



Half Yearly
Financial Report
2010 - 2011



New Horizons
New Opportunities



Capturing Newer Horizons

From its birth in the bylanes of Calcutta, Dabur India Ltd has come a long way. Dabur is today the fourth largest FMCG Company in India and the world's largest Ayurvedic and Natural Health Care Company. Over the years, Dabur has successfully transformed into a multi-location transnational business with a presence across 60 countries and catering to the ever-changing needs and aspirations of the local populace across these diverse markets.

In addition to the 13 manufacturing units spread across India, Dabur's global footprint today includes manufacturing facilities in Nepal, Bangladesh, Dubai, Ras-al-Khaimah, Nigeria, Egypt and Turkey, besides overseas arms in London and Pakistan.

The year 2010-11 saw Dabur capture newer horizons with its first-ever overseas acquisition with Hobi Kozmetik Group of Turkey in July 2010. As this report goes to print, Dabur has entered into a share purchase agreement to acquire Namasté Laboratories LLC of the US, giving the company a foothold in the ethnic hair care market in the US and Africa.

These acquisitions are in line with Dabur's strategy to aggressively expand its scale of operations and strengthen its presence in the fast moving consumer goods space in overseas markets. They mark an important step towards further consolidating and expanding Dabur's already substantial overseas market presence.

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Dabur

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

Vatika

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

HAJMOLA

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



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



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

Board of Directors

Dr. Anand Burman	Chairman
Mr. Amit Burman	Vice Chairman
Mr. Pradip Burman	Director
Mr. Mohit Burman	Director
Mr. P D Narang	Director
Mr. Sunil Duggal	Director
Mr. R C Bhargava	Director
Mr. P N Vijay	Director
Dr. S Narayan	Director
Mr. Albert Wiseman Paterson	Director
Mr Analjit Singh	Director
Dr. Ajay Dua	Director

GM (Finance) & Company Secretary

Mr Ashok Jain

Auditors

M/s G. Basu & Co.
Chartered Accountants

Internal Auditors

Price Waterhouse Coopers Pvt. Ltd.

Bankers

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

Corporate Office

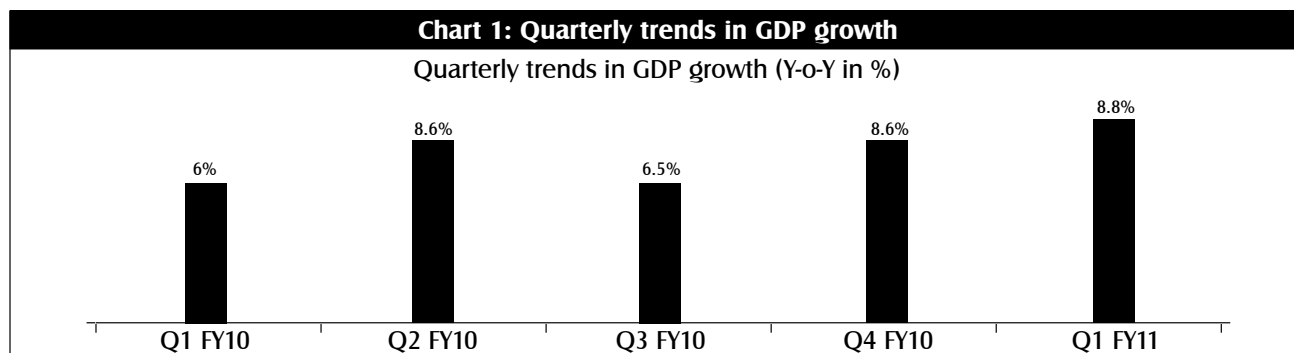
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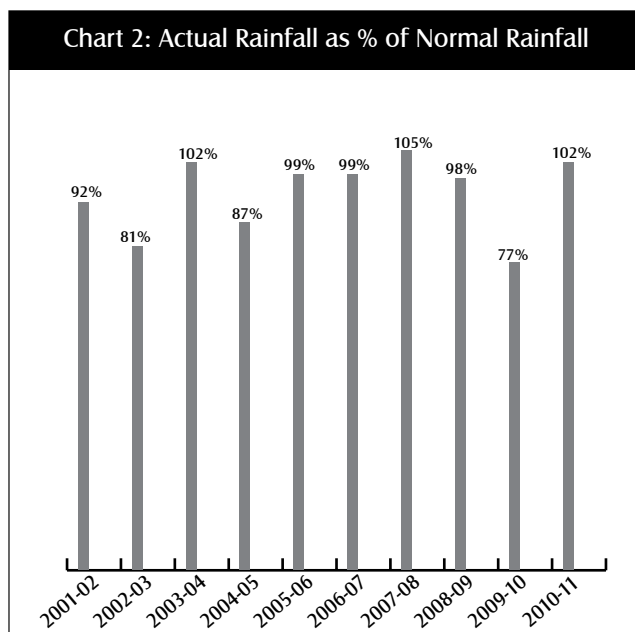
Management Discussion and Analysis

The Indian economy continues to be on a strong growth trajectory as evidenced by the 8.8% growth in real GDP in first three months of the 2010-11 fiscal. Industrial production also continued on a strong footing reporting double digit growth for a significant part of first half of fiscal 2010-11. Chart 1 shows the growth in real GDP in the Indian economy during the last few quarters and this represents a trend of steady growth.

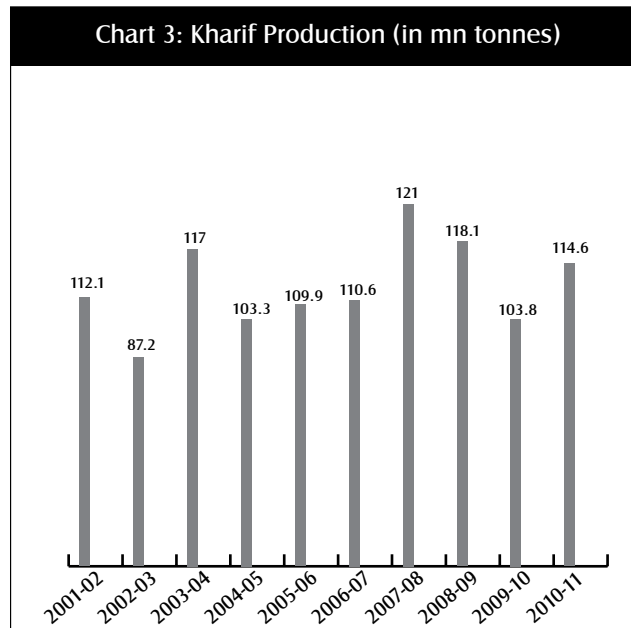


Source: CSO Estimates

Initially it appeared that monsoons this year might follow last year’s footsteps as the rainfall in the month of June was lower than the long term average. But after the initial hiccups, monsoons were back on track and were at 102% of the long term average for the season as compared to deficient monsoons last year (refer Chart 2). This augurs well for the kharif output estimates for current year and rural economy in general. (See Chart 3)



Source: IMD



Note: Figures for 2009-10 and 2010-11 are advance estimates
 Source: Directorate of Economics and Statistics, Department of Agriculture and Cooperation

Dabur continued to deliver robust sales growth with consolidated sales increasing by 17% during the first half of fiscal 2010-11 to Rs. 1,905 crores primarily driven by volumes. Consolidated PAT increased by 16.9% to Rs. 267.1 crores during the same period. EBIDTA margins of the company were stable at 19.5% despite input cost pressures which were managed to a great extent through effective sourcing strategies and calibrated price increases.

Hobi Acquisition

The new fiscal began on a promising note with Dabur India Ltd announcing its first overseas acquisition- Hobi Group (“Hobi” or “Hobby”), a leading personal care products company in Turkey. . As part of the transaction 100% stake has been acquired in three Hobi Group firms – Hobi Kozmetik, Zeki Plastik and Ra Pazarlama for total purchase consideration of US\$69 million. The transaction was completed on October 7, 2010 with Hobi Group becoming a wholly-owned subsidiary of Dabur International Ltd.

The acquisition of Hobi Kozmetik is in line with Dabur’s strategy to aggressively expand its scale of operations and strengthen its presence in the fast moving consumer goods (FMCG) space in overseas markets. This acquisition is an important step towards further consolidating and expanding Dabur’s already substantial presence in the Middle East and North Africa region.

Set up in 1974, Hobi Kozmetik is a leading manufacturer of personal care products in Turkey. The company is a market leader in the hair gel category with a 35% share, and markets a wide range of hair care and skin care products under the ‘Hobby’ and ‘New Era’ brands. Its products are sold across 35 countries, including the Middle East and North Africa.

The acquisition offers Dabur an entry into the attractive Turkish market, and adds to its portfolio a host of personal care products which can be leveraged across its markets in the region. Hobi’s brands complement Dabur’s portfolio and categories, offering the company a strong platform to enter newer product categories and markets.

The performance of various Strategic Business Units (SBUs) of Dabur India Ltd. during the period under review is presented below.

Strategic Business Units

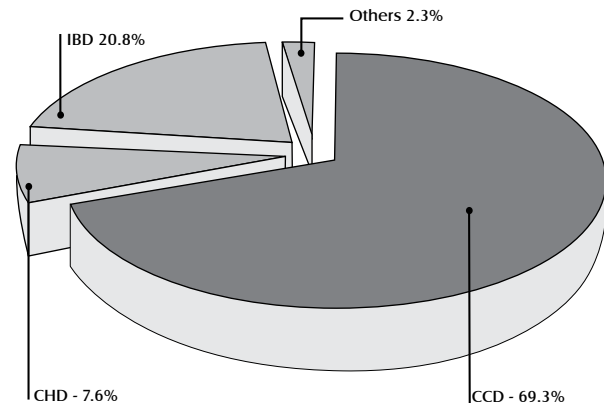
Dabur continued to move ahead on the growth track and ended the first half of the year with strong growth across its three Strategic Business units (SBUs).

- Consumer Care Division, the largest business unit within Dabur, covers its core FMCG business, including foods. This SBU accounted for 69.3% of the Company’s consolidated revenues, and reported a 16.4% growth in revenues during the

first half of the 2010-11 fiscal.

- International Business Division (IBD), which has emerged as the fastest growing and the second largest SBU for Dabur, now accounts for 20.8% of Dabur’s consolidated Revenues. The division ended the first half of the year with a revenue growth of 23.3%. The revenues and earnings from Hobi are not part of the IBD business in the first half of the year, but would be part of IBD’s revenues in the second half.
- Consumer Health Division (CHD), which leverages Dabur’s core competence in Ayurveda and offers a range of Ayurveda-based Over-The-Counter (OTC) products, branded ethical and classical products, reported a growth of 12.2% and now accounts for 7.6% of the total consolidated turnover.

The division-wise contribution to Dabur’s consolidated sales during the first half of the 2010-11 fiscal is shown in the following chart.



Consumer Care Division

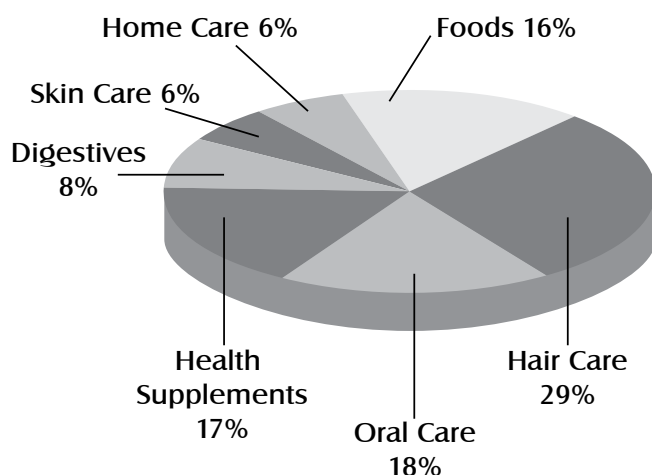
While good monsoons brought cheer to large parts of the country, boosting agricultural produce and sentiments in the rural economy, the rising food inflation continued to play truant. The inflation in raw material prices and growing competition notwithstanding, Dabur India Ltd. continued to roll out new products and variants in its core FMCG business while also expanding its geographic reach to end the first half with a strong double digit growth.

Several new initiatives were rolled out across markets and special products and packs launched for the rural

audience as part of Dabur's plans to deepen its rural penetration, a key driver of growth for its Consumer Care Division (CCD). The division ended the first half of 2010-11 with a growth of 16.4%, supported by continued and strong volume-led momentum across key product categories.

Direct engagement with the rural consumer through non-traditional media like Haat activities etc enabled Dabur to provide rural consumers an opportunity to experience Dabur products. Fairs and festivals like 'Kumbh Mela' were also effectively used to improve brand communication across key rural markets. While rural India continues to be the big growth driver with demand from the hinterland outpacing demand from the urban markets in some key categories, demand from urban India is also showing signs of resurgence.

Dabur's CCD business is divided into four key portfolios: Healthcare, Personal Care, Home Care and Foods. These cater to a number of consumer products segments like Health Supplements, Oral Care, Digestives, Hair Care, Skin Care, Home Care and Foods. The following chart gives the relative share of each category.



Health Care

The 2009-10 fiscal had ended at a new high for Dabur's Health Care vertical, having crossed the Rs 1,000-Crore turnover mark during the year. The Health Care vertical – which includes Health Supplements, Oral Care and Digestives – continued to move forward on the growth path. Riding on the growing health consciousness among consumers and a host of consumer-connect initiatives with its various brands, the Health Supplements category

ended the 6-month period with an over 22.6% growth in sales.

Health Care has also been identified as an important growth engine for the future, with the company drawing up a blueprint and lining up a host of new initiatives for the category. The first of the new roll-outs – a daily health supplement christened Dabur NUTRiGO – is being introduced in the second half of the current fiscal. Dabur NUTRiGO has been specially formulated to meet the immediate and long-term health needs of consumers in the modern-day context. Packed with essential Vitamins and Minerals, along with special Natural Extracts, Dabur NUTRiGO comes with a unique One-A-Day formula and will be available in two variants: Dabur NUTRiGO Total – Strength & Stamina for Active Men and Dabur NUTRiGO Woman – Beauty & Vitality for Today's Woman.

Health Supplements

The growing health consciousness among Indians coupled with the rising incidence of flu and viruses across the country and a host of consumer connect initiatives rolled out by Dabur helped the Health Supplements business report strong growth of more than 30% during the first six months of the fiscal.

Dabur Chyawanprash, the flagship brand in the Health Supplements basket, continued to move forward on the strong double digit growth track as demand increased due to heightened health consciousness. The brand was last year repositioned on the immunity plank, a move that ensured good consumer connect in view of the flu and virus outbreak across India. The immunity concept was taken forward this fiscal to cover changing climate and incidence of infections during monsoon. The brand took forward this message through advertorials, print campaigns and a PR exercise. A special TVC was also released to further drive this message among consumers.

The period under review also saw the culmination of Dabur Chyawanprash's award winning mega school-level awareness drive that was also rolled out across the nine states of Delhi-NCR, Uttar Pradesh, Bihar, Jharkhand, Punjab, Maharashtra, West Bengal, Madhya Pradesh and Rajasthan. Under this initiative, the brand reached out to over 7.5 lakh students across 820 schools to educate children about the need for building immunity for staying healthy and strong. The programme concluded with Dabur Chyawanprash and its brand ambassador Mahendra

Singh Dhoni identifying 24 school children who will form a team of India's Immunity Ambassadors and spread the message about the need to boost immunity in their respective states. The selected 24 Dabur Chyawanprash Immunity Ambassadors also got a chance to meet and interact with Dhoni and learn his health secrets besides seeking tips on health management, immunity building and fighting fatigue.

The Chyawanprash sugar-free variant Chyawan Prakash performed well as consumer acceptance increased for the product. In order to extend the appeal of Chyawanprash to more consumers the Company introduced two new flavours for this flagship brand – Orange and Mango - which have just been launched in the market.

Dabur Honey, the largest branded honey in India, continued to report good growth. The quality and purity of Dabur Honey helped the company meet the onslaught of heavy undercutting by private labels and competition in the market and emerge stronger. Besides, Dabur Honey was made available in a 20gm pack priced at Rs 10, which has been hugely successful and has added new consumers to the brand.

Dabur Glucose was another strong performer in the health supplements basket, ending the first six months of the fiscal with strong double digit growth and gain in market share. The company introduced a new campaign that revolved around the power packed in one glass of Dabur Glucose. It also capitalized on the emerging trend for taste along with health with its flavoured variants.

Oral Care

Dabur's Oral Care business comprises of two key product categories: Toothpaste and Toothpowder. Dabur's Toothpaste portfolio posted an impressive growth of 15.3%, and emerged as the fastest growing toothpaste company in the country (Source: AC Nielsen Retail Audit) during the first half of the year. This impressive growth in the toothpaste portfolio was more than double the category growth of 7.3% and resulted in Dabur increasing its market share to 14.2% during the period (Source: AC Nielsen Retail Audit, Apr- Sept).

Dabur Red Toothpaste delivered another strong performance to end the first six months with double digit growth. Besides introducing two new SKUs of Dabur Red Toothpaste – a Rs 10 pack and a 300gm value pack – aimed at different consumer segments, Dabur also rolled out a mega Oral Hygiene awareness program

for children that reached out to about 13 lakh kids across the country. Strong regional initiatives in South India, including intensive media and other ground-level activation, helped the brand achieve a good performance and increase its share of the toothpaste category.

Backed by its strong value proposition to the consumers and oral care benefits through natural ingredients, the Babool Franchise continued its strong growth momentum, ending the first half with an impressive growth of over 20%. Focused advertisement campaign generated increased trials for the brand, while the two variants – Babool Neem and Babool Mint Fresh Gel – helped the franchise gain market share. Meswak toothpaste, the premium herbal toothpaste in Dabur's oral care portfolio, continued to report strong double-digit growth with extensive sampling in key geographies along with product detailer/advertorial generating higher trials among consumers. The brand's strong regional focus in South India continued to pay rich dividend.

Dabur's toothpowder brand Dabur Lal Dant Manjan, ended the first six months with a near 5% growth. This was backed by an extensive rural activation programme that sought to convert non-dentifrice users to toothpowder across three key states. This programme covered village school, local Haats and Melas in these states and received a good response.

Digestives & Baby Care

Riding on strong activation programmes and introduction of new flavours, the Digestives category reported healthy double digit growth during the period under review. The entire Hajmola franchise, including tablets and candy, underwent a packaging revamp during the period, making the consumer's preferred digestive brand more modern and contemporary.

The variants continued to be the key growth drivers for Hajmola tablets with the Pudina flavour registering strong value growth and increasing Hajmola Pudina's contribution to the overall value sales of Hajmola tablets to 10%.

The latest introduction under Hajmola tablets – Kachha Aam – was also well received in the market. A new campaign for Hajmola Kachha Aam was also aired in April-May this year coupled with an on-ground activation campaign touching 17.5 lakh consumers. This campaign included a tie-up with Dabbawalahs in Mumbai, a tie-up with fast food chain Nirula's in Delhi and NCR wherein

35 of its outlets served samples of Hajmola Kachha Aam to consumers, and an arrangement with Indian Railways through which a free sampling exercise was carried out across all Shatabdi trains originating from Delhi.

Dabur's flagship baby care product Dabur Lal Tail ended the first half of the 2010-11 fiscal with double digit growth, riding on continuous media bursts. The product was relaunched this fiscal in an all-new packaging with its "2 times faster physical growth" claim being placed on the pack for the first time. A new TVC was also aired to drive home the message of faster physical growth.

Personal Care

The Personal care vertical, which accounts for 35% of CCD sales, includes a range of Ayurvedic and natural products for hair care and skin care. A key focus area and growth driver for Dabur, the personal care business continued to perform well during the fiscal, despite disruptive marketing by competition and heavy input pressures.

Hair Care

The hair care category comprises of hair oils and shampoos. The hair oils business, led by Dabur Amla Hair oil and Vatika Hair oil, reported healthy double digit growth during the first half of the fiscal 2010-11. Dabur took calibrated price hikes on some select SKUs of its hair oil brands to offset the input cost pressures. Dabur Amla continued its strong performance in the hair oil market driven largely by continued consumer & trade plans and strong rural activations in various states. And this came at a time when competitive intensity in the market touched a new high with rival brands resorting to mega price cuts and higher trade promotions. Dabur Amla continued to withstand competition and has truly established itself as the largest perfumed hair oil brand in the country with a consumer base of over 35 million users.

The new fiscal marked the achievement of another big milestone with Dabur Amla Nelli Hair Oil entering the Limca Book of Records 2011 for organising the longest ever non-stop hair massage marathon. Held in Chennai, the event was an all-women congregation with six champi stations set up with two masseurs per station. In all, 245 women experienced the Dabur Mudi Massage Wellness. The event was also graced by popular Tamil cine star and Dabur Amla Nelli Hair Oil brand ambassador Sneha.

Dabur organised a series of seminars across key markets to educate consumers and parlour professionals

regarding the benefits of Dabur Amla hair oil. At these seminars, Dabur shared the results of a consumer research which evaluated the superiority of Dabur Amla Hair Oil in comparison to other hair oils. As per this consumer study in an expert discussion session titled "Discover The Mystique of Amla for Giving Women Rich, Black Hair", it was proven that Dabur Amla Hair Oil makes hair visibly blacker v/s coconut hair oil.

Vatika Hair Oil continued to establish its superiority over plain coconut oil and ended the first half of the year with a good performance.

Vatika shampoo range came under pressure during the first half of this fiscal due to intense and disruptive competitive activity manifesting in disproportionately high promotional spends and price reductions. This led to some contraction in sales volumes of the Vatika brand, however the brand has more or less maintained its market share.

Vatika Shampoo range was re-launched during the first half of the year with a new proposition. This new range of 'Fast Acting Naturals Shampoos' includes Vatika Ultra Shine and Smooth shampoo, Vatika Stop Loss Hairfall Control shampoo and Vatika Sun Protect Black Shine shampoo. The new Vatika range is enriched with natural ingredients and is clinically proven to provide the benefits of herbs and natural ingredients. With the launch of this new range, the Vatika shampoo business is now getting back on the growth path. The period also saw Dabur introduce a 50 paise sachet and a 20% promotion in the Re 1 sachet.

Skin Care

The skin care category continued to post impressive growth with three key brands – Dabur Gulabari, Dabur Uveda and Fem – reporting decent gains.

The Gulabari franchise continued to be the star performer in this category posting strong growth and increasing its penetration. The growth of Gulabari was led by increased consumer activations like college-level beauty contests and enhanced retail & trade visibility. Dabur Gulabari has been hosting beauty contests in Uttar Pradesh, Hyderabad and North East, and these initiatives have helped the brand have a unique consumer connect.

The recently launched Ayurvedic skin care brand Dabur Uveda has been well accepted in the market. The product has hitherto been launched only in Delhi-NCR

and key markets of Maharashtra. Uveda is currently available purely on cosmetic counters, which includes Modern Trade outlets, Beauty Stores and general trade cosmetic counters. It has already established presence on cosmetic counters across these markets and the company is now looking at rapidly extending the range, besides enhancing its retail counter network.

The third key pillar of Dabur's Skin Care strategy – Fem registered double-digit growth during the period under review. All the products under the Fem personal care portfolio – bleaches, hair removing cream and liquid soaps – performed well. The year began with Dabur relaunching Fem with a new logo and a complete packaging revamp. The efforts made by Dabur to revitalize the brands and its focused approach saw Fem's bleach portfolio move ahead on the growth trajectory and strengthen its position in the beauty and fairness segments. Both Fem and Oxybleach organised mega model hunts across the country, a move that helped improve visibility for the brands. Fem launched 'Get Famous in 15 Minutes', a nationwide contest that gave participants a chance to represent India in the Elite Model Look 2010 contest to be held in Shanghai. Oxybleach, on the other hand, was associated with India's International Face 2010 (IIF), a countrywide search for two winners who get a chance to walk the ramp at Milan and Paris Fashion Week.

Dabur is now extending the Fem portfolio with the launch of all-new Fem Gold Crème Bleach that comes with real Gold in it. The product aims at providing a superior bleaching experience to the consumers through a pleasing fragrance and special moisturizing ingredients.

Home Care

The smallest part of the CCD business, Dabur's Home Care portfolio was one of the best performers of the year. This business comprises of 3 key categories: Mosquito Repellants, Air care and Surface Cleaners. The portfolio reported strong growth of more than 30% during the first half of the year.

A surge in mosquito menace and the rising incidence of mosquito-borne diseases across the country led to increased demand for Dabur's personal application mosquito repellent Odomos. The brand was aggressively promoted in the post-monsoon mosquito season with focus on efficacy and safety of the product, which has

been certified by the Indian Medical Association (IMA).

Moving ahead on its commitment to fight deadly mosquito-borne diseases like Dengue & Malaria and make cheaper protection available to rural consumers, Dabur launched Odomos Oil, a mosquito repellent for the masses. In the air care category, the company provides a range of products under the Odonil brand. The brand, which has been facing increased competition from other players and private labels, introduced several key innovations both in the product and in campaigns to end the first half with an over 60% growth.

While the original Odonil blocks performed well, the company also launched an all-new Odonil electric air freshener (Pluggy). Available in four natural fragrances – Exotic Rose, Fresh Lavender, Mystic Jasmine and Floral Fusion – Odonil Pluggy is aimed at meeting the changing lifestyle and convenience needs of consumers. This new introduction from Odonil is meant for the living spaces of the house and provides exotic natural fragrance by plugging it into a socket. This product has been accepted well in the market.

Sanifresh, the toilet cleaner brand, continued its powerful performance and recorded strong growth during the first half of the year to become the second largest brand in this market. The focus on winning consumer value equation through selective advertising, improved product and providing better value to the consumer boosted the brand's sales.

Foods

The foods business, which now contributes 16% to CCD sales, continued to register a sales growth of over 20% during the period and the growth was driven by both the range of fruit juices and culinary portfolio.

The Réal & Réal Activ franchise maintained the growth momentum during the new fiscal and also increased their combined share of the packaged fruit juice market in India. The year saw Dabur sign celebrity brand ambassadors for the fruit juice brands for the first time ever. While Sonali Bendre has been roped in as the brand ambassador for Réal, fitness icon and cine star Bipasha Basu has been signed as the brand ambassador for Réal Activ range of juices.

The company has introduced new logo and new pack designs for the entire Réal range. The logo change has been introduced to make the brand more contemporary.

A new communication campaign is also being rolled out that stresses on the special 6-layer packaging for Réal that keeps nutrition intact even without any preservatives.

In order to capture the festive season the company introduced a range of 11 special Diwali gift packs of Réal fruit juices and Réal Activ which have done brisk business and added to the momentum of the brand.

The first half of the year saw a number of initiatives being introduced for the culinary range of products under the Hommade brand, which helped this portfolio report impressive growth of more than 30%. The entire Hommade portfolio was relaunched last year in an all-new packaging, revamping the entire category with an aim to spur growth for its range of culinary products. This was backed by a national advertisement this year and special TVCs aimed at promoting the various products under the Hommade culinary range.

International Business Division (IBD)

The International Business Division (IBD) today caters to the health & personal care needs of customers across the Middle East, North & West Africa, EU and the US. This has been one of the fastest growing businesses of Dabur and now contributes about 21% to the consolidated revenues.

While the company operates in the international markets with brands like Amla and Vatika, the products sold under these brands are completely different from the ones available in India, and have been customised to suit the specific needs of consumers in these markets. Hair Creams, Toothpastes, Hair Oils and Conditioners are the key categories of IBD.

Dabur's Focus Markets of GCC, Egypt and Pakistan continued to deliver strong volume driven growth. Dabur Egypt reported a strong growth of over 40% and is now the largest contributor to the IBD business, closely followed by Saudi Arabia. Despite being a mature market, GCC notched up yet another strong performance, growing by 23% over the previous year with all the major brands and markets reporting impressive growth.

Potential Markets of North Africa, Levant & East Africa were upgraded to the status of Focus Markets with the hiring of local resources and investments in local-level promotions to push demand, which has resulted in impressive growth in these markets. These markets

reported a strong 39% growth over the previous year, driven primarily by the North African and Levant markets which are showing good promise and potential.

African Consumer Care, Nigeria has reported a growth of 47.2% over the previous year with both the key brands – Dabur Herbal Toothpaste and Dabur Herbal Fresh Gel – growing by more than 30%. Asian Consumer Care, Pakistan, reported a Revenue growth of 34.3% with Dabur Amla and Hajmola emerging as two strong brands in the country. The company has now signed up Shahid Afridi as brand ambassador for Hajmola in Pakistan. Dabur UK Ltd also closed the year with a topline growth of 25.2%

New product development and innovation remained key to Dabur's growth strategy in the overseas markets. Amla Hair Oil, for instance, extended its franchise by launching Amla Serums and two more hair oil variants – Cooling Hair Oil and Anti-Dandruff Hair Oil. Amla Hair Cream, which was launched last year, has become the fastest growing brand in the Hair Cream segment and has cornered over 3% share of the market.

The company has also launched Vatika DermoViva Hand Wash, extending the Vatika DermoViva Soap franchise that was launched last year in a highly competitive MNC-dominated category. Meanwhile, Vatika Shampoo (with a range of 5 variants of Shampoo and 2 variants of Conditioners) that was re-launched last year, has reported more than doubling of sales during the year.

The Fem brand was also strengthened in the International markets through ATL and BTL initiatives, which saw the brand grow by over two folds during the period.

With the acquisition of Hobi Group, the international business will be strengthened further in terms of geographical presence and product portfolio.

Consumer Health Division (CHD)

The Consumer Health Division (CHD) of Dabur offers a range of health care products based on the age-old principles of Ayurveda. The CHD portfolio, comprising both OTC products and classical range, registered a growth of 12% during the first half of the current fiscal despite a sharp rise in prices of key inputs.

The CHD portfolio was enhanced last fiscal with the transfer of a few brands – such as Pudín Hara, Janam Ghunti, Hingoli, Sat Isabgol & Gripe Water – from CCD to CHD for sharper focus. The move has paid off and these

brands have posted a robust growth during the year.

Honitus emerged as a key growth driver during the first half of the year with the franchise reporting growth of more than 20%. This robust performance was led by increased media activity during the Monsoon season.

A new campaign for Pudín Hara with the theme 'Jaante Ho Par Lete Kyo Nahin' was launched last year, which boosted the brand's revenues. The company has now expanded the Pudín Hara franchise with the introduction of Pudín Hara Lemon Fizz in the first quarter of 2010-11. The line extension and sustained media activity helped the brand register a 15% growth during the period under review.

The launch of the first-ever television promotion resulted in its rejuvenator brand Shilajit Gold reporting a strong growth during the six-month period. The recently revamped women's health tonic brands Dashmularishta and Ashokarishta – which now feature brand ambassador Juhi Chawla on the front label – posted double digit growth during the period led by a focused communication strategy.

Following the relaunch of the Classics portfolio last year in a new, contemporary avatar and focused healthcare promotion activities through Dabur Ayurvedic Centres, Health Camps and Vaid (Ayurvedic doctors) Meets, the division's ethical business continued to grow in healthy double digits.

Going ahead, as part of Dabur's renewed focus on health care, the company is preparing to roll out a host of new product introductions in the Cough & Cold and Gastro-Intestinal verticals. The first of these new initiatives would hit the shelves in the third quarter of this fiscal.

Retail Business - newu

Dabur India Ltd operates a chain of focused beauty retail outlets under the brand name newu. This business, which underwent a strategy and format revamp in the previous fiscal, is now being expanded in a calibrated manner with a sharper focus on North India. The network today has 27 retail outlets and will be expanded to around 40 stores by the end of the current fiscal.

This business – operated under the wholly owned subsidiary H&B Stores Ltd – is managed by a team of retail experts who have experience in beauty/lifestyle retail and realty intricacies. The team has worked

towards giving the newu stores a distinct identity with a select range of beauty merchandise that is exclusive and uniquely positioned in stores.

While a bulk of the 27 operational stores today are in North India – covering Delhi-NCR, Punjab, Uttar Pradesh and Rajasthan – the business has also established seeding presence in South India with outlets in Hyderabad and Bangalore. This focused approach has enabled the business build a cluster around NCR and North India, making it more cost effective and efficient from a logistics viewpoint.

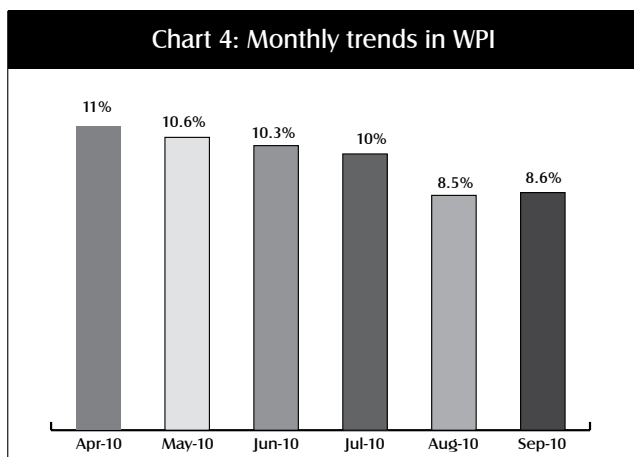
The profile of the newu stores has also undergone a revamp and the outlets are now positioned as a lifestyle beauty store, offering a one-stop solution for all beauty needs. Introduction of exclusive international beauty brands is today a USP with the newu stores with the company planning to build a pool of 8-10 international brands exclusive to the newu cache. The stores offer consumers a host of promotions and activations, which have emerged as a big consumer attraction. The newu chain of stores is now venturing into establishing Express Stores, which would be highly focused small format stores that would stock only fast-selling items. The merchandise in these newu Express Stores would be localised according to consumer preference in each location.

Operations

During the first half of the year a number of initiatives were rolled out to improve productivity through effective application of technology and advancement in manufacturing processes besides adoption of lower cost energy options. The company commissioned new production lines for Hajmola, Chywanprash, Honey and Glucose at its existing manufacturing locations. The second phase of expansion project at Baddi, Himachal is being implemented in the current year which will lead to enhancement of capacity for various personal care products.

Inflation continued to be the key concern during the first six months of 2010-11 with prices of key raw materials – led by edible oils and petroleum products going up significantly (refer Chart 4). Controlling spiraling costs in such an inflationary scenario was one of the biggest challenges faced by the Company during the period and Dabur effectively tackled this challenge with its

strategic futuristic planning and use of intelligent buying mechanisms like calibrated hedging and e-sourcing.



Source: CSO Estimates

Effective planning and forecasting by a team of strategic planners helped Dabur effectively keep its costs under control and restrict price hikes to a minimum despite high inflation on several commodities.

Environmental Initiatives

As part of its commitment towards environment, Dabur initiated a host of new “Green” projects under which alternative sources of energy are utilized as a substitute for boiler fuel. Herbal extractors, for instance, have been installed at all units and the company has completely changed over to this energy efficient production practice to reduce power consumption at its plants. The company has started crushing waste herbs and recycling the same to be used as bio-fuels. New boilers have been installed in Baddi which used 80% waste herb and 20% bio-briquettes as fuel. Dabur is continuously monitoring its waste in adherence with the pollution control norms and these measures have considerably reduced the carbon emissions.

Efforts are also on in full swing to conserve and maintain ground water level, and these include implementation of rainwater harvesting, which has delivered encouraging results and has put the company on the path to becoming a Water-Positive Corporation. The ISO 14000 – International Environment Management System – audit has been completed at the Baddi cluster.

At Dabur, we are committed to sustainable development throughout our diverse operations. And, we will strive

to translate the good intentions into lasting results, contributing to environment and the ultimate good of the society.

Financial Performance

The Company reported robust sales growth, growing sales by 17% during the first half of fiscal 2010-11 to Rs. 1,905 crores. Gross margins came under pressure on account of increase in material costs. In spite of that the EBITDA margins were stable at 19.5% for the first half of fiscal 2010-11. This was achieved through effective sourcing strategies, other cost saving measures and calibrated price increases.

Consolidated PAT of the company increased by 16.9% to Rs. 267.1 crores for the first half of fiscal 2010-11. The effective tax rate of the company increased with the increase in Minimum Alternate Tax (MAT) from 15% to 18%.

The net working capital (excluding cash and bank balance) of the Company increased from 9 days to 20 days primarily on account of higher inventories due to strategic stocking and higher loans and advances mainly due to higher taxation.

A bonus issue of shares in the ratio of 1:1 was announced and completed during the first half which resulted in the equity share capital of the company expanding to Rs.174.1 crore as of September 30, 2010.

In view of the strong performance, the company announced an interim dividend of 50% i.e. Re. 0.50 per share on the expanded equity capital.

Cautionary Statement

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

Auditors' Report

**To the Board of Directors,
Dabur India Limited,**

We have audited the attached condensed Balance Sheet of Dabur India Limited as at 30th September, 2010 and its Profit and Loss Account and the Cash Flow Statement for the half year ended on that date attached thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We hereby report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- ii. In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of books of accounts.
- iii. The Condensed Balance Sheet and Condensed Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- iv. Condensed Balance Sheet, Condensed Profit and Loss Account and Cash Flow Statement have been prepared in due compliances of accounting standards referred to in sub section (3c) of Section 211 of Companies Act, 1956.
- v. In our opinion and according to the information and explanations given to us, the said accounts read with selected explanatory notes appearing in Schedule "A" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Condensed Balance Sheet, of the State of Affairs of the Company as at 30th September, 2010;
 - b) In the case of Condensed Profit and Loss Account, of the Profit for the half year ended on that date; and
 - c) In the case of cash flow statement, of the cash flows for the half year ended on that date.

For G. Basu & Co
Chartered Accountants
Firm Registration No. 301174E

New Delhi
27th October, 2010

ANIL KUMAR
Partner
Membership No. 9390

Condensed Balance Sheet as at 30th September, 2010

			Rupees in lacs	
Sr. No.	Particulars	Schedule	As at 30.09.2010	As at 31.03.2010
I. Sources of Funds				
1.	Share Capital		17,407	8,690
2.	Reserves and Surplus		79,904	66,248
3.	Loan funds			
	(a) Secured Loans		4,692	2,427
	(b) Unsecured Loans		22,457	8,570
4.	Deferred Tax Liability (Net)		1,395	1,195
	Total		125,855	87,130
II. Application of Funds				
1.	Fixed Assets	A-2.18		
	(a) Intangible fixed assets		2,174	2,174
	(b) Tangible fixed assets		71,372	66,549
	Gross Block (a+b)		73,546	68,723
	Less: Depreciation		25,086	23,628
	Net Block		48,460	45,095
	Capital work-in-progress		1,607	2,331
2.	Investments		23,133	34,850
3.	Currents Assets, Loans and Advances	A-2.19		
	(a) Inventories		42,364	29,844
	(b) Sundry debtors		15,497	13,048
	(c) Cash and Bank Balances		14,569	16,391
	(d) Loans and Advances		62,728	32,512
	Sub Total (3)		135,158	91,795
4.	Less: Current Liabilities and Provisions	A-2.20		
	(a) Liabilities		45,631	43,205
	(b) Provisions		46,871	44,010
	Sub Total (4)		92,502	87,215
	Net Current Assets (3-4)		42,656	4,580
5.	Miscellaneous Expenditure to the extent not written off or adjusted		9,999	274
	Total		125,855	87,130

Accounting Policies and Notes to Accounts**A**For **Dabur India Ltd.**

Dr. Anand C. Burman, Chairman
P. D. Narang, Whole time Director
Sunil Duggal, Whole time Director
A. K. Jain, G.M. (Finance) & Company Secretary

As per our report of even date attached

For **G. Basu & Co.**
Chartered Accountants
Anil Kumar
Partner

Place : New Delhi

Date : 27th October, 2010

Condensed Statement of Profit and Loss Account

for the six months period ended 30th September, 2010

Rupees in lacs

Sr. No.	Particulars	Schedule	For the Quarter ended 30.09.2010	For the Quarter ended 30.09.2009	For the six months ended 30.09.2010	For the six months ended 30.09.2009
1	Sales	A-2.21	80,219	70,785	155,792	135,193
	Less: Excise Duty		729	650	1,455	1,141
	Net Sales		79,490	70,135	154,337	134,052
2	Other Income		1,226	1,110	2,628	2,158
	Total		80,716	71,245	156,965	136,209
3	(Increase)/Decrease in Stock-in-Trade	A-2.22	(3,904)	(2,849)	(8,078)	(4,173)
4	Consumption of Materials	A-2.23	31,565	24,966	62,453	47,960
5	Purchase of Finished Goods		12,242	11,381	22,987	20,548
	Sub-total (3 to 5)		39,904	33,498	77,362	64,335
6	Salaries, wages and other staff costs		5,627	5,156	11,048	10,049
7	Advertising and Sales Promotions		9,465	8,573	20,638	18,413
8	Other expenditure	A-2.24	8,154	7,618	17,805	15,853
9	Operating cash profit before interest and Tax		17,566	16,400	30,112	27,559
10	Interest		261	399	513	781
11	Depreciation		950	748	1,837	1,531
12	Miscellaneous expenditure written off		472	133	571	253
13	Profit from ordinary activities before tax		15,883	15,120	27,191	24,994
14	Net Profit before Tax		15,883	15,120	27,191	24,994
15	Provision for Taxation:					
	- Current		3,165	2,565	5,419	4,248
	- Deferred		100	106	200	221
16	Net Profit after Tax for the period		12,618	12,449	21,572	20,525
17	Extraordinary item		0	0	0	0
18	Net Profit after Tax and Extraordinary item		12,618	12,449	21,572	20,525
	Balance brought forward				52,691	42,894
	Provision for Taxation of earlier years			10	0	23
19	Net Profit after Tax and Extraordinary item		12,618	12,439	74,263	63,396
	Appropriations:					
	Interim Dividend				8,704	6,493
	Final Dividend (earlier year)				15	0
	Corporate Tax on Interim Dividend				1,446	1,104
	Excess Corporate Tax provided written back				(40)	0
	Transfer to General Reserve				2,500	0
20	Balance carried over to Balance Sheet				61,638	55,799
21	Earning per share:					
1.	Basic earning per share (in Rs.)					
	Before Extraordinary item		0.72	0.72	1.24	1.19
2.	Diluted earning per share (in Rs.)					
	Before Extraordinary item		0.72	0.72	1.23	1.18
3.	Basic earning per share (in Rs.)					
	After Extraordinary item		0.72	0.72	1.24	1.19
4.	Diluted earning per share (in Rs.)					
	After Extraordinary item		0.72	0.72	1.23	1.18
	No. of Shares (Basic)		1,740,456,419	1,731,297,754	1,740,030,023	1,730,913,371
	No. of Shares (Diluted)		1,751,413,733	1,738,618,497	1,747,062,355	1,738,399,979

Accounting policies & Notes to Accounts A

For Dabur India Ltd.

Dr. Anand C. Burman, Chairman

P. D. Narang, Whole time Director

Sunil Duggal, Whole time Director

A. K. Jain, G.M. (Finance) & Company Secretary

Place : New Delhi

Date : 27th October, 2010

As per our report of even date attached

For G. Basu & Co.

Chartered Accountants

Anil Kumar

Partner

Statement of Cash Flow (PURSUANT TO AS-3 ISSUED BY ICAI)

Rupees in lacs

Particulars	For the period ended 30th September, 2010	For the period ended 30th September, 2009
A. Cash Flow From Operating Activities		
Net Profit Before Tax and Extraordinary Items	27,191	24,994
Add:		
Depreciation	1,838	1531
Loss on Sale of Fixed Assets	12	24
Miscellaneous Exp. Written Off	677	273
Miscellaneous Exp. Written Off (Included in Director Remun.)	510	165
Interest	513	781
Unrealised Loss/(Gain) in Foreign Exchange	112	121
	3,662	2,895
	30,853	27,889
Less:		
Interest Received	700	591
Profit on Sale of Investment	662	592
Profit on Sale of Assets	30	213
	1,392	1,396
Operating Profit Before Working Capital Changes	29,461	26,493
Working Capital Changes		
Increase/(Decrease) in Inventories	12,521	6,394
Increase/(Decrease) in Debtors	3,420	1,846
Decrease/(Increase) in Trade Payables	1,691	(5,431)
Increase/(Decrease) in Working Capital	17,632	2,809
Cash Generated from Operating Activities	11,829	23,684
Interest Paid	502	765
Tax Paid	5,199	4,387
	5,701	5,152
Cash Used(-)/(+)Generated for Operating Activities (A)	6,128	18,532

Statement of Cash Flow Contd...

Rupees in lacs

Particulars	For the period ended 30th September, 2010	For the period ended 30th September, 2009
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(4,594)	(5,463)
Sale of Fixed Assets	134	1216
Purchases of Investment Including Investment in Subsidiaries	(2,49,404)	(1,99,562)
Sale of Investments	2,61,784	1,98,140
Interest Received	700	591
Cash Used(-)/(+)Generated for Investing Activities (B)	8,620	(5,078)
C. Cash Flow from Financing Activities		
Proceeds from Share Capital & Premium	14	7
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	(196)	(443)
Repayment(-)/Proceeds (+) from Short Term Loans	2,369	2,734
Repayment (-)/Proceeds (+) from Loan to Subsidiaries	(20,058)	0
Repayment(-)/Proceeds (+) from other Unsecured Loans	13,887	(9,038)
Payment of Dividend	(10,780)	(8,651)
Corporate Tax on Dividend	(1,806)	(1,470)
Cash Used(-)/(+)Generated in Financing Activities (C)	(16,570)	(16,861)
Net Increase(+)/Decrease (-) in Cash and Cash Equivalentents (A+B+C)	(1,822)	(3,407)
Cash and Cash Equivalentents Opening Balance	16,391	15,184
Cash and Cash Equivalentents Closing Balance	14,569	11,777

For Dabur India Ltd.

Dr. Anand C. Burman, Chairman
P. D. Narang, Whole time Director
Sunil Duggal, Whole time Director
A. K. Jain, G.M. (Finance) & Company Secretary

Place : New Delhi

Date : 27th October, 2010

As per our report of even date attached

For **G. Basu & Co.**
Chartered Accountants
Anil Kumar
Partner

Schedule A: Selected Explanatory Notes

(Rupees in lacs, except share data)

1. ACCOUNTING POLICIES**1.1 Basis of Preparation of Financial Statements**

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

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

1.2 Significant Accounting Policies

The Company has applied the same accounting policies in this half yearly financial statements as have been applied in its annual financial statements for the year ended 31st March, 2010 except for recognition of deferred tax on estimated basis as against actual basis.

Preparation of Balance Sheet, Profit and Loss Account, Cash Flow Statement including disclosures made there for in notes to accounts and condensed Balance Sheet and Profit and Loss Account have been made in terms of AS 25.

2. NOTES TO ACCOUNTS**2.1 Contingent Liabilities (Not provided for):**

- i. In respect of claims against the Company not acknowledged as debts towards:
 - a) Civil Suits filed against the Company Rs.775 (previous year Rs.755).
 - b) Claims by Employees Rs.27 (previous year Rs.17).
- ii. In respect of Bank Guarantees executed Rs.684 (previous year Rs.673).
- iii. In respect of Sales Tax under appeal Rs.736 (previous year Rs.1167).
- iv. In respect of Excise Duty disputes pending with various judicial authorities Rs.2508 (previous year Rs.2321)
- v. In respect of Corporate Guarantees given by the company Rs.5729 (previous year Rs.7133)
- vi. In respect of Income tax under appeal Rs.66 (previous year Rs.77).
- vii. Estimated amount of contract remaining to be executed on capital account Rs.1225 (previous year Rs.2462). Net of advance Rs.895 (previous Year Rs.1390)
- viii. In respect of Letters of Credit Rs.4 (previous year Rs.53)
- ix. In respect of Bill Discounted Rs.2497 (previous year Rs.3416)

2.2 Information pursuant to AS 29.

- i) Brief particulars of provision under AS 29 towards liabilities disputed being carried over from previous year without adding to or withdrawal therein/therefrom:

Schedule A (Contd...)

(Rupees in lacs, except share data)

<u>Nature of liabilities</u>	<u>Particulars of dispute</u>	<u>Amount</u>	<u>Forum under which the dispute is pending</u>
VAT	Short Payment of VAT	42	Second appeal Filed
Sales Tax	Classification of Lal Dant Manjan	36	Filed review application with High Court
Sales Tax	Classification of Gulabari	1	Appeal Filed before the D.C. Appeal
Entry Tax	Entry Tax on Car	1	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	28	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	29	Pending before High Court
Sales Tax	Non filling of FORM F	10	Appeal filed before DC Appeal, Delhi
Excise	Capital Goods removal	30	DC appeal

ii) Resulting outflows against above disputed liabilities, if mature, are expected to be in succeeding financial year.

iii) Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.

2.3 Related Party Disclosures in terms of AS 18

2.3.1 Related parties where control exists:

a) Subsidiaries:

H&B Stores Ltd	(Domestic Subsidiary)
Dabur U.K. Ltd., U.K.	(Foreign Subsidiary)
Dabur Egypt Ltd., Egypt	(Foreign Subsidiary)
Dabur International Limited, U.A.E.	(Foreign Subsidiary)
Weikfield International (UAE) LLC.	(Foreign Subsidiary)
Asian Consumer care Private Limited, Dhaka	(Foreign Subsidiary)
Dabur Nepal Private Limited, Nepal	(Foreign Subsidiary)
Asian Consumer care Pakistan Pvt. Ltd., Pakistan	(Foreign Subsidiary)
African Consumer care Limited, Nigeria	(Foreign Subsidiary)
Naturelle LLC, U.A.E.	(Foreign Subsidiary)
Dermoviva Skin Essentials Inc.	(Foreign Subsidiary)
Dabur Egypt Trading Ltd., Egypt	(Foreign Subsidiary)

b) Joint Ventures/Associates:

Forum 1 Aviation Limited
Balsara International

2.3.2 Other Related Parties in transaction with the company

2.3.2.1 Key Management Personnel and relatives of such personnel:

Director	Relatives
Pradip Burman	-
P D Narang	-
Sunil Duggal	-

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

1. Sanat Products Limited

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

1. Sanat Products Limited

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.4. Related Party Transactions:

Related Parties Transactions as on 30.09.2010

	SUBSIDIARY	J V/ PARTNERSHIP	ASSOCIATES	KEY MANAGEMENT PERSONNEL	ENTITY UNDER SIGNIFICANT INFLUENCE	TOTAL	OUTSTANDING AS ON 30.09.2010
(A) Profit & Loss A/c*							
1. Purchase of Goods	9539 (7980)	0 (-)	- (-)	0 (-)	89 (84)	9627 (8064)	21 (1143)
2. Sale of Goods	1755 (1242)	0 (-)	- (0)	0 (-)	- (-)	1755 (1243)	572 (500)
3. Royalty Given	4 (5)	- (-)	- (-)	- (-)	- (-)	4 (5)	4 (2)
4. General Expenses	0 (-)	249 (235)	- (-)	- (-)	- (-)	249 (235)	0 (-)
5. Processing Charges	0 (3)	6 (4)	0 (-)	0 (-)	- (-)	6 (8)	0 (-)
6. Rent Received	- (-)	1 (1)	- (-)	- (-)	- (-)	1 (1)	0 (-)
7. Interest Received	31 (7)	- (-)	- (-)	- (-)	- (-)	31 (7)	31 (7)
8. Rent Paid	0 (-)	0 (-)	0 (-)	39 (33)	0 (-)	39 (33)	0 (-)
9. Remuneration/Exg./Pension	0 (-)	0 (-)	0 (-)	366 (213)	0 (-)	366 (213)	0 (-)
10. Employee Stock Option Scheme	105 (22)	0 (-)	0 (-)	627 (165)	0 (-)	732 (187)	0 (-)
(B) Balance Sheet **							
11. Loan Given	20058 (838)	- (-)	- (-)	- (-)	- (-)	20058 (838)	20443 (385)
12. Capital Contribution	- (-)	- (49)	- (-)	- (-)	- (-)	- (49)	- (49)
13. Equity Contribution	100 (500)	0 (-)	0 (-)	- (-)	- (-)	100 (500)	0 (150)
(C) Off Balance Sheet Item							
14. Guarantees & Collaterals	426 (839)	0 (0)	0 (-)	0 (-)	0 (-)	426 (839)	5729 (5303)

* Previous Balance as on 30.09.2009 ** Previous Balance as on 31.03.2010

Notes:

- A. Item referred to in 1 above includes Purchases from Dabur Nepal Pvt. Ltd. Rs.9,539 (Rs.7,980)
- B. Item referred to in 2 above includes Sales to Dabur International Ltd., Weikfield International (UAE) LLC and Naturelle LLC Rs.228, 193 and 404 (Rs.397, 148 and 261) respectively.
- C. Item referred to in 6 above Rent received from Balsara International (previous period Re.1).
- D. Item referred to in 11 above includes Loan given to Dabur International Ltd. and H & B Stores Ltd. Rs.19,633 and Rs.425 (Previous Year Nil and Nil).
- E. Item referred to in 14 above includes Guarantees & Collaterals to Dabur Egypt Ltd., Naturelle LLC, Asian Consumer Care Pvt. Ltd., Forum 1 Aviation Ltd. and Asian Consumer Care Pakistan Pvt. Ltd. Rs.1787, 790, 670, 714 and 405 (Rs.1738, 763, 1690, 714 and 398)

2.5 Outcome of test of impairment undertaken for cash generating units concluded against creation of provision against impairment loss under AS-28.

Schedule A (Contd...)

(Rupees in lacs, except share data)

- 2.6 During the period, the Company has paid final dividend @ 125% (previous year 100%) amounting to Rs.10,877 (previous year Rs.8,655) in respect of financial year 2009-10 after approval to the effect in the AGM dated 31.08.2010.
- 2.7 The Board of Directors of parent company has approved payment of interim dividend @ 50% (previous year 75%) amounting to Rs.10,149 (previous period Rs.7,595) including tax applicable thereon.
- 2.8 During the period the Company has allotted 1391449 (previous period 687379) equity shares of Re.1/- each to the employees upon their exercise of stock option under Employee Stock Option Scheme.
- 2.9 19,427,250 (previous period 3,617,056) equity shares of Re.1/- each are outstanding under "Employees Stock Option Scheme" as on 30th September, 2010.
- 2.10 During the period, the Company has allotted 1 bonus share against each share held by a member. Capital base has been enhanced thereby by Rs.8,704 lacs against capitalization of free reserves.
- 2.11 Investment at half-year end includes Rs.13169 (previous period Rs.6,573) towards current Investment. Remaining investments are long-term in nature.
- 2.12 During the period company has invested Rs.251,913 in current investment. Besides it has invested for long term Rs.100 in wholly owned Subsidiary " H&B Stores Ltd.",
- 2.13 During the period company has sold current investments amounting to Rs.260,971.
- 2.14 Investment in jointly controlled activities (JEC) – Information pursuant to AS-27 issued by ICAI:
1. **Forum 1 Aviation Limited**
 - (a) Share of the Company in assets, outside liability, net worth and income and expenses not being accounted for herein work out to Rs.1239, Rs.569, Rs.670, Rs.188 and Rs.127 as per un-audited accounts of JCE.
 - (b) Stake of the Company in terms of percentage of total subscribed and paid up capital of JCE is 14.28%. Said amount (Rs.456) appears under investment head in balance sheet of the Company.
 - (c) Company's commitment towards revenue expenditure of the JEC amounting to Rs.249 has been charged to profit and loss account under the head general charges.
 - (d) No income from said investment, unless realized in cash, is recognized in this standalone account.
 2. **Dabon International Pvt Ltd :-**

Total investment of the Company is Rs.27 lacs which is 1% of total stake, Since almost entire amount has already been provided for with no further obligation accruing to the Company in respect of the joint venture arrangement, proportional consolidation of corresponding joint venture accounts has been done away with.
 3. Income/(Loss) in Balsara International partnership firm, where the company is a partner has not been accounted for want of materiality.
- 2.15 Information (to the extent applicable) pursuant to AS 19 issued by ICAI: -

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

	Not Later than 1 year	Later than 1 year not later than 5 years	Later than 5 years
Building and Machine	31 (32)	32 (75)	0.00 (0.00)
Car	44 (28)	56 (33)	0.00 (0.00)

Lease rent recognized during the period Rs.27 (previous period Rs.19)

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.16 During the period, company has repaid Rs.196, Rs.3,724 and Rs.31 on account of Term Loan from bank, Short Term Loan from banks and Deferred Sales Tax respectively. Besides, it has raised Rs.20,000 against issue of Commercial Paper.

2.17 Information pursuant to AS 24 on discontinued operations:

Particulars	Hair Oil Baddi	MSY Unit Baddi
1. Discontinued since	March, 04	November, 2000
2. Segment the operation of the Unit relates to in financial statement	CCD	CCD
3. Carrying amount of total assets	33	28
	(33)	(28)
4. Carrying amount of total liabilities	4	0
	(4)	(0)

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

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

2.18 Fixed Assets

Particulars	Gross Block					Depreciation					Net Block	
	Opening Balance	Trf from Merged Co.	Addn	Adj	As at 30.09.2010	As at 31.03.2010	Trf from Merged Co.	for the period	Adj	As at 30.09.2010	As at 30.09.2010	As at 31.03.2010
Tangible												
Freehold land	3,439	0	258	0	3,697	0	0	0	0	0	3697	3,439
Leasehold land	970	0	0	0	970	85	0	5	0	90	880	885
Building, roads & culvert	25,287	0	1,913	5	27,195	5,002	0	355	2	5,355	21,840	20,285
Plant & machinery	29,020	0	2,857	333	31,544	12,147	0	1,021	283	12,885	18,659	16,873
Vehicles	1,307	0	126	135	1,298	598	0	94	77	615	683	709
Furniture & off equipment	3,203	0	49	16	3,236	1,999	0	84	12	2,071	1,165	1,204
Computers	3,323	0	115	6	3,432	2,407	0	139	5	2,541	891	916
Live stock	0	0	0	0	0	0	0	0	0	0	0	0
Intangible												
Computer Software	998	0	0	0	998	620	0	100	0	720	278	378
Patents & Trade Marks	1,176	0	0	0	1,176	770	0	39	0	809	367	406
Total	68,723	0	5,318	495	73,546	23,628	0	1,837	379	25,086	48,460	45,095
Capital work-in-progress	2,331	0	1,582	2,306	1,607	0	0	0	0	0	1,607	2,331
Total Fixed Assets	71,054	0	6,900	2,801	75,153	23,628	0	1,837	379	25,086	50,067	47,426
Previous year	57,048	4,252	18,016	8,262	71,054	21,045	742	3,191	1,350	23,628	47,426	

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.19 Current Assets, Loans and Advances

Particulars	As at 30.09.2010	As at 31.03.2010
Current assets		
Inventories:	42,364	29,844
- Raw materials	10,334	8,778
- Packing materials, stores and spares	7,177	4,291
- Stock-in-process	4,293	5,157
- Finished goods	20,560	11,618
Sundry Debtors (unsecured) - net of provision	15,497	13,048
Cash and Bank balances	14,569	16,391
Loans and advances (unsecured) net of provision	62,728	32,512
Loans and advances to Others	20,443	390
Security deposit with various authorities	2,515	2,187
Advance payment of tax	29,449	24,250
Advances to suppliers	6,390	2,006
Advances to employees	221	223
Balance with excise authorities	2,126	2,250
Other advances recoverable in cash or in kind or for value to be received	1,584	1,206

2.20 Current Liabilities and Provisions

Particulars	As at 30.09.2010	As at 31.03.2010
Current liabilities:	45,631	43,205
Acceptance	6,322	6,087
Creditors for goods	9,695	9,886
Creditors for expenses and other liabilities	28,260	25,015
Advances from customers	941	1,912
Interest accrued but not due on loans	12	1
Investor education and protection fund to be credited by:		
- unpaid dividend	401	304
Provisions:	46,871	44,010
For Dividend (Proposed) - Interim	8,704	
For Dividend (Proposed) - Final		10,862
For corporate tax on proposed dividend- Final		1,846
For corporate tax on proposed dividend- Interim	1,446	
For staff welfare	911	1,325
For leave salary	103	389
For others	7,000	6,300
For taxation	28,707	23,288

2.21 Sales

Particulars	For the Quarter ended 30.09.2010	For the Quarter ended 30.09.2009	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Sales	80219	70785	155792	135193
Domestic sales less returns	76740	67575	148731	129170
Export sales	3479	3210	7061	6023

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.22 (Increase)/decrease in stock

Particulars	For the Quarter ended 30.09.2010	For the Quarter ended 30.09.2009	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Adjustment of stocks in process and finished goods:				
- Opening stock	20949	17132	16775	15808
Stock in process	5154	4616	5157	5382
Finished products	15795	12516	11618	10426
- Closing stock	24853	19981	24853	19981
Stock in process	4293	4725	4293	4725
Finished products	20560	15256	20560	15256
Increase(-)/decrease in stock in process and finished goods	-3904	-2849	-8078	-4173

2.23 Consumption of Materials

Particulars	For the Quarter ended 30.09.2010	For the Quarter ended 30.09.2009	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Raw material consumed	18652	15001	37314	28575
i) Opening stock	10230	7400	8778	7512
ii) Add: purchases	18756	16325	38870	29787
iii) Less: closing stock	10334	8724	10334	8724
Packing material consumed	12914	9965	25139	19385
i) Opening stock	5588	3848	4263	3912
ii) Add: purchases	14485	10897	28035	20253
iii) Less: closing stock	7159	4780	7159	4780
	31566	24966	62453	47960

2.24 Other expenditure

Particulars	For the Quarter ended 30.09.2010	For the Quarter ended 30.09.2009	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Power and fuel	1041	890	2012	1609
Stores and spares consumed	293	211	580	507
Processing charges	540	482	1072	913
Repairs and maintenance	286	231	535	498
Rent	493	395	972	753
Rates and taxes	52	66	119	131
Insurance	108	58	156	135
Sales tax	90	37	161	92
Freight and forwarding charges	1599	1272	3033	2545
Commission, discount and rebate	691	536	1507	1531
Travel and conveyance	614	687	1378	1291
Legal and professional	217	503	1205	750
Telephone, fax expenses	89	76	169	166
Security expenses	109	85	209	162
General Expenses	1793	1861	4354	4439
Directors' fee	3	3	7	6
Auditors' remuneration	16	23	45	36
Donation	83	77	217	162
Contribution to scientific research expenses	0	25	30	25
Provision for Contingent Liability				
Loss on sale of Fixed Assets	6	23	12	24
Provision for bad and Doubtful Debts	31	77	32	78
Total	8154	7618	17805	15853

2.25 Exchange Loss works out to Rs NIL (previous period Rs.9) net of gain of Rs.91 (previous period Rs.641) which has been accounted for in Profit & Loss account.

2.26 All figures have been rounded off to nearest Rs. Lacs unless stated otherwise.

Schedule A (Contd...)

2.27 INFORMATION PURSUANT TO AS - 17 ISSUED BY ICAI. For the Half year ended 30th September 2010 (Rupees in lacs, except share data)

	CONSUMER CARE BUSINESS		CONSUMER HEALTH 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	Current Period	Previous Period
REVENUE												
External Sales	116,126	100,549	14,786	13,133	21,466	17,655	3,414	3,855	-	-	155,793	135,192
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	0	0
Total Revenue	116,126	100,549	14,786	13,133	21,466	17,655	3,414	3,855	0	0	155,793	135,192
RESULT												
Segment result	31,906	29,975	3,422	3,463	3,766	2,949	114	195	-	-	39,208	36,582
Unallocated corporate expenses	-	-	-	-	-	-	-	-	11,506	10,805	11,506	10,805
Operating Profit	31,906	29,975	3,422	3,463	3,766	2,949	114	195	-11,506	-10,805	27,702	25,777
Interest expense (Net of Interest Income)	-	-	-	-	-	-	-	-	513	781	513	781
Income Tax (Current + Deferred)	-	-	-	-	-	-	-	-	5,619	4,469	5,619	4,469
Profit from Ordinary Activities	31,906	29,975	3,422	3,463	3,766	2,949	114	195	-17,638	-16,055	21,570	20,527
Exceptional item	-	-	-	-	-	-	-	-	-	-	0	0
Net Profit	31,906	29,975	3,422	3,463	3,766	2,949	114	195	-17,638	-16,055	21,570	20,527
OTHER INFORMATION	AS on 30/09/10	AS on 31/03/10	AS on 30/09/10	AS on 31/03/10	AS on 30/09/10	AS on 31/03/10	AS on 30/09/10	AS on 31/03/10	AS on 30/09/10	AS on 31/03/10	AS on 30/09/10	AS on 31/03/10
Segment assets	64,875	50,816	11,118	9,438	15,814	11,532	2,861	3,266	-	-	94,669	75,052
Unallocated corporate assets	-	-	-	-	-	-	-	-	113,689	99,020	113,689	99,020
Total Assets	64,875	50,816	11,118	9,438	15,814	11,532	2,861	3,266	113,689	99,020	208,358	174,072
Segment liabilities	10,513	6,954	2,830	2,552	2,386	355	37	63	-	-	15,766	9,924
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	105,280	89,484	105,280	89,484
Total Liabilities	10,513	6,954	2,830	2,552	2,386	355	37	63	105,280	89,484	121,048	99,408
Capital Expenditure	2,480	6,931	138	385	413	1,155	92	257	1,470	4,108	4,593	12,836
Depreciation	875	728	108	90	195	162	112	93	549	457	1,838	1,530
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	571	253	571	253

SECONDARY SEGMENT

As the Company also exports, the secondary segment for the Company is based on the location of customers. Out of the total sales of Rs.28,8045 (Rs.242,368), the export sales is of Rs.12652 (Rs.12,205) and Domestic Sale is Rs.275,393 (Rs.230,163).

Schedule A (Contd...)

(Rupees in lacs, except share data)

- 2.28 Quarterly figures appearing in condensed Profit and Loss Account in schedule – A are not based on audited figures.
- 2.29 Miscellaneous expenditure represents unamortized component of reserve created against grant of option to buy share under “Employees Stock Option Scheme”.
- 2.30 Figures of earlier period/year have been rearranged in terms of current period grouping as and when necessary.

For **Dabur India Ltd.****Dr. Anand C. Burman**, Chairman**P. D. Narang**, Whole time Director**Sunil Duggal**, Whole time Director**A. K. Jain**, G.M. (Finance) & Company Secretary

Place : New Delhi

Date : 27th October, 2010

As per our report of even date attached

For **G. Basu & Co.**

Chartered Accountants

Anil Kumar

Partner

Auditor's Report

**To the Board of Directors,
Dabur India Limited,**

We have audited the attached condensed consolidated balance sheet of Dabur India Limited group, as at 30th September, 2010 and also the condensed consolidated profit and loss account and the consolidated cash flow statement for the half year ended on that date annexed thereto.

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

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

We did not audit the financial statement of one Joint Venture Entity, whose financial statements reflect total assets of Rs.1239 lacs as at 30th September, 2010, the total profit of Rs.61 lacs and cash flows amounting to Rs.103 lacs for the half year then ended. Financial statements and other financial information of the subsidiary have been audited by other auditors, whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. Accounts of the joint venture have been consolidated on the basis of un-audited accounts certified by the management.

We report that the condensed consolidated financial statements have been prepared by the Dabur India Ltd.'s management in accordance with the requirements of AS-21 on consolidated financial statement and AS-27 on Financial reporting of interest in Joint Ventures and AS-25 on Interim Financial reporting issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached condensed 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 condensed consolidated balance sheet, of the state of affairs of Dabur India Ltd. group as at 30th September, 2010.
- b) In the case of the condensed consolidated profit and loss account, of the profit of Dabur India Ltd. group for the half year ended on that date; and
- c) In the case of the consolidated cash flow statement, of the cash flows of Dabur India Ltd. group for the half year ended on that date.

For **G. Basu & Co.**
Chartered Accountants
Firm Registration No. 301174E

Anil Kumar
Partner
Membership No. 9390

New Delhi
27th October, 2010

Condensed Consolidated Balance Sheet as at 30th September, 2010

		Rupees in lacs		
Sr. No.	Particulars	Schedule	As at 30.09.2010	As at 31.03.2010
I. Sources of Funds				
1.	Share Capital		17,407	8,690
2.	Reserves and Surplus		103,745	84,849
3.	Minority interests		445	375
4.	Loan funds			
	(a) Secured Loans		9,973	7,023
	(b) Unsecured Loans		23,534	10,907
5.	Deferred tax Liability (Net)		1,302	1,067
Total			156,406	112,911
II. Application of Funds				
1.	Fixed Assets	A-2.18		
	(a) Tangible Fixed Assets		98,878	93,410
	(b) Intangible Fixed Assets		5,162	5,161
	Gross Block (a+b)		104,040	98,571
	Less: Depreciation		36,230	33,907
	Net Block		67,810	64,664
	Capital Work-in-Progress		2,649	3,009
2.	Investments		14,883	26,410
3.	Currents Assets, Loans and Advances	A-2.19		
	(a) Inventories		56,830	42,622
	(b) Sundry Debtors		21,658	11,984
	(c) Cash and Bank Balances		40,080	19,231
	(d) Loans and Advances		50,408	36,739
	Sub Total (3)		168,976	110,576
4.	Less: Current Liabilities and Provisions	A-2.20		
	(a) Liabilities		59,553	46,693
	(b) Provisions		48,358	45,329
	Sub Total (4)		107,911	92,022
	Net Current Assets (3-4)		61,065	18,554
5.	Miscellaneous expenditure to the extent not written off or adjusted		9,999	274
Total			156,406	112,911

Accounting policies and Notes to Accounts

A

For Dabur India Ltd.

As per our report of even date attached

Dr. Anand C. Burman, Chairman

For G. Basu & Co.

P. D. Narang, Whole time Director

Chartered Accountants

Sunil Duggal, Whole time Director

Anil Kumar

A. K. Jain, G.M. (Finance) & Company Secretary

Partner

Place : New Delhi

Date : 27th October, 2010

Condensed Consolidated Statement of Profit and Loss Account

for the six months period ended 30th September, 2010

		Rupees in lacs		
Sr. No.	Particulars	Schedule	For the six months ended 30.09.2010	For the six months ended 30.09.2009
1	Sales	A-2.21	190,484	162,843
	Less: Excise Duty		1,558	1,238
	Net Sales		188,926	161,605
2	Other Income		3,262	2,482
	Total		192,188	164,087
3	(Increase)/Decrease in Stock-in-Trade	A-2.22	(8,391)	(2,951)
4	Consumption of Materials	A-2.23	85,596	64,503
5	Purchase of Finished Goods		12,106	12,856
			89,311	74,408
6	Salaries, wages and other staff costs		15,065	13,589
7	Advertising and Sales Promotions		27,221	24,279
8	Other expenditure	A-2.24	23,373	20,216
9	Operating cash profit before interest and Tax		37,218	31,595
10	Interest		906	1,224
11	Depreciation		2,771	2,413
12	Miscellaneous expenditure written off		571	274
13	Profit from ordinary activities before tax		32,970	27,684
14	Extraordinary items		0	0
15	Net Profit before Tax		32,970	27,684
16	Provision for Taxation:			
	- Current		5,954	4,525
	- Deferred		235	215
17	Net Profit after Tax		26,781	22,944
18	Extraordinary item		0	0
19	Net Profit after Tax and Extraordinary item		26,781	22,944
20	Minority Interest		68	73
21	Net Profit for the period		26,713	22,871
22	Balance brought forward		72,520	55,714
	Provision for taxation of earlier years		0	23
23	Profit available for appropriation		99,233	78,562
24	Appropriations:			
	Final Dividend (earlier year)		15	6,493
	Interim Dividend		8,704	0
	Corporate Tax on Final Dividend (earlier year)		(40)	1,104
	Corporate Tax on Interim Dividend		1,446	0
	Transfer to General Reserve		2,500	0
25	Balance carried over to Balance Sheet		86,608	70,965
26	Earning per share:			
	1. Basic earning per share (in Rs.) Before Extraordinary item		1.54	1.33
	2. Diluted earning per share (in Rs.) Before Extraordinary item		1.54	1.32
	3. Basic earning per share (in Rs.) After Extraordinary item		1.54	1.33
	4. Diluted earning per share (in Rs.) After Extraordinary item		1.54	1.32
	No. of Shares (Basic)		1,740,030,023	1,730,913,371
	No. of Shares (Diluted)		1,742,123,668	1,738,399,979

Accounting policies and Notes to Accounts
For Dabur India Ltd.

A

Dr. Anand C. Burman, Chairman
P. D. Narang, Whole time Director
Sunil Duggal, Whole time Director
A. K. Jain, G.M. (Finance) & Company Secretary

As per our report of even date attached

For G. Basu & Co.
Chartered Accountants
Anil Kumar
Partner

Place : New Delhi

Date : 27th October, 2010

Statement of Consolidated Cash Flow (PURSUANT TO AS-3 ISSUED BY ICAI) INDIRECT METHOD

Rupees in lacs

Particulars	For the period ended 30th September, 2010	For the period ended 30th September, 2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax	32,970	27,684
Add:		
Depreciation	2,771	2,413
Loss on Sale of Fixed Assets	53	98
Miscellaneous Expenses Written off	571	274
Miscellaneous Expenses Written off (Included in Director Remuneration)	510	165
Interest	906	1224
Unrealised Loss/(Gain) in Foreign Exchange	112	121
	4923	4295
	37893	31979
Less:		
Interest Received	700	591
Profit on Sale of Investment	662	562
Profit on Sale of Assets	30	216
	1392	1369
Operating Profit Before Working Capital Changes	36501	30610
Working Capital Changes		
Increase/(Decrease) in Inventories	14208	7361
Increase/(Decrease) in Debtors	9396	4050
Decrease/(Increase) in Trade Payables	(4388)	(9139)
Increase/(Decrease) in Working Capital	19216	2272
Cash Generated from Operating Activities	17285	28338
Interest Paid	887	1209
Tax Paid	5559	5213
	6446	6422
Cash Used(-)/(+)Generated for Operating Activities (A)	10839	21916
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(6067)	(34713)
Sale of Fixed Assets	488	3330
Purchases of Investment Including Investment in Subsidiaries	(249772)	(194525)
Sale of Investments	261862	218575
Interest Received	700	591
Cash Used(-)/(+)Generated for Investing Activities (B)	7211	(6742)
C. Cash Flow from Financing Activities		
Proceeds From Share Capital and Premium	14	7
Repayment(-)/Proceeds(+) of Long Term Secured Liabilities	306	1413
Repayment(-)/Proceeds(+) from Short Term Loans	2532	230
Repayment(-)/Proceeds(+) from Other Unsecured Loans	12630	(7780)
Payment of Loan		
Payment of Dividend	(10877)	(8651)
Corporate Tax on Dividend	(1806)	(1470)
Cash Used(-)/+Generated in Financing Activities (C)	2799	(16251)
Net Increase(+)/Decrease (-) In Cash and Cash Equivalents (A+B+C)	20849	(1077)
Cash and Cash Equivalents Opening Balance	19231	14843
Cash and Cash Equivalents Closing Balance	40080	13766

For Dabur India Ltd.

Dr. Anand C. Burman, Chairman
P. D. Narang, Whole time Director
Sunil Duggal, Whole time Director
A. K. Jain, G.M. (Finance) & Company Secretary

Place : New Delhi
Date : 27th October, 2010

As per our report of even date attached

For G. Basu & Co.
Chartered Accountants
Anil Kumar
Partner

Schedule A: Selected Explanatory Notes

(Rupees in lacs, except share data)

1. ACCOUNTING POLICIES

1.1 Accounting convention:

The accounts have been prepared in accordance with the historical cost convention under accrual basis of accounting as per Indian GAAP. Accounts and disclosure thereon comply with the Accounting Standards specified in Companies (Accounting Standard) Rules, other pronouncements of ICAI, provisions of the Companies Act, 1956 and guidelines issued by SEBI as applicable.

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

1.2 Body Corporate under Consolidation

The Consolidated Financial Statement (CFS) relates to Dabur India Limited (the parent company), H&B Stores Ltd. (a wholly owned subsidiary company incorporated in India), Dermoviva Skin Essentials INC (a wholly owned subsidiary body corporate incorporated in USA), Dabur International Ltd., (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 by Dabur (U.K.) Ltd. and Dabur International Ltd. respectively), Asian Consumercare Pvt. Ltd. (a subsidiary body corporate incorporated in Bangladesh, 76% stake wherein is held by Dabur International Ltd.), Weikfield International (UAE) (a subsidiary body corporate incorporated in UAE, 38.41% stake wherein is held by Dabur International Ltd. which has control of composition of Board of Directors of the former being raison d'etre of subsidiary status), African Consumer Care Ltd. (a wholly owned subsidiary body corporate incorporated in Nigeria, 90% stake wherein is held by Dabur International Ltd. & 10% stake held by Dabur (UK) Ltd.), Asian Consumer Care Pakistan Pvt. Ltd. (a wholly owned subsidiary body corporate incorporated in Pakistan, 100% stake where in is held by Dabur International Ltd.), Naturelle LLC (a wholly owned subsidiary body corporate incorporated in Emirate of RAS Al Khaimah, 100% stake wherein is held by Dabur International Ltd., Dabur Egypt Trading Ltd. (a wholly owned subsidiary body corporate incorporated in Egypt, 99% & 1% of stake wherein are held by Dabur International Ltd. and Dabur Egypt Ltd. respectively).

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.

1.3 Significant Accounting Policies

- a) Accounting policies and principles of consolidation followed herein remain in terms of same applied in consolidated financial statements for the year ended 31st March, 2010 except for liabilities in respect of retirement benefits to employees of subsidiaries and deferred tax which have been calculated on estimated basis.
- b) Preparation of CFS including disclosures made there-for and condensation of Balance Sheet and Profit and Loss Account have been made in terms of requirement of AS-25.

2. NOTES TO ACCOUNTS

2.1 All amounts in the financial statements are rounded off to nearest Rupees Lacs, except for those specifically stated otherwise.

2.2.1 Contingent Liabilities:

- I. In respect of claims not acknowledged as debts towards:
 - a) civil suits filed by others Rs.775 (previous year Rs.755)
 - b) claims by employees Rs.27 (previous year Rs.17).

Schedule A (Contd...)

(Rupees in lacs, except share data)

- II. In respect of letters of credit Rs.1,931 (previous year Rs.2,206).
- III. In respect of bank guarantees executed Rs.2,397 (previous year Rs.2,744).
- IV. In respect of sales tax under appeal Rs 891 (previous year Rs.1,336).
- V. In respect of excise duty disputes pending with various judicial authorities Rs.2,508 (previous year Rs.2,321).
- VI. In respect of corporate guarantees given by the company Rs. Nil (previous year Rs.9).
- VII. In respect of Income Tax under appeal Rs.110 (previous year Rs.118).
- VIII. Estimated amount of contract remaining to be executed on Capital Account Rs.3,266 (previous year Rs.3,192) net of advances Rs.1,412 (previous year Rs.2,187)
- IX. In respect of Bill Discounted Rs.2,497 (previous year Rs.3,416)

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

2.2.2 Information pursuant to AS 29 issued by ICAI

- i) Brief particulars of provision under AS 29 carried forward from previous year without adding to or withdrawing therein /therefrom any amount:

<u>Nature of liabilities</u>	<u>Particulars of dispute</u>	<u>Amount</u>	<u>Forum under which the dispute is pending</u>
VAT	Short Payment of VAT	42	IInd appeal Filed
Sales Tax	Classification of Lal Dant Manjan	36	Filed review application with High Court
Sales Tax	Classification of Gulabari	1	Appeal Filed before the D.C. Appeal
Entry Tax	Entry Tax on Car	1	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	28	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	29	Pending before High Court
Sales Tax	Non-filing of FORM F	10	Appeal filed before DC Appeal, Delhi
Excise	Capital Goods removal	30	DC appeal

- ii) Resulting outflows against above disputed liabilities, if mature, are expected to be in succeeding financial year.

- iii) Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.

2.3 Related party disclosures (in term of AS-18 issued by ICAI).**2.3.1 Related parties in transaction with parent company where control exists:****Associate**

ACI Ltd., Bangladesh

Joint Venture

Forum 1 Aviation Limited

Balsara International

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

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.3.2.1 Key Management Personnel and relatives of such personnel:

Director	Relatives
Anup Sharma	-
Pradip Burman	-
Gaurav Burman	-
Mohit Burman	-
Saket Burman	-
Amit Burman	Asha Burman
Aditya Burman	Ashok Burman & Anand Burman
Siddharth Burman	-
P D Narang	-
Sunil Duggal	-
Rukma Rana	-
Sikandar T Tiwana	-

2.3.2.2 Entity where one of KMP's exercise significance:

Sanat Products Ltd.

2.4 Employee related liabilities for subsidiaries have been accounted for on estimated basis as against actuarial valuation under unit projected cost method applied for the parent company.

This however does not have material effect on this consolidated financial statement.

2.5 Related Party Transactions:

Related Parties Transactions (Consolidated) as on 30.09.2010

	JV/ PARTNERSHIP	ASSOCIATES	KEY MANAGEMENT PERSONNEL	ENTITY UNDER SIGNIFICANT INFLUENCE	TOTAL	OUTSTANDING AS ON 30.09.2010
(A) Profit and Loss A/c*						
1. Purchase of Goods	-	-	-	89	89	21
	(-)	(-)	(-)	(84)	(84)	(11)
2. General Expenses	249	-	-	-	249	-
	(235)	(-)	(-)	(-)	(235)	(-)
3. Processing Charges	6	-	-	-	6	-
	(4)	(-)	(-)	(-)	(4)	(-)
4. Rent Received	1	-	-	-	1	-
	(1)	(-)	(-)	(-)	(1)	(-)
5. Rent Paid	-	3	39	-	42	-
	(-)	(3)	(33)	(-)	(37)	(-)
6. Remuneration/Exg./Pension	-	-	522	-	522	-
	(-)	(-)	(320)	(-)	(320)	(-)
7. Employee Stock Option Scheme	-	-	627	-	627	-
	(-)	(-)	(165)	(-)	(165)	(-)
(B) Balance Sheet Item**						
8. Capital Contribution	-	-	-	-	-	-
	(49)	(-)	(-)	(-)	(49)	(49)
(C) Off Balance Sheet Item**						
9. Guarantees and Collaterals	-	-	-	-	-	714
	(-)	(-)	(-)	(-)	(-)	(714)

* Previous Balance as on 30.09.2009

** Previous Balance as on 31.03.2010

Schedule A (Contd...)

(Rupees in lacs, except share data)

- Notes: A. Item No. 2 refers to Joint Venture Expenses to JCE (Forum I Aviation Ltd.)
 B. Item No. 3 refers to Processing Charges to Balsara International
 C. Item No. 7 relates to Mr. Sunil Duggal and Mr. P. D. Narang
 D. Item No. 9 refers to JCE (Forum I Aviation Ltd.)

2.6 Impairment of fixed assets :-

The exercise of test of impairment conducted by management, for CGU'S of entities under consolidation, revealed absence of any provisioning exigency in this connection.

- 2.7 (i) The Board of directors of parent company has approved payment of interim dividend @ 50% (previous period 75%) amounting to Rs.10,149 (previous period Rs.7,595) including tax applicable thereon.
 (ii) During the period, the parent company has paid final dividend @ 125% (previous period 100%) amounting to Rs.10,877 (previous period Rs.8,655) in respect of financial year 2009-10 after approval to the effect in the AGM dated 31.08.2010.
- 2.8 During the period the parent company has allotted 1,391,449 (previous period 687,379) equity shares of Re. 1/- each to the employees upon their exercise of stock option under Employees Stock Option Scheme.
- 2.9 19,427,250 (previous period 3,617,056) equity shares of Re. 1/- each are outstanding under "Employees Stock Option Scheme" as on 30th September, 2010.
- 2.10 During the period, the parent company has allotted 1 bonus share against each share held by a member. Capital base has been enhanced thereby by Rs.8,704 lacs against capitalization of free reserves.
- 2.11 Investment at half-year end includes Rs.13,183 (previous period Rs.10,382) towards current investment. Remaining investments are long-term in nature.
- 2.12 During the period, Rs.251,913 has been invested in current investment.
- 2.13 During the period investments amounting to Rs.260,971 have been sold.
- 2.14 Information (to the extent applicable) pursuant to AS 19 issued by ICAI:-

The future minimum lease payment under non-cancelable operating lease

	30.09.2010	31.03.2010
Not later than 1 year	78	306
Later than 1 year not later than 5 years	89	568
Later than 5 years	Nil	59

Lease Rent debited to profit and loss account Rs.28 lacs (previous period Rs.20 lacs)

2.15 Information pursuant to AS 24 on discontinued operations (to the extent applicable)

Particulars	Hair Oil Baddi	MSY Unit Baddi
1. Discontinued since	March, 04	Nov, 2000
2. Segment the operation of the Unit relates to in financial statement	CCD	CCD
3. Carrying amount of total assets	33 (33)	28 (28)
4. Carrying amount of total liabilities	4 (4)	0 (0)

Notes: 1. Figures in brackets are for previous year.

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

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.16 Repayment of debt during the period

For the period ended
on 30.09.2010

Short Term loan from bank

3724

Term Loan from bank

196

Besides, parent company has raised Rs.20,000 against issue of Commercial Paper.

2.17 Investment in joint venture:-

Forum 1 Aviation Ltd:-

- (a) (i) Incorporated in CFS on proportionate basis are the following assets and liabilities as on 30.09.10 and income and expenses for the half year ended on that date of Forum 1 Aviation Ltd., a JCE being the proportionate share of parent company (14.28%) estimated from un audited financial statement of JCE.

Assets and Liability of JCE as on 30th September, 2010

Secured Loan		522
Creditors		9
Deposit		38
Fixed Assets	871	
Investment	14	
Advance to employee	1	
Cash and Bank	78	
Debtors	15	
Other Advance	260	

Income and expenses for the period ended September 2010

INCOME	DIL SHARE
Revenue from Flying	187
Other Income	1
TOTAL	188
EXPENSES	
Payment to and provisions for employee	20
Administrative Expenses	81
Financial Expenses	26
TOTAL	127
PROFIT (Forms part of profit in Consolidated Profit and Loss Account)	61

- (ii) Parent company's commitment towards revenue expenditure of the JCE amounting to Rs.249 has been charged to profit and loss account under the head general charges.
- (b) Assets, liabilities, income, expenses in Balsara International a partnership firm where the parent company is a partner have not been accounted for the want of materiality.

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.18 Fixed Assets

Name of Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Opening Balance	Trf from Merged Co.	Additions	Transfer/ Adjustment	Closing Balance	Opening Balance	Trf from Merged Co.	For the Period	Transfer/ Adjustment	Closing Balance	As on 30.09.2010	As on 31.03.2010
Tangible												
Freehold Land	3,889	-	258	-	4,147	-	-	-	-	-	4,147	3,889
Leasehold Land	1,151	-	(0)	-	1,151	88	-	8	-	96	1,055	1,063
Building, Road & Culvert	33,809	-	1,982	179	35,612	6,996	-	509	11	7,494	28,118	26,813
Plant & Machinery	44,434	-	3,475	392	47,517	19,165	-	1,601	297	20,469	27,048	25,269
Vehicles	1,949	-	223	200	1,972	988	-	130	100	1,018	954	961
Furniture & Off Equipments	4,242	-	298	150	4,390	2,261	-	135	25	2,371	2,019	1,981
Computers	3,936	-	190	37	4,089	2,737	-	180	15	2,902	1,187	1,199
Live Stock	-	-	-	-	-	-	-	-	-	-	-	-
Intangible												
Goodwill	2,318	-	-	-	2,318	5	-	-	-	5	2,313	2,313
Software	1,667	-	1	-	1,668	897	-	169	-	1,066	602	770
Patents	1,176	-	(0)	-	1,176	770	-	39	-	809	367	406
Total	98,571	-	6,427	958	104,040	33,907	-	2,771	448	36,230	67,810	64,664
Capital work-in-progress	3,009	-	4,792	5,152	2,649	-	-	-	-	-	2,649	3,009
Total Fixed Assets	101,580	-	11,219	6,110	106,689	33,907	-	2,771	448	36,230	70,459	67,673
Previous Year	85,851	4,257	24,409	12,937	101,580	29,935	747	5,027	1,802	33,907	67,673	-

2.19. Current Assets, Loans and Advances

Particulars	As at 30.09.2010	As at 31.03.2010
Current assets		
Inventories:	56,830	42,622
- Raw materials	16,662	14,494
- Packing materials, stores and spares	10,494	6,845
- Stock-in-process	5,135	5,667
- Finished goods	24,539	15,616
Sundry debtors (unsecured) – net of provision	21,658	11,984
Cash and bank balances	40,080	19,231
Loans and advances (unsecured) – net of provision	50,408	36,739
Security deposit with various authorities	4,449	3,580
Advance payment of tax	30,404	24,845
Advances to suppliers	10,356	3,516
Advances to employees	495	470
Balance with excise authorities	2,126	2,250
Other advances recoverable in cash or in kind or for value to be received	2,578	2,078

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.20 Current Liabilities and provisions

Particulars	As at 30.09.2010	As at 31.03.2010
Current liabilities:	59,553	46,693
Acceptance	6,322	6,080
Creditors for goods	8,771	6,921
Creditors for expenses and other liabilities	43,573	33,199
Advances from customers	442	164
Interest accrued but not due on loans	44	25
Investor education and protection fund to be credited by:		
- unpaid dividend	401	304
Provisions:	48,358	45,329
For Dividend Final		10,862
For corporate tax on proposed dividend- Final		1,846
For Dividend Interim	8,704	
For corporate tax on proposed dividend- Interim	1,446	
For Housing, Bonus & Gratuity and Other Welfares	7,956	7,685
For Others	176	176
For leave salary	234	570
For taxation	29,842	24,190

2.21 Sales

Particulars	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Sales	190,484	162,843
Domestic sales less returns	169,502	145,355
Export sales	20,982	17,488

2.22 (Increase)/decrease in stock

Particulars	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Adjustment of stocks in process and finished goods:		
- Opening stock	21,283	20,260
Stock-in-process	5,667	6,222
Finished products	15,616	14,038
- Closing stock	29,674	23,211
Stock-in-process	5,135	5,314
Finished products	24,539	17,897
Increase(-)/decrease in stock in process and finished goods	-8,391	-2,951

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.23 Consumption of materials

Particulars	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Raw material consumed	52,141	38,986
i) Opening stock	14,494	12,001
ii) Add: purchases	54,309	40,900
iii) Less: closing stock	16,662	13,915
Packing material consumed	33,455	25,517
i) Opening stock	6,804	6,339
ii) Add: purchases	37,097	26,790
iii) Less: closing stock	10,446	7,612
Total	85,596	64,503

2.24 Other expenditure

Particulars	For the six months ended 30.09.2010	For the six months ended 30.09.2009
Power and fuel	2,728	2,176
Stores and spares consumed	746	637
Repairs and maintenance	968	787
Processing charges	1,347	1,102
Rent	1,486	1,075
Rates and taxes	170	374
Insurance	305	251
Sales tax	412	95
Freight and forwarding charges	3,560	3,032
Commission, discount and rebate	1,732	1,893
Travel and conveyance	1,807	1,533
Legal and professional	1,873	927
Telephone, fax expenses	307	258
Security expenses	299	246
General expenses	5,217	5,389
Directors' fee	7	6
Auditors' remuneration	76	71
Donation	217	157
Contribution to scientific research expenses	30	25
Provision for bad and doubtful debts	33	84
Loss on sale of Fixed Assets	53	98
Total	23,373	20,216

Schedule A (Contd...)

(Rupees in lacs, except share data)

2.25 INFORMATION PURSUANT TO AS - 17 ISSUED BY ICAI.

	CONSUMER CARE BUSINESS		CONSUMER HEALTH 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	Current Period	Previous Period
REVENUE														
External Sales	145,689	123,891	14,786	13,133	25,605	21,358	803	396	3,601	4,064	-	-	190,484	162,843
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total Revenue	145,689	123,891	14,786	13,133	25,605	21,358	803	396	3,601	4,064	0	0	190,484	162,843
RESULT														
Segment result	37,409	32,914	3,422	3,463	5,028	3,737	-487	-471	200	300	-	-	45,570	39,944
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	11,694	11,034	11,694	11,034
Operating profit	37,409	32,914	3,422	3,463	5,028	3,737	(487)	(471)	200	300	(11,694)	(11,034)	33,876	28,910
Interest expense (Net Of Interest Income)	-	-	-	-	-	-	-	-	-	-	906	1,224	906	1,224
Income Tax (Current + Deferred)	-	-	-	-	-	-	-	-	-	-	6,189	4,763	6,189	4,763
Profit from ordinary activities	37,409	32,914	3,422	3,463	5,028	3,737	(487)	(471)	200	300	(18,789)	(17,021)	26,781	22,923
Exceptional item	-	-	-	-	-	-	-	-	-	-	0	0	0	0
Minority Interest	-	-	-	-	-	-	-	-	-	-	68	73	68	73
Net profit	37,409	32,914	3,422	3,463	5,028	3,737	(487)	(471)	200	300	(18,721)	(16,948)	26,713	22,850
OTHER INFORMATION														
Segment assets	130,481	93,980	11,118	9,438	28,642	23,850	1,884	1,636	2,861	3,266	-	-	174,986	132,170
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	79,332	72,489	79,332	72,489
Total assets	30,481	93,980	11,118	9,438	28,642	23,850	1,884	1,636	2,861	3,266	79,332	72,489	254,318	204,659
Segment liabilities	56,853	25,694	2,830	2,552	8,016	6,960	984	387	37	63	-	-	68,722	35,656
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	74,000	75,363	74,000	75,363
Total liabilities	56,853	25,694	2,830	2,552	8,016	6,960	984	387	37	63	74,000	75,363	142,722	111,019
Capital Expenditure	3,287	8,690	243	642	480	1,270	121	321	358	946	1,577	4,170	6,067	16,039
Depreciation	1,209	1,053	122	106	551	480	23	20	170	148	697	606	2,771	2,413
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	-	-	571	274	571	274

Schedule A (Contd...)

(Rupees in lacs, except share data)

- 2.26 Miscellaneous expenditure represents unamortized component of reserve created against grant of option to buy share under "Employees Stock Option Scheme".
- 2.27 Figures of earlier period/year have been rearranged in terms of current period grouping as and when necessary.
- 2.28 All figures have been rounded off to nearest Rs. Lacs unless stated otherwise.

For **Dabur India Ltd.**

Dr. Anand C. Burman, Chairman
P. D. Narang, Whole time Director
Sunil Duggal, Whole time Director
A. K. Jain, G.M. (Finance) & Company Secretary

Place : New Delhi

Date : 27th October, 2010

As per our report of even date attached

For **G. Basu & Co.**
Chartered Accountants
Anil Kumar
Partner

Immunity and strength.
Now, in yummy Mango
& Orange flavours!



Enjoy the yummy taste of mangoes and oranges with the **New Dabur Chyawanprash Mango and Orange flavours**. They have the 100% goodness of Dabur Chyawanprash and contain the same 49 Ayurvedic ingredients like Amla, Ashwagandha and Guduchi which build your little one's immunity. Now all your child has to do is take two spoonfuls of either of these tasty treats every day.

49 Ayurvedic ingredients	100% goodness of Dabur Chyawanprash	For people of all ages (3 years and above)	1 to 2 spoons according to age
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