health care products include health supplements, digestives, honey, over-the-counter (OTC) products, and ayurvedic ethicals. Home & Personal Care products include hair care, skin & body care, oral care and Home care.

Some of our leading brands include Dabur *Chyawanprash*, Dabur Honey and Real range of fruit juices.

9. Total number of locations where business activity is undertaken by the Company

i. Number of International Locations (Provide details of major 5)

Details of Dabur's international business is given below:

Sl. No.	Key geographies by total overseas sales	Major products/categories
1	Middle East - Kingdom of Saudi Arabia (KSA) & United Arab Emirates (UAE)	Hair oils, hair creams, Vatika styling hair gels, shampoos (Vatika shampoo) and toothpastes
2	Africa - Egypt and Nigeria	Hair oils, hair creams, conditioning and treatment products and toothpastes
3	Asia (ex-India) - Nepal, Bangladesh & Pakistan	Foods, hair oils, shampoos, digestives and home care
4	U.S	Specialized hair care products - relaxer kits, hair conditioners, moisturizers, shampoos and gels
5	Turkey	Shampoos, hair conditioner, body wash and baby care

Major international manufacturing locations include Nepal, Bangladesh, UAE, Nigeria, Egypt and Turkey.

ii. Number of National Location

Dabur has manufacturing plants in 12 locations across the country.

State/Union Territory	Location
Himachal Pradesh	Baddi
Uttarakhand	Rudrapur
Uttar Pradesh	Ghaziabad (Sahibabad)
Jammu & Kashmir	Jammu
Rajasthan	Alwar, Newai
Madhya Pradesh	Katni, Pithampur
Maharashtra	Nashik
West Bengal	Narendrapur, Siliguri (New Jalpaiguri)
Dadra and Nagar Haveli	Silvassa

Dabur's regional offices are situated at Ghaziabad, Mumbai, Hyderabad, Kolkata

10. Markets served by the Company – Local/State/ National/International

Dabur has a global footprint and serves both – National and International markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR)** : 1,74,29,35,011
2. **Total Turnover (INR)** : 4,349.4 crore
3. **Total Profit after Taxes (INR)** : 591 crore
4. **Total Spending on Corporate**

Social Responsibility (CSR) as percentage of profit after tax (%) : 2.78% of PAT

5. **List of activities in which expenditure in 4 above has been incurred.**

Health
Education
Income-Generation Vocational Training
Financial Inclusion & Empowerment through Self Help Groups (SHGs)
Village Development
Veterinary Services

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

The details of subsidiary companies are given below:

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

* WOS- Wholly owned subsidiary

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

The subsidiary companies operate in different geographies and conduct their own BR initiatives.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

Dabur actively engages with its business associates through its BR initiatives.

Entity	Initiative	% of entity
Suppliers (small farmers)	We directly engage with local & small producers for procuring inputs for our supply of rare herbs and medicinal plants through our green house projects. (Details in response to question 4 in Section E, Principle 2)	<30%
Distributors	Distributors - We actively engage with our distributors to build their capacity through workshops and training sessions.	<30%
B2B customers	We organize customized education programmes for our B2B customers like beauty parlours, doctors etc.	<30%
Suppliers and distributors	The Direct Touch policy (Whistle Blower & Protection Policy) applies to business associates (suppliers, stockists and dealers) as well. This provides a platform to business associates for reporting unethical business practices without fear of reprisal.	>60%

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**
(a) **Details of the Director/Directors responsible for implementation of the BR policy/policies**

Implementation of BR policies is the collective responsibility of the Board.

DIN No.	Name	Designation*
00056216	Dr. Anand Burman	Chairman/Promoter/NED
00042050	Mr. Amit Burman	Vice Chairman / Promoter / NED
00021963	Mr. Mohit Burman	Promoter / NED
05208674	Mr. Saket Burman	Promoter / NED
00021581	Mr. P.D. Narang	ED
00041825	Mr. Sunil Duggal	ED
00049992	Mr. P N Vijay	ID
00094081	Dr. S. Narayan	ID
00007620	Mr. R C Bhargava	ID
00767744	Mr. A. W. Paterson	ID
01924770	Mr. Sanjay Kumar Bhattacharyya	ID
02318948	Dr. Ajay Dua	ID

*NED - Non Executive Director, ED - Executive Director; ID - Independent Director

- (b) **Details of the BR head**

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	00042902
2.	Name	Ashok Kumar Jain
3.	Designation	Sr. G.M. Finance & Company Secretary
4.	Telephone number	011-42786000
5.	e-mail id	ashokj@dabur.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sl. No.	Questions	Principle 1		Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
		Ethics, Transparency & accountability		sustainability in life-cycle of product	Employee well-being	Stakeholder engagement	Promotion of human rights	Environmental protection	Responsible public policy advocacy	Inclusive growth	Customer Value
1	Do you have a policy/policies for?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
2	Has the policy been developed in consultation with relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
3	Does the policy conform to any national / international standards? If yes, specify?	NA	NA	NA	Yes, OHSAS 18001	NA	NA	Yes, ISO 14001	NA	NA	NA
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Yes, Board of Directors	Yes, Board of Directors	Yes, CEO	Yes, CEO	Yes, CEO	Yes, CEO	Yes, CEO	NA	Yes, CEO	Yes, CEO
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
6	Web-link for the policy	Yes	Yes	No	Partial	Yes	Yes	No	NA	No	No
		1. Code of ethics and conduct: http://www.dabur.com/en/investors1/Policies/codeofconductslidesnew.pdf	1. Whistle blower and protection policy: http://www.dabur.com/en/investors1/Policies/Direct%20Touch.pdf	1. Whistle blower and protection policy: http://www.dabur.com/en/investors1/Policies/Direct%20Touch.pdf	1. Whistle blower and protection policy: http://www.dabur.com/en/investors1/Policies/Direct%20Touch.pdf	1. Whistle blower and protection policy: http://www.dabur.com/en/investors1/Policies/Direct%20Touch.pdf	1. Whistle blower and protection policy: http://www.dabur.com/en/investors1/Policies/Direct%20Touch.pdf				
		2. Whistle blower and protection policy: http://www.dabur.com/en/investors1/Policies/Direct%20Touch.pdf									
7	Has the policy been communicated to the relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
8	Does the company have an in-house structure to implement the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	No	No	No	Yes, OHSAS 18001 certification	No	No	Yes, ISO 14001 certification	NA	No	No

2A. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Question	Principle 7: Responsible public policy advocacy
1	The company has not understood the Principles	–
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–
3	The company does not have financial or manpower resources available for the task	–
4	It is planned to be done within next 6 Months	–
5	It is planned to be done within the next 1 year	–
6	Any other reason (please specify)	Dabur is a member of various industrial and trade bodies and are part of task forces and forums within these bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be part of the broader policy development process and do not practice lobbying on any specific issue and hence do not feel such a policy is necessary given our way of doing business.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually at the end of financial year as a whole. Otherwise, basis individual principles, this is an ongoing exercise.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Company publishes its Business Responsibility Report annually. Report for financial year 2012-13 is available online at <http://www.dabur.com/InvestorCentre-BR-Report-2012-13>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

Ethics and transparency are fundamental pillars which underline our business activities. As a responsible and leading organization, Dabur does its business with utmost

integrity. Dabur is committed to meeting its business needs without compromising on ethics and accountability. We exercise complete transparency in communicating our decisions that impact our stakeholders. We have following policies in place which form the foundation of our company's commitment towards ethical conduct at all levels:

Code of Ethics & Conduct: Dabur has its Code of Ethics & Conducts which extends to the Board members, members of the Management Committee and all employees in and above Officers level in all of its offices/units/group/NGO but not to Joint Ventures/suppliers/contractors. It is a must for every employee in all of the business units/subsidiaries to follow ethical professional conduct in their day to day activities. All employees have to read and understand this code and agree to abide by it.

Direct Touch (Whistle-Blower & Protection Policy): This policy is applicable to not just all our employees but it also extends to all our business associates as well which underlines our commitment towards robust corporate governance. This policy provides a platform to employees and business associates for reporting unethical business practices at workplace without fear of reprisal and help in eliminating any kind of misconduct in the system. The policy also includes misconduct with respect to discrimination or sexual harassment.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the reporting period, one complaint was received and was resolved satisfactorily under the provisions of the Direct Touch policy.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- Dabur Chyawanprash
- Dabur Honey
- Real - range of fruit juices

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Environment continues to be our key focus area and we strive to minimize our burden on natural resources through various resource efficiency initiatives. We started conducting Life Cycle Analysis (LCA) of our products from last year in order to obtain clear and comprehensive information about our product's ecological footprint. We started with 3 of our major products i.e. Chyawanprash, Honey & Real. Cradle-to-Cradle LCA was undertaken for these products and going forward we are targeting carbon-neutrality for these products. Energy, water and raw material consumption figures in the reporting period for these products are provided in the table below:

	Chyawan-prash	Honey	Real Juice
Production (MT)	17088.3	4448.1	31669.1
Energy Consumed (GJ)	10814.86	8838.88	27536.71
Water Consumed (KL)	140,294	19,086	95784
Raw material (MT)	22,000 (Amla)	11,000 (Raw Honey)	19,368 (Fruit pulp)

Since the LCA study was undertaken last year itself, we do not have the data from previous years pertaining to each product. The results from this year will serve as a baseline for future targets. The overall performance of our operations is discussed below:

As an environmentally conscious company, we continue to innovate and use efficient technologies to bring down our strain on ecology. Through various initiatives and efforts we were able to reduce our water consumption by 11%, energy consumption by 3% and SoX release by 52% in the reporting year as compared to last year across all our units. We have achieved this despite our increasing production figures.

For our Real brand of juices, increasing the stack height of juice packs during transportation resulted in reducing the fuel consumption per MT of product during distribution thereby reducing our carbon footprint in 2012-13. Also, through our partnership with "Tetra Pak", we have been recycling packaging material post consumption.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable since these products are directly consumed by our consumers without using energy or water.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, Dabur, over the years, has worked towards embedding sustainability throughout its inbound supply chain and will continue to do so.

For procuring rare species of herbs and medicinal plants which are essential ingredients for making our products, we follow a "bush-to-brand" approach and work directly with small and marginal farmers. For 2012-13, inputs procured through this channel constituted around 5-10% of our total inputs purchased (by value and volume both).

We have taken several initiatives for reducing the environmental impact of our operations through modifying our packaging practices. We reduced the amount of plastic used by more than 100 MT in 2012-13 by reducing the PET jar weight for Hajmola jars and reducing the thickness of low density shrink films used as secondary packaging for oral care products. We also saved around 105 MT of paper board in 2012-13 by reducing the size of carton packaging for our Babool brand of toothpaste.

In the area of ethical sourcing, we discourage the use of forced labour and child labour at our business associates' premises.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their

capacity and capability of local and small vendors?

Yes, Dabur actively engages with local & small producers for procuring inputs for its supply of rare herbs and medicinal plants which go into the production of our products like Dabur *Chyawanprash*. Our engagement with small farmers not only allows us to secure our supply of endangered species of herbs but also provide a sustainable source of livelihood to these forest based communities. Local farmers also gain through continuous transfer of scientific knowledge through training programmes, workshops and field demos. By directly engaging with the farmers and weeding out the middlemen, Dabur can more effectively engage them in sustainable resource management.

In India, our agronomical endeavour spread over 8 states, stretched over an area of 750 acres. It also involves around seven hundred beneficiary farmers who have been linked to our program via contract farming mode. State wise summary of number of farmers involved under contract farming projects and the respective area under cultivation is given below:

Sl. No.	Name of the state	Area (in acres)	Number of farmers
1	Himachal Pradesh	156	164
2	Maharashtra	102	89
3	Rajasthan	161	74
4	Tamilnadu	41	38
5	Uttarakhand	85	134
6	Uttar Pradesh	182	115
7	West Bengal & Arunachal Pradesh	23	41
Total		750	655

Dabur is also actively collaborating with grass root level collectors/ Van Suraksha Samiti (VSS) in Odisha under OFSDP (Odisha Forestry Sector Development Project). The project spans across eight forest divisions and covers 180 VSSs. Under this multi-dimensional project, the company has created avenues for fair-trading and direct business association for the communities. The first phase of this programme comprising of capacity building workshops was completed during the FY 2012-13.

Initiatives in Nepal:

Dabur Nepal has been pursuing cultivation projects for three commercially important herbs in Nepal. These herbs are being cultivated at 11 different locations adding up to an area of 67 hectares. More than 600 farmers are actively participating in this programmes.

A brief account of our efforts is tabulated below:

Active Projects (2012-13)	Locations	Area under cultivation		Farmers Involved
		Own	Contract	
Akarkara	Marpha and Birgunj	41 ha.	13 ha.	255
Shatavari	Birgunj, Sarlahi, Kavre	2 ha.	2 ha.	12
Chiraita	Ramechhap, Dolakha, Rasuwa, Sankhuwasabha, Okhaldhunga, Terhathum	–	9 ha.	350

Dabur has established two state of the art green houses in Nepal (Banepa) & India (Pantnagar) dedicated exclusively

toward production of elite Quality Planting Material (QPM) for medicinal plants. The Green house complex at Nepal was established almost a decade ago & has been successfully producing commercial batches of QPM. The unit has attained a major breakthrough in developing commercially viable propagation technology for two critically endangered & regulated medicinal plant, viz. Chirata (*Swertia chirata*) & Talispatra (*Taxus wallichiana*).

The green house complex in India was commissioned in November, 2011 and Commercial scale operations for QPM production at this unit commenced during 2012-13. The unit delivered a total of 2.2 million saplings/seedlings during 2012-13. This production volume includes 0.80 million healthy plants of Ateech (*Aconitum heterophyllum*), a critically endangered species.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)

In terms of recycling, our achievements in 2012-13 have been as follows:

- Recycling of Tetra Pak packaging material post consumption: Of all used tetra packs picked by the pickers for recycling, around 60% are of Real juice. The percentage of Tetra Pak packaging material recycled is more than 10% of the material used.
- Recycling of herbal waste generated during production as fuel for boilers. The percentage of herbal waste recycled is more than 10% of the waste generated.

Our Environment & Quality policy outlines our focus on-reduce, reuse and recycle. Recycling of waste generated during production is taken up actively across all our production units. We regularly seek opportunities to increase the use of recycled materials as production inputs.

As far as packaging material is concerned, we are working in partnership with our packaging supplier Tetra Pak and are recycling post consumption discarded products. The packs are first emptied, collected and bundled and are then sent for recycling to the paper mill. No chemicals are added during the process.

Also, non-hazardous waste generated during production is recycled and reused within the plants as fuel for boiler, which reduces the fossil fuel consumption. In the reporting period, more than 13,113 MT of non-hazardous waste was recycled and reused across our production units. Some of the initiatives that we undertook last year are:

- We utilize herbal waste after converting it into bio briquettes as a fuel for boilers. In the reporting year, we used 13,113 MT of herbal waste as compared to 4,925 MT in the previous year. This has reduced our dependency on conventional fuel and also brought down our Greenhouse Gas (GHG) Emissions.
- We installed a biogas plant to generate methane from waste which is then used in canteen as fuel.
- We attained zero waste water discharge at 9 of 12 of our production units and efforts are underway to achieve the same at the remaining units. We also got effluent treatment plants installed at all our units and recycled more than 1,90,000 m³ of wastewater across

our production units last year. Through our rain water harvesting projects, we were able to conserve 63,000 m³ of water last year.

Principle 3

1. Please indicate the Total number of employees

	Permanent Employees
Dabur India Limited	3917
H&B Stores Limited	122
International Business Division	2115
Total Employees	6154

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

	Temporary Contractual/ Casual Employees
Dabur India Limited	5250
H&B Stores Limited	78
International Business Division	289
Total Employees	5617

3. Please indicate the Number of permanent women employees

380

4. Please indicate the Number of permanent employees with disabilities

Dabur does not discriminate against its employees on any grounds including their disability status. Hence, this number is not available.

5. Do you have an employee association that is recognized by management?

Yes, we have an employee association which is registered under "Trade Union Act - 1926" in Kolkata and Birganj (Nepal)

6. What percentage of your permanent employees are members of this recognized employee association?

Less than 10%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	0	0
3.	Discriminatory employment	0	0

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Permanent Employees	60%
Permanent Women Employees	100%
Casual/Temporary/Contractual Employees	20%
Employees with Disabilities	Included under permanent employees

Principle 4**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes, Dabur has mapped its internal and external stakeholders. We recognise employees, communities surrounding our operations, business associates (network of suppliers, stockists and dealers), customers, shareholders/investors and regulatory authorities as our key stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, Dabur identifies communities (with a focus on women and children from these communities) around our manufacturing facilities and small farmers in our inbound supply chain as disadvantaged, vulnerable & marginalized stakeholders.

Additionally, we have installed robust mechanisms to continuously engage with all our stakeholders (internal and external). This helps us in identifying their needs and priorities and allows us to serve these needs accordingly. We are committed towards proactively engaging with all our employees, communities, business associates and customers who may be disadvantaged, vulnerable or marginalized.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Yes, Dabur regularly undertakes initiatives to serve the interest of its disadvantaged, vulnerable and marginalized stakeholders. These are briefly described below:

Stakeholder group	Initiatives
Employees	<ul style="list-style-type: none"> Code of Ethics & Conduct and Direct Touch policy (Whistle Blower & Protection Policy) protects employees against any kind of discrimination based on caste, religion, geography, educational or social background, gender etc. Training and awareness programmes for the safety of our women employee.
Communities around manufacturing facilities	<ul style="list-style-type: none"> Development and deployment of need-based community programmes in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.
Business associates	<ul style="list-style-type: none"> Direct engagement with small and marginal farmers through contract farming of rare herb species. This provides an avenue for sustainable livelihood generation and capacity building for small farmers and forest-based communities. Direct Touch policy (Whistle Blower & Protection Policy) extends to business associates as well.
Customers	<ul style="list-style-type: none"> Strategies for targeting fake products and packaging manufacturers and label printers through raids in collaboration with local authorities and network of business associates as counterfeit products in the market pose a risk to customers as well. Member of FICCI's CASCADE Committee.

Principle 5**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

At Dabur, issues related to human rights are covered under the Code of Ethics & Conduct and the Direct Touch policy (Whistle Blower & Protection Policy). The Direct Touch policy applies not just to employees (employees in and above Officers level) of the group (including SUNDESH, the CSR arm of Dabur) but to business associates (suppliers, stockists and dealers) as well. We do not deal with any supplier/contractor if it is in violation of human rights and we do not employ any person below the age of eighteen as per our recruitment policy. We also prohibit the use of forced or compulsory labour at all our units and discourage the same with our business associates.

The Code of Ethics & Conduct and the Direct Touch policy discourage violation of human rights and provide a fair and a transparent mechanism for reporting any such violation. The Direct Touch team consists of three senior personnel who investigate the complaint and recommend a corrective action to the management within 30 days of receipt of disclosure. The management acts immediately based on the recommendation. In case of non-response, the employee or business associate can directly approach the chairman of the Audit Committee. The system is designed to ensure confidentiality and protect the complainant from being victimised. False allegations are also dealt with disciplinary action in accordance with company rules, policies and procedures. The Direct Touch team maintains a log of all disclosures received and reports the summary of such disclosures and action recommended/taken to the Audit Committee on a quarterly basis.

The Audit Committee of the Board of Directors periodically reviews the existence and functioning of the Direct Touch Policy and is also empowered to amend this policy in line with the requirements of applicable laws, rules and regulations.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints were received pertaining to human rights violation during the reporting period (2012-13).

Principle 6**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others**

Dabur's Environment and Pollution control policy and Quality policy pertaining to Principle 6 extend to Dabur and its subsidiaries but do not cover joint ventures, suppliers and contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Climate change, global warming and environmental degradation pose unique challenges as well as opportunities for Dabur. We take pride in positioning ourselves as an ecologically sensitive organization. We are continually investing in new technologies, implementing process improvements and innovating. To make progressive strides and guide us in our endeavour, we have deployed a dedicated team for devising and implementing strategies for managing these risks and

opportunities. As a result of their efforts, 11 of our manufacturing units are already ISO 14001 certified for Environment Management Systems. We have also set concrete targets that we aim to fulfil by 2015:

- To reduce our GHG emissions by 35% considering 2011-12 (1,11,112 MT Co₂ 0-e) as the baseline
- To achieve carbon-neutrality in the life cycle of *Chyawanprash, Honey & Real Juice*
- To increase our renewable energy portfolio by 25% as compared to 2011-12
- To improve energy efficiency by 20% as compared to 2011-12
- To distribute 10% of our product through rail
- To increase use of bio friendly material in packaging by 25% as compared to 2011-12

Information on our environmental initiatives is available on our webpage and in our business responsibility report.

<http://www.dabur.com/About%20Dabur-Vision>

http://www.dabur.com/en/Investors1/Annual_reports/2011-12/Dabur-BR-Report-2012.pdf

3. Does the company identify and assess potential environmental risks? Y/N

Sustainable development is at the core of our operations which is also outlined in our Environment & Pollution control policy. This is further reinforced by sound environmental management systems practiced across our manufacturing units.

We do aspect-impact analysis at our manufacturing units to assess the potential environmental risks and subsequently actions are taken to mitigate the identified risks.

The process to identify potential environmental risks involves following steps:

- Consider all operations of the department
- Consider the process flow of each such operation and divide it into different activities, so that each activity can be considered separately for identifying the releases & discharges, land intake, visual impact, resource consumption, health & safety risk
- While dividing operations into activities, consider:
 - ♦ Activities - for eg. handling of hazardous materials, receiving, storage, processing, disposal etc.
 - ♦ Services - for eg. transportation, maintenance, washing, conditioning, etc.
- Classify activities into "Direct" and "Indirect"
 - ♦ Direct: Those which are under the direct control of the organization
 - ♦ Indirect: Those which are not under the organization's direct control, but over which it can be expected to have an influence
- Identify aspects of each activity by considering the following inputs:
 - ♦ Use of raw materials, consumables, etc. (in case of natural resource), use of a non bio-degradable material (for possible material substitutions)
 - ♦ Use of water
 - ♦ Use of energy

The above steps will result in a score and if that score is above 100 then that risk is considered as significant. Management programme is then formulated to address the identified risk and is executed in time in order to eliminate that risk.

4. Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

No, we have not registered any project related to Clean Development Mechanism

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

We firmly believe that business success and ecological impact are not mutually exclusive and that one can reduce its impact on environment and at the same time meet its business requirements. We strive to be at the forefront in investing in efficient technologies and process improvement measures that prove to be a fit for achieving our targets. We are seeking opportunities in the field of solar and wind power energy in order to achieve our renewable energy targets. We have already undertaken carbon footprint study and water audits at few of our major units and are now acting on the findings of these studies. In the process of active content extraction from herbs, we have improved our efficiency by 25% as compared to last year, resulting in more output per ton of herbs. We are also switching to cleaner fuels and have already started using agro based waste as a fuel in some of our units for steam generation. Methane gas generated from our Effluent Treatment Plant (ETP) is used as a cooking fuel in canteens. We also use Piped Natural Gas (PNG), a cleaner alternative, at our Sahibabad factory. Expanding green cover through plantation drives is another activity that we undertake on an ongoing basis. Last year we planted 1963 trees across our manufacturing locations and have declared 1st January as a Tree Plantation Day at manufacturing locations. For more details, kindly refer to Director's Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

In the reporting year, the emissions, solid waste and effluent generated were all within the limits as prescribed by CPCB or SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Dabur did not receive any legal notice from CPCB or SPCB in the reporting period

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with

Yes, Dabur is a member of several industrial and trade bodies. These are listed below:

- (a) Confederation of Indian Industry (CII)
- (b) Federation of Indian Chambers of Commerce and Industry (FICCI)
- (c) Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- (d) PHD Chamber of Commerce and Industry (PHDCCI)
- (e) Indian Beverage Association (IBA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy

security, Water, Food Security, Sustainable Business Principles, Others)

Dabur is part of various task forces and forums within the above listed industrial and trade bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be part of the broader policy development process and do not practice lobbying on any specific issue. In the past, we have participated in forums pertaining to:

- Corporate governance
- Consumer interest
- Tackling counterfeiting

Principle 8**1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, Dabur supports the principles of inclusive growth and equitable development through not just its corporate social responsibility initiatives but through its core business as well.

Our business approach puts “Planet, People and Profits” at the core and this essentially forms the keystone of everything we do. Through our brand led initiatives, we continuously aim at delivering our commitment to health & well being of every household we impact. We run campaigns on strengthening immunity (Immune India initiative linked to our brand Dabur Chyawanprash), awareness on harmful impacts of mosquito bites (“Say no to mosquito” campaign linked to our brand Odemos) and school health programmes on dental hygiene (linked to our brand Dabur Red). These brand led initiatives embrace the business approach cited above.

Our green house projects for procuring rare species of herbs and medicinal plants directly from small and marginal farmers not only allow us to secure our supply of endangered species of herbs but also provide a sustainable source of livelihood to these forest based communities. These projects entail additional benefits of capacity building of farmers through trainings on sustainable farming methods by our research and development wing and preservation of biodiversity by avoiding unmanaged collection and exploitation of these rare and endangered herbs.

We also work towards targeting fake and counterfeit products available in the market as these pose a serious risk to our customer’s well being as well.

Through our CSR arm - Sustainable Development Society or SUNDESH, a voluntary non-profit organization registered under the Society Registration Act 1860, we strive to enhance the lives of communities that surround our operations. The initiatives driven through SUNDESH focus on health, education, livelihood-linked skill development, financial inclusion and empowerment through formation of Self Help Groups (SHGs), village development and veterinary services.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

Programmes pertaining to Principle 8 are developed and executed by:

- In-house teams– For business linked initiatives like brand-connected health and awareness programmes for consumers in both rural and urban areas, contract farming projects with small and marginal farmers and forest-based communities
- SUNDESH – For community-focused initiatives around areas of operation
- External NGOs (International and National), government structures – For delivering programmes through SUNDESH, we often collaborate with bodies like Care India, World Health Organization (WHO), Women and Child Development Department, District Rural Development Agencies (DRDAs) etc.
- Other organizations: Foundations – We also collaborate with private foundations.

3. Have you done any impact assessment of your initiative?

Yes, Dabur internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the program in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Dabur’s contribution towards community development projects during the reporting period (2012-13) is ₹ 14.26 crores. This includes the goods distributed through NGO amongst society ₹ 6.20 crore; donation of ₹ 0.38 crores to SUNDESH and donations of ₹ 7.68 crore made to other charitable organizations.

Details of community initiatives are given below:

Area	Intervention
Healthcare	<ul style="list-style-type: none"> • Community health post • Mobile medical vans • Eye Care Camps • Preventive health care - awareness campaigns and vaccination drives • Integrated Nutrition and Health Project for reducing infant mortality and child malnutrition • HIV-AIDS awareness drives • Sensitization workshop on prevention of female foeticide • Sanitation
Education	<ul style="list-style-type: none"> • Non-formal education classes for underprivileged children and adults • Adult literacy centres for women • Primary School Support Program
Livelihood	<ul style="list-style-type: none"> • Capability enhancement programmes on cutting & tailoring, mehandi application, beautician services, veterinary services,
Financial Inclusion	<ul style="list-style-type: none"> • Promotion of Self Help Groups (SHGs) with the support from NABARD and DRDA and linking these SHGs with banks
Village development	<ul style="list-style-type: none"> • Distribution of seed storage tanks • Setting up biogas plants • Plantation drives

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

At Dabur, all our businesses and manufacturing units continuously engage with communities surrounding their operations through surveys and focused meetings. This is done to gauge the needs, priorities and expectations of the local community. Initiatives are thus designed and delivered in a transparent manner in line with inputs from the community itself. We also try to create sustainable infrastructure/programmes through institution building (SHGs, Joint Liability Groups (JLGs)). This is done to ensure flow of benefits to communities even if Dabur is unable to support the programme in the future. This ensures successful adoption by communities to the extent possible.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Nil customer complaints are pending as on the end of financial year 2012-13. A total of 15 number of customer complaints were received during 2012-13 and all of these were disposed off.

37% of consumer cases (3 in number) are pending as on the end of financial year (2012-13). A total of 8 number of consumer cases were received during 2012-13 and 5 of these were disposed off.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Yes, Dabur displays product information on the label for the benefit of the consumer, over and above what is mandated by local laws like Bureau of Indian Standards (BIS) Act and Drugs and Cosmetics (D&C) Act. This additional information is provided to enhance the value consumers can derive from the product and to ensure safe and appropriate use. The additional information on the product label relates to various active ingredients contained in the product, their proven clinical benefits, consumer grievance redressal mechanisms, directions for use (including pictorial depiction), safety, caution etc. that varies from product to product. We also actively inform consumers about how to differentiate between genuine and fake products and how to identify damage in sealed products. A few examples from our product portfolio are given below:

- Odomos (a personal application mosquito repellent) - Apart from the mandatory label requirements, we provide additional information on safety aspects of the product. Information on certification by paediatricians including reference to the journal/publication is

provided on the label. This allows the consumer to access additional information on the safety studies done on the product.

- Sani Fresh (Liquid toilet cleaner): We provide pictorial information on direction of use. We also inform the consumers about the safety of the product for use in septic tanks and provide explanation for the guaranteed germ kill claim made on the label.
- Odonil (Air freshener in the form of sprays and blocks): We provide pictorial information on direction of use to ensure that consumer derives maximum utility from the product.
- Oral Care products – Red, Meswak, Promise and Babool (Tooth paste & powder): We provide information on herbal ingredients & their mode of action, history of herbs, direction of use & information about clinical tests conducted.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?

	No. of cases filed in the last five years	No. of cases pending as on end of financial year 2012-13	Remarks
Alleged Unfair trade practices	3	1	2 cases have been resolved
Alleged Irresponsible advertising	16	2	14 complaints disposed off
Alleged Anti-competitive behaviour	NIL	NIL	No complaints were received on account of anti-competitive behaviour

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, as part of our stakeholder engagement strategy, Dabur engages with its consumers on an ongoing basis and conducts methodical research on their satisfaction with respect to our products and advertisements. These surveys are conducted through established third party market research firms. We undertake regular brand tracking exercises to assess brand preference scores and impact of our advertisements. Blind product tests are also conducted to gauge consumer satisfaction vis-a-vis products of our competitors. Similar research is also conducted with our sales channel that includes professional partners like ayurvedic doctors, beauty parlour owners etc.

Notice is hereby given that the 38th Annual General Meeting of the Members of Dabur India Limited will be held on Wednesday, the 17th July, 2013 at Air Force Auditorium, Subroto Park, New Delhi – 110010 at 11.00 AM to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and Profit and Loss Account for the year ended on that date along with the Reports of Auditors and Directors thereon.
2. To confirm the interim dividend already paid and declare final dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Dr Anand Burman who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr P D Narang who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Dr Ajay Dua who retires by rotation and being eligible offers himself for reappointment.
6. To appoint a Director in place of Mr R C Bhargava who retires by rotation and being eligible offers himself for reappointment.
7. To appoint M/s G Basu & Co., Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting untill the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-
 "RESOLVED THAT Mr. Sanjay Kumar Bhattacharyya who was co-opted by the Board as an Additional Director with effect from 23rd July, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-
 "RESOLVED THAT in accordance with the provisions of Sections 314(1) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Mr. Amit Burman (a non executive director of the Company) as a Whole Time Director in Dabur International Limited, a Wholly Owned Subsidiary of the company, w.e.f. 1st April, 2013 on such remuneration and terms & conditions as set out in the explanatory statement attached to this notice and further variation in the terms and conditions of remuneration

w.e.f. 01.04.2013 as set out in the explanatory statement attached to this notice.

By Order of the Board
for DABUR INDIA LIMITED

Regd. Office:
8/3, Asaf Ali Road,
New Delhi - 110 002
April 30, 2013

(A K JAIN)
Sr. General Manager (Finance)
& Company Secretary

NOTES

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 8 to 9 of the notice set out above is annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF 38TH ANNUAL GENERAL MEETING.
3. The Share Transfer Books and Register of Members of the Company will remain closed from Tuesday, 25th June, 2013 to Tuesday, 2nd July, 2013 (both days inclusive).
- 4A. Members holding shares in physical form are requested to notify/send the following to the Registrar & Transfer Agent of the Company Karvy Computershare Pvt Ltd., 305, New Delhi House, 27 Barakhamba Road, New Delhi-110001:-
 - i) their bank account details in order to receive payment of dividend through electronic mode;
 - ii) **their email id**, in case the same have not been sent earlier, for the purpose of receiving the communication electronically;
 - iii) any change in their address/e-mail id/ECS mandate/bank details;
 - iv) share certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholding into one account.
- 4B. Members holding shares in the dematerialized form are requested to notify to their Depository Participant:
 - i) **their email id**
 - ii) all changes with respect to their address, email id, ECS mandate and bank details.
- 4C. Kindly note that as per SEBI Circular CIR/MRD/DP/10/2013 dated March 21, 2013 it is mandatory for the company to print the bank account details of the investors in dividend payment instrument. Hence, you are requested to register/update your correct bank account details with the Company/RTA/Depository Participant, as the case may be.
5. The Securities and Exchange Board of India has notified

that the shareholders/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) in physical form are requested to furnish a certified copy of their PAN Card to the company/ RTA while transacting in the securities market including transfer, transmission or any other corporate action.

6. The shares of the company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.
 7. Ministry of Corporate Affairs ("MCA") has vide Circular No. 17/2011 dated 21.04.2011 & No. 18/2011 dated 29.04.2011 allowed the service of documents on members by a company through electronic mode. Accordingly, as a part of its Green Initiative in Corporate Governance and in terms of circulars issued by Ministry of Corporate Affairs allowing paperless compliances through electronic mode, soft copy of the Annual report for the year ended 31st March, 2013 has been sent to all the members whose email address is registered with the Company/Depository Participant (s) unless any member has requested for a hard copy of the same. Further, in terms of SEBI Circular No. CIR/CFD/DIL/7/2011 dated 05.10.2011 the hard copies of Abridged Annual Report have been sent to all other members who have not registered their email address. Members, who have not yet registered their email address with the Company/RTA/Depository Participant, are requested to do the same at the earliest by submitting duly filled in e-communication Request Letter (available on our website www.dabur.com in Investors Services Section) to the Company/RTA. Members can also submit their form along with Attendance Slip at the Registration Counter at AGM. Members holding shares in dematerialized form are requested to register their email address with their Depository Participant only. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post/courier free of cost.
- The Notice of the 38th Annual General Meeting and the Annual Report for 2013 will also be available, on the Company's website www.dabur.com for download by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours.
8. The Shareholders/Proxies are requested to produce at the Registration Counter(s) the attached attendance slip, duly completed and signed, for admission to the meeting hall. However, in case of non-receipt of Notice of Annual General Meeting, members are requested to write to the Company at its registered office for issuing the duplicate of the same.
 9. In case you have any query relating to the enclosed

Annual Accounts you are requested to send the same to the Company Secretary at the Registered Office of the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready for replying at the meeting.

10. Pursuant to provisions of Section 205C of the Companies Act, 1956 the amount of dividends remaining unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, till date the Company has transferred the unpaid and unclaimed amount pertaining to interim dividend for the financial year 2005-2006. Members who have not yet encashed their dividend warrants for the financial year 2005-2006 (final dividend) onwards are requested to make their claims to the company immediately. Members may please note that no claim shall lie either against the Fund or the Company in respect of dividend which remain unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account and no payment shall be made in respect of such claims.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. The Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years 2005-06 to 2011-2012, as on the date of 37th Annual General Meeting held on 17th July, 2012, on the website of the IEPF viz. www.iepf.gov.in and under "Investor Section" on the website of the Company viz. www.dabur.com. Shareholders may kindly check the said information and if any dividend amount is appearing as unpaid against their name, they are requested to lodge their claim, duly supported by relevant document to the company before expiry of seven years from the date it is lying in the unpaid dividend account.

11. As a measure of economy, copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.
12. Details under Clause 49 of the Listing agreement with the Stock exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, is separately annexed hereto. The Directors seeking appointment/re-appointment have furnished the declaration under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.
13. All the documents referred to in the accompanying notice and Register of Directors' Shareholding are open for inspection at the registered office of the Company on all working days between 11.00 am to 1.00 pm up to

the date of Annual General Meeting. Register of Directors' Shareholding shall also be open for inspection upto 3 days after the Annual General Meeting.

14. The Certificate from Auditors of the company certifying that the Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the General Body Meetings will be placed at the Annual General Meeting.
15. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agents of the Company the prescribed Form 2B, which can be downloaded from our website www.dabur.com. Members holding shares in demat mode may contact their respective Depository Participant (DP) for availing this facility.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.8

The Board of Directors has appointed Mr Sanjay Kumar Bhattacharyya as an Additional Director of the Company w.e.f. 23rd July, 2012 in terms of Section 260 of the Companies Act, 1956.

Pursuant to section 260 of the Companies Act, 1956 he shall hold office only up to the date of ensuing Annual General Meeting. Valid Notice along with requisite deposit under section 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Mr. Sanjay Kumar Bhattacharyya for the office of Director of the Company.

Mr Sanjay Kumar Bhattacharyya has done BA (Hons) in Economics, from St. Stephen's College, New Delhi. He has served State Bank of India since 1972 at various senior positions and was the Managing Director of the Bank from October, 2007 to 2010. He is presently on the Board of Persistent Systems Limited, C&S Electric Limited and Finnacle Capital Advisors Private Ltd.

The Board considers that his association as a Director will be beneficial to and in the interest of the company.

The Board of Directors recommends for your approval his appointment as Director of the company, liable to retire by rotation.

He is not related to any other director of the company in terms of Section 2(41) and section 6 read with Schedule 1A of the Companies Act, 1956.

None of the Directors other than Mr. Sanjay Kumar Bhattacharyya himself, is concerned or interested in the resolution.

Item No. 9

Mr Amit Burman was appointed as a whole time Director of Dabur International Ltd., a Wholly Owned Subsidiary of the company w.e.f. 1st April, 2013 on the remuneration and other terms and conditions as mutually agreed. Accordingly, the Board of Directors of your company in its meeting held on

30th April, 2013, has recommended the appointment of Mr. Amit Burman as whole time director (or any other designation which the Board of Directors of Dabur International Ltd. may decide from time to time) of Dabur International Ltd. w.e.f. 1st April, 2013 on the following remuneration and terms and conditions:

- A. Consolidated Salary: AED 37,568 per month
- B. Perquisites & Allowance: In addition to the above, Mr Amit Burman will also be entitled to the following benefits as per rules of the Company:-
 1. Medical reimbursement for self and family members for the actual amount incurred.
 2. Use of Company's chauffeur driven Car for official purpose and telephone at residence (including payment for local calls and long distance calls, mobile phone, internet facility, any other means of communication facility). Use of car for private purpose and personal long distance calls shall be billed by the Company to the appointee.

Mr Amit Burman is a Promoter Director of Dabur India Limited, holds executive position in Dabur International Ltd a subsidiary of the Company. With a view to inculcate highest standards of good Corporate Governance in true spirit and to create and adhere to a corporate culture of fairness, transparency and ethical business practices and thereby ultimately enhancing shareholders value, he has voluntarily expressed his wish vide letter dated 10.04.2013 to forgo his right to withdraw salary beyond token amount of AED 1 per month but to continue his entitlement to reimbursement of medical expenses (including for family), telephone expenses and facility of chauffeur driven car with expenses, w.e.f. 1.04.2013, which he is entitled to as per the remuneration and other terms and conditions approved by Board of Dabur International Ltd.

Accordingly, the revised remuneration of Mr Amit Burman w.e.f. 1st April, 2013 is as under:-

Consolidated Salary : AED 1 Per Month

In addition to the above, Mr. Amit Burman will also be entitled to the following benefits as per rules of the company:-

- i) Medical expenses reimbursement for self and family members for the actual amount incurred.
- ii) Use of Company's chauffeur driven car for official purposes and telephone at residence (including payment for local calls and long distance official calls, mobile phone, internet facility, any other means of communication facility). Use of car for private purpose and personal long distance telephone calls shall be billed by the Company to the appointee.

Since Mr. Amit Burman is a Director of your Company and shall receive remuneration from Dabur International Ltd., a Wholly Owned Subsidiary of your company, his appointment as Whole time Director in the said subsidiary is required to be approved by Special Resolution of members of the company in pursuance of the provisions of section 314 of the Companies Act, 1956.

The copy of resolution passed by the Board of Directors effective 1st April, 2013 approving the appointment of Mr Amit Burman as Whole time Director of Dabur International Ltd. is available for inspection by the members of the Company at its Registered

Office between 11.00 a.m. to 1.00 p.m. on all working days till the date of Annual General Meeting.

The Board of directors recommends the special resolution for your approval.

None of the Directors other than Mr Amit Burman himself, is

concerned or interested in the resolution.

Mr. Amit Burman belongs to the promoters' family. Besides, he is not related to any other director of the Company in terms of section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956.

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED FOR 17TH JULY, 2013

Name of Director	Dr Anand Burman	Mr Pritam Das Narang	Dr Ajay Dua	Mr R C Bhargava	Mr Sanjay K Bhattacharyya
Date of Birth	05.05.1952	12.04.1954	15.07.1947	30.07.1934	31.10.1950
Date of Appointment	13.10.1986	01.04.1998	03.09.2009	27.01.2005	23.07.2012
Qualification	M Sc, PHD University of Kansas, USA	B.Com, FCA, FCS, AICWA, MIIA (USA)	IAS (Retd.), M Sc (Eco), Ph. D.	MA in Development Economics, MS in Mathematics, IAS retired.	B.A (Hons.) in Economics
Expertise in specific functional area	He joined Dabur in 1980 as manager R&D and came on the Board of the company in 1986. He set up pharmaceutical business of the company in 1989 and was responsible for Company's diversification into various categories of business. He led the acquisition of Fem, Hobi & Namaste businesses. Presently he is Chairman of the company.	Mr. P D Narang is the Group Director - Corporate Affairs. He is having vast experience in Corporate Finance & Tax Planning, International Finance, Public Issue, Capital Markets, Strategic Planning and Management, Mergers and Acquisitions, Demergers etc.	A retired civil servant, Dr. Dua joined the Indian Administrative Service in 1971. He has held a variety of senior assignments in the Government of Maharashtra and the Government of India. With a strong academic background and diverse work-experience Dr Dua is currently a senior business advisor / Board Member of several multinational firms.	Mr R C Bhargava served in Indian Administrative Services and has held the post of Joint Secretary in the Ministry of Energy and in the Cabinet Secretariat. He held various positions in Maruti Suzuki India Limited and retired in 1997 as its CEO. At present he is Chairman of Maruti Suzuki India Ltd.	He was the former Managing Director and Chief Credit & Risk Officer with State Bank of India, is an astute senior level banker with over 38 years of experience spanning International and Corporate Banking across geographies, Retail Banking, Credit & Risk Management, Liability Management, Human Resource Management as CEO of three banks, including State Bank of India, State Bank of Bikaner & Jaipur and SBI (International) Mauritius.
List of companies in which outside directorship held*	1. H&B stores Ltd. 2. Dabur Pharmaceuticals Ltd. 3. Dabur Research Foundation 4. Hindustan Motors Ltd. 5. Aviva Life Insurance Company India Ltd. 6. Althea Lifescience Ltd. 7. Hero MotoCorp Ltd. 8. Ester Industries Ltd. 9. Dabur (UK) Ltd. 10. Dabur International Ltd. 11. Dermoviva Skin Essentials Inc. 12. Hobi Kozmetik	1. H&B Stores Ltd. 2. Aviva Life Insurance Company India Ltd. 3. Jetage Infrastructure Ltd. 4. Dabur International Ltd. 5. Dabur Research Foundation 6. Dabur Egypt Ltd. 7. African Consumer Care Ltd. 8. Naturelle LLC 9. Dabur Egypt Trading Ltd. 10. Dermoviva Skin Essentials Inc. 11. Hobi Kozmetik 12. Hair Rejuvenation and Revitalization Nigeria Ltd.	1. Aviva Life Insurance Company India Ltd 2. Peninsula Land Limited	1. IL&FS Limited 2. Polaris Financial Technology Limited 3. Taj Asia Limited 4. Grasim Industries Limited 5. Maruti Suzuki India Limited 6. Thomson Press Limited 7. Ultra Tech Cement Company Limited 8. Idea Cellular Limited 9. Kokoyu Camlin Limited	1. Persistent Systems Ltd. 2. C&S Electric Ltd.
Chairman/Member of the Committee of Board of Directors of the Companies*	Remuneration cum Compensation Committee:- • Dabur India Limited	Stakeholders Relationship Committee • Dabur India Limited Audit Committee • H&B Stores Ltd. Remuneration cum Compensation Committee:- • H&B Stores Ltd.	Audit Committee:- • Dabur India Limited • Aviva Life Insurance Company India Ltd. Stakeholders Relationship Committee:- • Dabur India Limited Remuneration cum Compensation Committee:- • Aviva Life Insurance Company India Ltd.	Audit Committee • IL&FS Limited • Polaris Financial Technology Limited • Grasim Industries Limited • Dabur India Limited • Thomson Press Limited • Ultra Tech Cement Company Limited • Kokoyu Camlin Limited Shareholders/Investors Grievance Committee:- • Maruti Suzuki India Limited • Ultra Tech Cement Company Limited	Audit Committee • Persistent Systems Ltd. Shareholders/ Investors Grievance Committee:- • Persistent Systems Ltd. Remuneration cum Compensation Committee:- • Persistent Systems Ltd.
Shareholding in the Company	660,000	2,899,394	Nil	Nil	Nil

* Excluding Private Limited Companies



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Dabur India Limited

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