

Directors' Report

To,
The Members

Your Directors have pleasure in presenting the 30th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2005.

Financial Results

(Rs. crores)

	2004-05	2003-04
Turnover (including other income)	1280.22	1159.02
Profit before Tax	165.02	113.44
Add : Provisions of earlier years written back	-	0.20
	165.02	113.64
Less – Provision for Taxation – Current	13.00	8.75
– Provision for Taxation – Deferred	4.00	3.49
– Provision for taxation for earlier year	0.05	0.26
Profit after Tax	147.97	101.14
Add: – Balance in Profit & Loss Account b/f from the previous year	81.12	66.12
– Transferred from Debenture Redemption Reserve	-	2.50
– Transferred from Investment Allowance Reserve	0.83	-
– Transferred from Investment Deposit Reserve	1.82	-
Profit available for appropriation	231.74	169.76
Appropriation to :		
General Reserve	25.15	22.50
Capital Reserve	-	1.56
Interim Dividend – Paid	28.63	17.17
Final Dividend – Proposed	42.96	40.07
Corporate tax on Dividend	9.77	7.34
Balance carried over to Balance Sheet	125.23	81.12
Total	231.74	169.76

Dividend

An interim dividend of Re.1 per share (i.e. 100 per cent) was declared and paid during the year. The Board of Directors has recommended a final dividend of Rs. 1.50 per share (i.e.150 per cent) to the members for their approval. The final dividend, if approved, will be paid to members within

the period stipulated by the Companies Act, 1956. The Dividend Payout Ratio for the current year (inclusive of corporate tax on dividend distribution) will be 54.98 per cent.

Operations and Business Performance

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

Corporate Governance

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by the law of the land. The Company complies with the revised clause 49 of the Listing Agreement, although the same has been deferred for implementation by SEBI till 31st December, 2005.

The Board of Directors of the Company had also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company www.dabur.com

The Compliance Report on Corporate Governance forms part of the Annual Report. The Auditors certificate on the compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement is attached as Annexure 1 and forms part of this Report.

Directors

During the period Mr. Ajay Bahl has resigned from the Board of the Company. The Board places on record its gratitude for the services rendered by Mr. Bahl during his tenure as member of the Board.

Mr. R. C. Bhargava was inducted as an additional director with effect from 27th January, 2005 and holds office upto ensuing annual general meeting of the Company. The Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr R C Bhargava for the office of director.

At the ensuing annual general meeting Mr V C Burman, Mr P D Narang and Mr Stuart E Purdy, will retire by rotation and, being eligible, offer themselves for reappointment in terms of provisions of Articles of Association of the Company.

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

Directors' Responsibility Statement

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

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

Listing of shares

The Company's share continues to remain listed with National Stock Exchange and The Stock Exchange, Mumbai, where the share is actively traded and records healthy volume on daily basis. The additional 40,102 equity shares allotted by the Company on 5th May, 2004 and 1,30,559 allotted on 8th November, 2004 to the employees against the options exercised by them pursuant to Employees Stock Option Scheme of the Company were also admitted for trading, both in NSE and BSE, during the year.

Pursuant to the special resolution passed by way of postal ballot by the shareholders on 2nd August, 2003, the shares of the Company were delisted from The Calcutta Stock Exchange Association Limited as the trading volumes at this stock exchange has been negligible for many years.

Auditors

M/s. G. Basu & Company, Chartered Accountants, Statutory Auditors; M/s. Bansal & Company, Branch Auditors of Alwar Division and M/s Waring & Partners, Branch Auditors of London Branch of the Company retire at the conclusion of ensuing annual general meeting and, being eligible, offer themselves for reappointment as statutory auditors and branch auditors respectively.

Cost Auditors

M/s Ramanath Iyer & Company, Cost Accountants, were reappointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of its Formulations and Cosmetics & Toiletries products for the financial year 2005-06.

Consolidated Financial Statements

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2004-05. From the Consolidated Profit and Loss Account, it may be observed that the sales grew by 15.6 per cent to Rs.1537 crore as compared to Rs.1329.6 crore in the previous year. Similarly, profit after tax and after minority interest for the year was Rs.155.8 crore, higher by Rs.49.3 crore as compared to Rs.106.5 crore recorded in the previous year.

Internal Control System

The Company's internal control system comprises audit and compliance by in-house Internal Audit Division supplemented by internal audit checks from Price Waterhouse Coopers Private Limited, the Internal Auditors. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit

and compliance is ensured by the direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

Fixed Deposits

During the year the Company has not accepted any fixed deposits from the public. However, as on 31st March, 2005 the Company had unclaimed deposits of Rs.10.69 lacs payable to 74 depositors. In addition to this an amount of Rs.4.41 lacs is outstanding as unclaimed towards interest accrued and payable to 539 depositors. During the year, the Company has deposited a sum of Rs. 63,245 towards unclaimed deposits and interest in the Investors Education and Protection Fund. Periodic reminders have been sent to all the deposit holders requesting them to claim their deposit/interest.

Subsidiaries

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

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents/details upon request by any investor of the Company or its Subsidiaries.

The Annual accounts of the Subsidiaries are also available for inspection by the investors at the Head Office of the Company and also at the respective offices of its Subsidiaries. However, pursuant to Accounting Standard AS-21, issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its Subsidiaries. The following information for each Subsidiary is also being disclosed in 'Annexure 3' of the Directors Report : (a) Capital (b) Reserves (c) Total assets (d) Total liabilities (e) Details of investment (except in case of investment in subsidiaries) (f) Turnover (g) Profit before taxation (h) Provision for taxation (i) Profit after taxation (j) Proposed dividend.

Auditors' Report

The observations of Auditors in their report, read with the relevant notes to accounts in Schedule P, are self-explanatory and do not require further explanation.

Employees Stock Option Plan

During the year 3,84,743 stock options in two tranches were granted to eligible employees of the Company in terms of Employees Stock Option Plan (Dabur ESOP 2000). During the year, 1,70,661 stock options got vested in the employees, and were exercised by them immediately after vesting. Accordingly, the Company made the allotment of 40,102 equity shares on 5th May, 2004 and 1,30,559 equity shares on 8th November, 2004 against these options exercised by the employees.

The particulars of stock options issued under the said Plan as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are appended as 'Annexure 4' and forms part of this report.

Particulars of Employees

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

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

A. Conservation of Energy :

- a) Energy conservation measures taken :
 - Installation of Energy saver of 36 & 27 KVA on single phase circuits in worker dormitories.
 - Installed small tray driers (12 & 24 Tray) for small batches of Ayurvedic Tablets to save on electric consumption.
 - Rescheduling of production shifts to minimize operation of heavy loads during peak tariff hours (5pm - 10 pm).

- Replacement of Dual Media Filter with Disc Filtration system in RO Plant for conservation of water.
 - Pilot rain water harvesting system commissioned to replenish underground water level.
 - Automatic power factor management to operate at a PF greater than 0.95.
 - Improvement in the Heat transfer system in plant.
 - Improvement in efficiency of compressed air generation by introducing LP / HP valves.
 - Increase in energy conversion efficiency of fuel in boiler by regular oxygen level monitoring.
 - Replacement of Thermodynamic type steam traps with Float type steam traps to reduce steam loss.
 - Installation of continuous sealer in place of impulse sealer for energy efficient productivity.
 - Separate bore well for reducing power cost in transferring water to distance plants.
 - Modification of water distribution layout to eliminate the wastage on account of overflow of water.
 - Storage and reuse of reactor mechanical seal cooling water for Vacuum Pump.
 - Strict control of power factor to maintain approx. 0.99
 - Installation of Climatizers to control the humidity and temperature both in Churna section instead of separate A C and Dehumidifier units.
 - Employees Training Program conducted for the awareness of energy conservation.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
- Condensate recovery system from areas having high steam consumption.
 - Installation of ES-25 Energy Saver System in areas having single phase circuits.
 - De-superheater for heat recovery from chillers and hot water generation.
 - Replacement of low efficiency lights with CFL lights having low consumption.
 - Reduction of Air conditioner tonnage in line with production volume.
 - Use of non IBR boiler for Softgel Plant.
 - Replacement of 100 hp compressor with 30 hp compressor to optimize compressor utilization.
 - Automatic pumping in effluent treatment plant tanks.
 - Use of after cooler in reciprocating air compressors to increase the efficiency of compressed air generation.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- The energy conservation measures taken during the year have resulted into yearly saving of approximately Rs. 27 lacs and thereby lowered the cost of production by the equivalent amount.
- d) Total energy consumption and energy consumption per unit of production as per Form A;
- The details in respect of above are attached herewith as Annexure 6.
- B. Technology Absorption :**
- The details of efforts made in technology absorption as required in Form B are attached herewith as Annexure 7.
- C Foreign Exchange earnings and outgo :**
- i) Activities relating to exports;
- During 2003-04, the Company started giving greater impetus to the international business. The entire international operations was reorganised and an

umbrella organisation called Dabur International Limited was created to provide focus and structure to the international initiatives. This entity has an independent team and operates out of Dubai. Overseas sales grew by 43.4 per cent from Rs.128 crores in 2003-04 to Rs.183.6 crore in 2004-05. The overseas impetus has been maintained and the share of overseas in Dabur total sales increased from 9.6 per cent in 2003-04 to 11.9 per cent in 2004-05.

Dabur's products are gaining ground in the Middle-East, which witnessed around 24 per cent growth in net sales during 2004-05 on the back of a major brand building exercise. In Egypt, the turnover almost doubled in 2004-05 with significant growth in the Company's oral care and hair care products. Dabur International's subsidiary in Bangladesh—Asian Consumer Care Private Limited – recorded sales of Rs.10 crores in 2004-05, its first full year of operations. Operations in the Nigerian plant began during 2004-05 and will be scaled up in the next financial year. There was also renewed growth in the Russian and CIS markets. Sales in Pakistan showed a 100 per cent growth.

ii) Initiatives taken to increase exports;

The Company continues to leverage the herbal specialist platform in the overseas markets and offers products in different geographies based on local tastes and demands. During 2004-05, the Company also made investments in global brand building which have brought down the net profit as compared to last year. However the profitability of the business is expected to improve with increasing volumes and better utilization of the infrastructure which has been put in place.

iii) Development of new export markets for products and services; and

Dabur has formulated structured strategies for its foray into the international market. Based on market assessment, the Company has identified 20 focus

countries where it is evaluating the need for having a manufacturing facility or a marketing presence. One such focus country is Pakistan. Given similar taste patterns to India, this is a good market for Dabur, but the need to establish a presence there as a local venture is being carefully evaluated. There are another set of countries, which are termed opportunity markets, where Dabur would like to forge alliances as and when opportunities arise.

iv) Export plans

In its first concerted endeavour to extend Dabur's products to the mainstream international markets in developed countries, the Company is exploring opportunities to enter into a marketing alliance with some of the well established retail chains in the UK. There is a large market for herbal based therapeutic products amongst the mainstream population in developed markets, dealing primarily with lifestyle ailments. The focus of this initiative would be to cater to this market in UK through OTC products. For this purpose Dabur needs to have the selected products and production processes certified with the Medicines and Healthcare Products Regulatory Agency (MHRA) - the executive approving agency of the UK government. The Company has already initiated this process. Entry strategies are also being developed to enter the USA supplements market.

Total Foreign Exchange :

Used during 2004-05: Rs. 620.46 lac.

Earned during 2004-05 : Rs. 3,718.36 lac.

Group for interse transfer of shares

As required under Clause 3 (e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of

availing exemption from applicability of the provisions of Regulation 10 to 12 of aforesaid SEBI Regulations, are given in the Annexure 8 attached herewith and forming part of this Report.

Environment and Pollution Control

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

Human Resource Development

Your Company takes great pride in the commitment, competence and vigour shown by its workforce in all realms of business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business.

People development continues to be a key focus area at Dabur. The Company organises regular Management Development Programmes (MDPs) in the form of workshops and training sessions for both the senior and junior management. A training module has been prepared for the Company's frontline salesmen, including those on the rolls of its stockists. Based on this module, the Company plans to hold day-long workshops at various locations for over 2000 frontline salesmen and is currently engaged in 'training the trainers' programme for this purpose.

As Dabur builds on the synergies with Balsara, it will have to deal with the challenges of integrating the two workforces. Dabur is geared up and well-placed to manage this integration

process. While the immediate integration focus will remain on key functional areas required to maintain continuity in the different businesses, in the medium term the Company will endeavour to fully-integrate the value systems and knowledge based capabilities of the two organisations.

Industrial Relations

The industrial relations in all the units and branches of the Company remained cordial and peaceful throughout the year. The Company has not lost even a single man-day in any of its manufacturing units.

Acknowledgements

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

For and on behalf of the Board

V. C. Burman
Chairman

New Delhi
28th April, 2005

Annexures to Directors' Report

Annexure '1'

Auditors' Report on Corporate Governance

To,

The Members of Dabur India Limited

We have examined the compliance of conditions of corporate governance by Dabur India Limited, for the year ended on 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate

Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For G. BASU & CO.

Chartered Accountants

S. Lahiri

Partner

New Delhi

28th April, 2005

~ • ~ • ~

Annexure '2'

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

1.	Name of the Subsidiary	Dabur Nepal Pvt. Ltd.	Dabur Overseas Ltd.	Dabur Foods Ltd.	Dabur International Ltd.	Dabur Egypt Limited*	Asian Consumer Care Pvt. Ltd.*	Pasadena Foods Limited*	Wellfield International (UAE) LLC*	African Consumer Care Limited*
2.	Holding Company's Interest	6,38,520 Equity Shares of NRS.100 each fully paid up	50,000 Equity Shares of USD 10 each fully paid up	10,00,000 Equity Shares of Rs. 10 each fully paid up	1,000,000 Equity Shares of Sterling Pence 1 each fully paid up	-	-	-	-	-
3.	Extent of Holding (%)	79.96	100	100	100	-	-	-	-	-
4.	Subsidiary financial Year ended on	31/03/2005	31/03/2005	31/03/2005	31/03/2005	31/03/2005	31/03/2005	31/03/2005	31/03/2005	31/03/2005
5.	Net aggregate amount of subsidiaries Profit/(Loss) not dealt within the holding company's accounts :									
	(i) For the financial Year of the subsidiaries	NRS. 6,37,52,046 INR 3,98,45,029	(USD 9,169) (INR 4,01,144)	INR 5,70,25,090	AED 35,96,583 INR 4,29,79,167	-	-	-	-	-
	(ii) For the previous financial year of the subsidiaries since they became the holding company's subsidiaries.	NRS.52,58,38,085 INR 32,86,48,803	USD 4,325 INR 1,89,219	(INR 20,35,55,688)	AED 12,90,410 INR 1,54,20,400	-	-	-	-	-
6.	Net aggregate amount of subsidiaries Profit/(Loss) dealt within the holding company's accounts :									
	(i) For the financial Year of the subsidiaries	INR 1,59,63,000	-	-	-	-	-	-	-	-
	(ii) For the previous financial year of the subsidiaries since they became the holding company's subsidiaries.	INR 15,57,48,392	INR 1,73,51,150	-	-	-	-	-	-	-

***Subsidiary Under Section 411(c)**

Exchange Rate as on 31.03.2005

1 USD = INR 43.75

1 Nepalese Rupee (NRS) = INR 0.625

1 Arab Emirates Dirham (AED) = INR 11.95

INR - Indian Rupee

New Delhi
28th April, 2005V.C. Burman
ChairmanP.D. Narang
DirectorP.N. Vijay
DirectorA.K. Jain
Addl. General Manager (Finance)
& Company Secretary

Annexure '3'

Details of Subsidiary Companies

	Particulars	Dabur Nepal Private Limited	Dabur Overseas Limited	Dabur Foods Limited	Dabur International Limited	Dabur Egypt Limited	Asian Consumer Care Private Limited	Pasadena Foods Limited	Weikfield International (UAE) LLC	African Consumer Care Limited
										(Amount in lac)
1.	Capital	499.08 NRs. 798.52	218.75 USD 5	1,000.00	717.00 AED 60	230.13 USD 5.26	107.83 BDT 149.77	500.00	191.32 AED 16.01	148.80 NGN 440.49
2.	Reserves	4,906.91 NRs. 7,851.06	-2.12 USD -0.48	-1,481.12	1,292.94 AED 108.20	-47.85 USD -1.09	5.31 BDT 7.38	-298.65	452.17 AED 37.84	-28.53 NGN -84.45
3.	Total Assets	9,057.80 NRs. 14,492.48	216.63 USD 4.952	2,884.02	4,193.01 AED 350.88	182.27 USD 4.17	113.14 BDT 157.15	2,346.01	2,234.91 AED 187.02	187.33 NGN 554.56
4.	Total Liabilities	9,057.80 NRs. 14,492.48	216.63 USD 4.952	2,884.02	4,193.01 AED 350.88	182.27 USD 4.17	113.14 BDT 157.15	2,346.01	2,234.91 AED 187.02	187.33 NGN 554.56
5.	Details of Investments	12.06 NRs. 19.30	174.91 USD 3.99	500.21	988.84 AED 82.75	—	—	—	—	—
6.	Turnover	18,521.51 NRs. 29,634.41	—	12,969.97	5,385.15 AED 450.64	898.94 USD 20.55	840.88 BDT 1,167.88	283.55	3,406.70 AED 285.08	256.46 NGN 759.21
7.	Profit before Taxation	863.26 NRs. 1,381.21	-4.01 USD -0.09	570.25	429.79 AED 359.66	34.96 USD 0.80	40.18 BDT 28.93	-287.76	-35.43 AED -2.96	-28.53 NGN -84.45
8.	Provision for Taxation	165.33 NRs. 264.53	—	44.55	—	—	—	—	—	—
9.	Profit after Taxation	697.93 NRs. 1,116.68	-4.01 USD -0.09	525.70	429.79 AED 359.66	34.96 USD 0.80	40.18 BDT 28.93	-287.76	-35.43 AED -2.96	-28.53 NGN -84.45
10.	Proposed Dividend	—	—	—	—	—	—	—	—	—

Exchange Rate as on 31.03.2005

1 USD = INR 43.75

1 Nepalese Rupee (NRs) = INR 0.625

1 Arab Emirates Dirham (AED) = INR 11.95

1 Bangladesh Taka (BDT) = INR 0.72

1 Nigerian Naira (NGN) = INR 0.3378

INR - Indian Rupee (All amount in INR, unless specified otherwise)

Annexure '4'**Disclosure regarding Employees Stock Option Plan pursuant to the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and forming part of the Directors' Report for the year ended 31st March, 2005.**

	For the Year	Cumulative
1. Number of Options granted :	3,84,743	25,60,610
2. Pricing formula :	Each option carries the right to the holder to apply for equity shares of the Company at par.	
3. Options vested :	1,70,661	7,20,624
4. Options exercised :	1,70,661	7,03,124
5. Total number of shares arising as a result of exercise of option :	1,70,661	12,04,883
6. Options lapsed/cancelled :	None	3,31,746
7. Variation in terms of options :	None	None
8. Money realized by exercise of options :	Rs.1,70,661	Rs.12,04,883
9. Total number of options in force :	15,25,740	15,25,740
10 Employee-wise details of options granted during the year to :		
i. Senior managerial personnel :		
P D Narang	Group Director – Corp. Affairs	99,960
Sunil Duggal	Chief Executive Officer	94,299
Charanjit Mohan	ED–Operations	15,834
N Venkatakrishnan	VP – Commercial	14,845
Jude Magima	VP – CPPD	20,431
A Sudhakar	VP – Human Resources	14,845
S Raghunandan	VP – Sales (CCD)	17,704
Devender Garg	VP – Marketing (CCD)	17,704
Rajan Varma	Chief Financial Officer	4,289
ii. Employees who received the options amounting to 5% or more of options granted during the year :		
P D Narang	Group Director – Corp. Affairs	99,960
Sunil Duggal	Chief Executive Officer	94,299
Jude Magima	VP – CPPD	20,431
iii. Employees who received the options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant :		
None		
11. Diluted earning per share (EPS) pursuant to issuance of options under ESOP :		
Rs. 5.14		

12. The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, to account for stock options issued under Dabur ESOS 2000, the Company's stock option scheme. Under this method, compensation expenses is recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option.

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

	(Rs. in lacs)
Net profit after tax, as reported in audited accounts	14797.00
Add : Stock Option compensation expenses charged in above reported profit	326.49
Deduct : Stock option compensation expenses determined under fair value method (black scholes model)	327.43
Net profit after tax, as adjusted	14796.06
Impact on profit (i.e. profit would have been lower by)	0.94
Earning per share (Rs.)	Basic Diluted
– As reported	5.17 5.14
– As adjusted	5.17 5.14
– Impact on EPS	0.0003 0.0003
13. Weighted average exercise price (per option)	Re. 1
Weighted average fair value of per option :	
(per intrinsic value method)	Rs. 58.99
(per black scholes model)	Rs. 59.27
14. The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions :	
– Risk free interest rate (%)	4.91
– Expected life	1 to 5 years
– Expected volatility (%)	2.08
– Expected Dividend (%)	250
– Price of underlying shares in the market at the time of option grant	Rs. 59.99

Annexure '5'

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1956 and forming part of the Directors' Report for the year ended 31st March, 2005

Name	Designation/ Nature of Duties	Qualifications	Exp. In year	Remu- neration	Date of Appointment	Age In employment	Particulars of Last employment
1 Burman Amit	Director	Graduate in Business Admn. (USA)	12	3,497,466	12/9/97	36	Project Manager, Dabur Nepal Private Limited
2 Burman (Dr.) Anand	Vice Chairman	M.Sc., Ph.D (USA)	25	13,085,014	13/10/86	53	Director, Dabur (Dr. S.K. Burman) Private Limited
3 Burman Chetan	Dy. General Manager - Sales & Mktg.	BBA	9	3,172,956	1/2/96	33	—
4 Burman Mohit	General Manager - Sales & Mktg.	Graduate in Business Admn. (USA)	12	3,592,400	12/9/97	36	Executive Director, Dabur Finance Limited
5 Burman Pradip	Director	B.Sc. (Mech. Engg.), MIT (USA)	38	9,342,776	1/5/02	62	Director, The Printers House Private Limited
6 Burman Vivek Chand	Chairman	B.Sc. (in Business Admn. (USA)	42	3,880,000	1/7/63	69	Managing Director, Dabur (Dr. S.K. Burman) Private Limited
7 Bhulbal Dilip	Senior General Manager - S&M - CHD	B.Sc. MBA	28	2,628,655	1/4/02	51	General Manager, Welkfield International (UAE) Ltd.
8 Das Arabind	Additional General Manager - Operations	B. Tech, M. Tech	21	2,553,507	16/5/02	44	Factory Manager, Hindustan Lever Limited
9 Duggal Sunil	Chief Executive Officer	BE(H), PGDBM	24	1,99,00,525	20/5/95	48	All India Sales Operations Manager, Pepsi Foods Limited
10 Garg Devendra	Vice President - Marketing	B. Sc., PGDM	17	3,788,614	3/12/93	40	Sales Operation Manager, Pepsi Foods Limited
11 Garg Rajiv	Senior General Manager - Projects	B. Sc., - Engg.	32	2,697,294	31/7/93	56	Dy General Manager (Engg), Vam Organics Chemicals Ltd.
12 Ghadiyar Nilini(*)	Executive Director - CHD	B. A. (Eco & Stats), MWS	26	2,458,533	26/10/04	47	President & CEO, Morepen Laboratories Ltd.
13 Ghosh P.C.	General Manager - Operations	B. Sc. - Engg.	33	2,421,391	1/10/02	53	Factory Manager, Hindustan Lever Limited
14 Governor Rusi	Head - Corporate QA	B. Tech, ME	32	2,481,150	18/12/02	55	Head Development - Regional Innovation Center, HLL
15 Gunwant Deepika	Manager-Regulatory	BAMS, MD Ayurveda	20	3,411,240	1/7/04	44	ACGB
16 Krishnan V(*)	Head - Talent Management	B. Sc. - Engg., MBA	19	2,276,552	22/4/04	41	General Manager - Corporate HR, Whirlpool of India Limited
17 Magima Jude	Vice President - Supply Management	M.A. (Eco)	20	3,849,105	25/2/02	41	General Manager - Materials, Marico Industries Limited
18 Martin Andrew	Marketing Manager	—	16	4,385,880	24/7/02	41	—
19 Mohan Charanjit	Executive Director - Operations	B.E.	31	8,444,791	26/7/99	51	General Manager - Technical, Hindustan Lever Limited
20 Narang P.D.	Group Director - Corporate Affairs	B. Com., FCA, MIIA, ACS, AICWA	29	2,12,51,482	1/7/83	51	Management Accountant, Dabur (Dr. S.K Burman) Pvt. Ltd.
21 Raghunandan S.	Vice President - Sales	BE, PGDM	16	4,176,852	5/6/02	40	Vice President - Sales & Distribution, Home Trade
22 Sudhakar A.	Vice President - Human Resources	MSc., MA (Social Work), ILB, PGDPM	29	3,958,011	17/9/01	54	Vice President - HR, Owens Brockway
23 Varma Rajan	Chief Financial Officer	B. Com. (Hons), CA	32	4,870,011	1/11/00	55	Vice President & CFO, Carrier Aircor Limited
24 Venkatakrishnan N	Vice President - Commercial	B. Com. (Hons), CS, ICWA, CA	19	4,036,263	6/2/03	44	Manager - Special Projects, Hindustan Lever Limited

Notes :

- Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medical reimbursements, leave travel benefits, provident fund, superannuation fund & gratuity under LIC scheme in terms of actual expenditure incurred by the Company and commission.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- None of the employees mentioned above is a relative of any director except Mr. Mohit Burman & Mr. Chetan Burman who are the sons of Mr. V.C. Burman & Mr. Pradip Burman respectively.
- Asterisk against a name indicates that the employee was in service for part of the year.
- The nature of employment is on contractual basis except in the case of directors whose terms have been approved by shareholders and relatives of directors whose terms have been approved by the Central Government.

For and on behalf of the Board

(V.C. Burman)
Chairman

New Delhi
28th April, 2005

Annexure '6'FORM - AForm of Disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel Consumption

1. Electricity

a) Purchased

	2004-05	2003-04
Units	15724186	16680089
Total amount (Rs.)	63388569	67143585
Rate per unit	4.03	4.03

b) Own Generation:

i) Through diesel generator

Units	4754389	2247673
Unit per litre of diesel oil	3.13	3.30
Cost per unit	6.96	5.71
Total cost (Rs.)	33112705	12837238

ii) Through Steam Turbine/Generator

Units	Nil	Nil
Unit per litre of Fuel Oil		
Cost/Unit (Rs.)		

2. Coal (specify quality and where used)

Quantity (tonnes)	Nil	Nil
Total cost		
Average rate per tonne (Rs.)		

3. Furnace Oil

Quantity (tonnes)	5645	4925.94
Total cost	75822911	64218920
Average rate per tonne (Rs.)	13431.39	13036.89

4. Others/Internal generation

H S D		
Quantity (Kilo ltr.)	761	262.22
Total cost	16874078	4814507
Average rate per Kilo ltr (Rs.)	22176.15	18360.91
L D O		
Quantity (Kilo ltr.)	356	316.41
Total cost	7910683	5140676
Average rate per Kilo ltr (Rs.)	22191.41	16246.93

B. Consumption per unit of production

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

~ • ~ • ~

Annexure '7'FORM - BForm of Disclosure of particulars with respect to Technology AbsorptionResearch & Development**1. Specific area in which R & D carried out by the Company**

Herbal and Ayurvedic Products development, Fruit Juices and other Foods Products, Personal Care Products, Analytical Development, Clinical Experimental Research, Product Registration and Validation, Tissue Culture & Agro-technological Research.

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

As a result of above R & D efforts, the Company has developed/improved upon the following products:-

Dabur Vatika Honey & Saffron Soap : A bathing soap containing goodness of honey, saffron & conditioners.

Dabur Red Gel Toothpaste : A clear transparent gel toothpaste that leverages the ingredients used in Dabur Lal Dant Manjan in a modern day gel format.

Dabur Anmol Silky Black Shampoo : A low priced shampoo incorporating Amla and other extracts.

Anmol Fairness cold cream : A product incorporating standardized herbal extract, Vit.E & Saffron in a good cream base.

Dabur Herbal Toothpaste : A chalk based herbal toothpaste containing traditionally known herbs for strong teeth & healthy gums.

Hajmola Fun2 : A center filled candy, with differentiating taste inside and out side.

Coolers : Fruit drinks with traditional cooling effect.

Fruit and Vegetable juices : Vegetable and fruit juices with higher vegetable juice content and nutritional benefits.

Hajmola Chuski : A fruit based hajmola paste, with differentiating taste.

Fun2 mint candy : A liquid center filled candy with ayurvedic center and mint taste outside.

Fit N Activ : A unique blend of Milk, Badam, and Malt in chocolate flavour enriched with memory booster herbs likes Shankhpuspi, Jyotishmati, Malkangani, Satavari, Yastimadhu and Draksha.

Anardana Goli : A blend of tasty digestive spices in sweet and sour digestive Imli based goli.

Bronchorid Syrup : A time-tested remedy for chronic bronchial asthma with immuno-enhancing properties.

Lipistat Capsule : A cardio-tonic herbal blend containing Arjuna and pushkar mool enriched with Guggulu having hypolipidaemic properties.

Shilajit Gold Capsule : A unique blend of herbs and minerals enriched with the power of Gold and Kesar known for providing energy, vigour and stamina.

Madhurakshak : Anti diabetic preparation with a unique blend of herbs and minerals which contains time tested herbs like Gurmar, Vijaysar, Methi, Sudh Shilajit etc. Which lower the blood glucose level and maintain vigour & vitality.

3. Future plan of action :

To continue the R&D efforts through DRF in the areas listed above with a view to strengthen the technological base and look for products in new and niche areas.

4. Expenditure on R & D (2004-05)

a) Capital	Nil
b) Recurring	Rs. 540.97 lac
c) Total	Rs. 540.97 lac
d) Total R & D expenditure as a percentage of Total Turnover	0.42%

Technology Absorption, Adoption and Innovation

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

Installation of Energy Saver P-20 of 36 kva and 27 kva at D'mitories.

Replaced imported motor with Indigenous main drive motor of RO plant capacity 22.5 kw

Installed 12 and 24 Tray Drier for small size Ayurvedic product batches which were earlier processed in 96 & 48 TDs.

Incorporation of Blades in place of rotary cutter for six track sachet packing machine at Jammu

Incorporation of new six

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

“Cost reduction” (by way of saving 25% power consumption

Cost reduction (cost of imported motor was three times higher and service and spares not easily available).

Cost reduction (power cost of 19 Ay. products has halved.)

Monthly savings of Rs. 25000

Consistent output

track sachet machine at Jammu

Adopted large tilting type Frying kattle in place of existing small Stationary one

High speed packing lines at AHO.

New Process Technology for Hajmola manufacturing.

New type and Higher volume boiling pans.

Bigger batch sizes for AHO & VHO.

Artisan well

- Lesser wastage
- Lesser air consumption
- Operator's ease

Automatic unloading of product to improve hygiene conditions

Consistent quality due to increase in batch size. Less effluent generation

Increased productivity

Energy saving with less material handling.

Cycle time reduction with better yield

Consistent batch in lesser cycle time.

Water source searched without any pumps though power saving.

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

Not applicable

~ • ~ • ~

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

1. Mr. Ashok Chand Burman
2. Mrs. Sudha Burman
3. Mr. A C Burman HUF
4. Mr. Ratan Chand Burman
5. Mr. Vivek Chand Burman
6. Ms. Sujata Burman
7. Mrs. Asha Burman
8. Mr. Amit Burman
9. Mrs. Gauri Tandon
10. Mr. G C Burman HUF
11. Mr. Pradip Burman
12. Mr. Chetan Burman
13. Mr. Pradip Burman HUF
14. Mr. Sidharth Burman
15. Mrs. Indira Burman
16. Dr. Anand Burman
17. Mrs. Minnie Burman
18. Mr. Aditya Burman
19. Mr. V C Burman HUF
20. Mrs. Monica Burman
21. Mr. Mohit Burman
22. Mr. Gaurav Burman
23. Mr. Sidharth Burman (HUF)
24. Mr. Saket Burman
25. Upvan Farms & Services Private Limited
26. Sahiwal Inv. & Trading Company
27. Maneswari Trading Company
28. Milky Investment & Trading Company
29. Poonmudi
30. Chowdry Associates
31. VIC Enterprises Private Limited
32. Acee Enterprises
33. Gyan Enterprises Private Limited
34. Puran Associates Private Limited
35. Ratna Commercial Enterprises Private Ltd.
36. Ms. Anisha Burman
37. Mrs. Meera Burman
38. Mrs. Pooja Burman
39. Ms. Devika Burman
40. Mrs. Divya Burman
41. Master Adhiraj Burman
42. Ms. Diya Burman
43. Mr. Sandeep Tandon
44. Dabur Invest Corp
45. Southern Enterprises
46. Western Enterprises
47. Eastern Enterprises
48. Dr. S K Burman Charitable Trust
49. Dabur Foundation
50. Chunilal Medical Trust
51. Mateshwari Dham Trust
52. Estate of Durga Prasad Makkar Trust
53. Amit Laboratories Private Limited
54. Angel Softech Private Limited

- | | |
|---|--|
| 55. Barcelona Investment & Trading Company | 69. Wakarusa Laboratories Private Ltd. |
| 56. Burmans Finvest Limited | 70. Welltime Gold & Investment Private Ltd. |
| 57. Cavendish Hotels Private Limited | 71. Dabur Ayurvedic Specialities Ltd. |
| 58. Dabur Exports Limited | 72. B R Bee Products Pvt. Ltd. |
| 59. Dabur Securities Private Limited | 73. Dabur Research Foundation |
| 60. Excellent Farms Private Limited | 74. Super Hoze Industries Pvt. Ltd. |
| 61. Flagship Trading Company | 75. Vansh Holdings Pvt. Ltd. |
| 62. Interx Laboratories Private Limited | 76. Dabur Finance Ltd. |
| 63. KBC India Private Limited | 77. Dabur Pharmaceuticals Ltd. |
| 64. Margdarshak Constructions Private Limited | 78. Excellent (India) Private Limited |
| 65. Miracle Commercial Private Ltd. | 79. Malhotra Trading Company Private Limited |
| 66. Prayag Commercial Private Limited | 80. Moonlight Ranch Private Ltd. |
| 67. Trojan Developers Private Ltd. | 81. Shree Investments Limited |
| 68. Pasadansa Foods Limited | 82. Adbur Pvt. Ltd. |
| | 83. Newage Capital Services Pvt. Ltd. |

~ • ~ • ~