

# Directors' Report

To,

The Members,

Your Directors have pleasure in presenting the 41<sup>st</sup> Annual Report on the business and operations of the Company, together with the audited accounts for the financial year ended March 31, 2016.

## Financial Results.

Financial results are presented in the table below:

(₹ in crores)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
<b>Revenue from Operations (including other Income)</b>	<b>8673.25</b>	<b>7985.25</b>	<b>5946.64</b>	<b>5569.13</b>
Less Expenses :				
Cost of goods sold	3797.00	3720.07	2812.12	2826.09
Employee benefits expenses	794.82	689.56	431.77	392.99
Finance cost	48.02	40.12	9.83	9.89
Depreciation and Amortization expenses	133.75	114.98	72.82	65.97
Other Expenses	2342.42	2101.16	1407.36	1273.70
<b>Total Expenses</b>	<b>7116.01</b>	<b>6665.89</b>	<b>4733.90</b>	<b>4568.64</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>1557.24</b>	<b>1319.36</b>	<b>1212.74</b>	<b>1000.49</b>
Exceptional items	0.00	0.00	0.00	-23.96
<b>Profit before extraordinary items and tax</b>	<b>1557.24</b>	<b>1319.36</b>	<b>1212.74</b>	<b>976.53</b>
Extraordinary items	0.00	0.00	0.00	0.00
<b>Profit before tax</b>	<b>1557.24</b>	<b>1319.36</b>	<b>1212.74</b>	<b>976.53</b>
Tax expense	301.79	250.89	273.23	213.95
<b>Profit for the year from continuing operations</b>	<b>1255.45</b>	<b>1068.47</b>	<b>939.51</b>	<b>762.58</b>
Minority interest	2.74	2.64	0.00	0.00
<b>Profit after minority interest</b>	<b>1252.71</b>	<b>1065.83</b>	<b>939.51</b>	<b>762.58</b>

The Company proposes to transfer an amount of ₹ 95 crores (Previous year ₹ 80 crores) to general reserves.

## Dividend

The Company has paid an interim dividend of 125%, being ₹ 1.25 per share of ₹ 1/- each, on November 23, 2015. We are pleased to recommend a final dividend of 100%, being ₹ 1/- per share of ₹ 1/- each, for the financial year 2015-16. The final dividend, if approved by the members, will be paid to members within the period stipulated by the applicable Companies Act. The aggregate dividend for the year will amount to 225%, being ₹ 2.25 per share of ₹ 1/- each, as against 200%, being ₹ 2.00 per share of ₹ 1/- each, declared last year. The dividend payout ratio for the current year, inclusive of corporate tax on dividend distribution, is at 50.70%.

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Final dividend for the financial year 2007-08 amounting to ₹ 2247834/- and interim dividend for the financial year 2008-09 amounting to ₹ 2165883/- which remained unpaid or unclaimed for a period of 7 years, has been transferred by the Company to the Investors Education and Protection Fund (IEPF) of the Central Government. Further, final dividend for the year 2007-08 pertaining to erstwhile Femcare Pharma Limited (FEM), now merged with the Company, which remained unpaid or unclaimed for a period of 7 years, amounting to ₹ 193774/- has also been transferred by the Company to IEPF. The due dates for transfer of unpaid dividend to IEPF for subsequent years is given in the Corporate Governance Report. The list of unpaid dividend declared upto the financial year 2014-15 and updated upto the date of 40<sup>th</sup> AGM held on 21.07.2015, is available on Company's website [www.dabur.com](http://www.dabur.com). Shareholders are requested to check the said list and if any dividend due to them remains unpaid in the said list (apart from the above mentioned unpaid dividend already transferred to IEPF), can approach the Company for release of their unpaid dividend.

## Abridged Financial Statements

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Section 136 of the Companies Act, 2013 read with Rule 10 of the Companies (Accounts) Rules, 2014, the abridged Annual Report containing salient features of the financial statements, including Consolidated Financial Statements, for the financial year 2015-16, along with statement containing salient features of the Directors' Report (including Management Discussion & Analysis and Corporate Governance Report) is being sent to all shareholders who have not registered their email address(es) for the purpose of receiving documents/ communication from the Company in electronic mode. Please note that you will be entitled to be furnished, free of cost, the full Annual Report 2015-16, upon receipt of written request from you, as a member of the Company.

Full version of the Annual Report 2015-16 containing complete Balance Sheet, Statement of Profit & Loss, other statements and notes thereto, including Consolidated Financial Statements, prepared as per the requirements of Schedule III to the Companies Act, 2013, Directors' Report (including Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report) is being sent via email to all shareholders who have provided their email address(es).

Full version of Annual Report 2015-16 is also available for inspection at the registered office of the Company during working hours up to the date of ensuing Annual general meeting (AGM). It is also available at the Company's website at [www.dabur.com](http://www.dabur.com).

## Consolidated Financial Statements

In compliance with the applicable provisions of Companies Act, 2013 including the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2015-16. Consolidated Turnover grew by 8.62% to ₹ 8673.25 crores as compared to ₹ 7985.25 crores in the previous year. Net Profit after Tax and after Minority Interest for the year at ₹ 1252.71 crores is higher by ₹ 186.88 crores as compared to ₹ 1065.83 crores in the previous year.

## Operations and Business Performance

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

## Corporate Governance

Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Good Corporate Governance involves a commitment of the Company to run the business in a legal, ethical and transparent manner and runs from the top and permeates throughout the organization. It involves a set of relationships between a company's management, its Board, shareholders and Stakeholders. It is a key element in improving the economic efficiency of the enterprise. Credibility offered by Corporate Governance helps in improving the confidence of the investors – both domestic and foreign, and establishing productive and lasting business relationship with all stakeholders.

At Dabur Corporate Governance is more a way of business life than a mere legal obligation. Besides complying with the prescribed Corporate Governance practices as per the Listing Regulations the Company has voluntarily adopted various practices of governance confirming to highest ethical and responsible standard of business, globally benchmarked. Strong governance practices of the Company have been rewarded in terms of improved share valuations, stakeholder's confidence, improved market capitalization, high credit ratings and bagging of various awards, etc. These have helped Dabur to pay uninterrupted dividends to its shareholders. Last year (FY 2014-15) the Institute of Company Secretaries of India (ICSI), had certified Dabur India Ltd., as one of the Best Governed Companies of India.

A certificate from Auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Schedule V of the Listing Regulations is attached as 'Annexure 1' and forms part of this report.

Certificate of the CEO/CFO, *inter-alia*, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the internal control measures and reporting of matters to the auditors and the Audit committee in terms of Regulation 17 of the Listing Regulations is attached in the Corporate Governance report, and forms part of this report.

## Business Responsibility Report

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

For Business Responsibility Report as stipulated under Regulation 34 of the Listing Regulations, kindly refer to Business Responsibility Report section which forms part of this Annual Report.

## Credit Rating

During the year the Company has sustained its long term bank facility credit rating of AAA (stable) which has been reaffirmed by CRISIL. The highest credit rating of AAA awarded by CRISIL reflects the highest degree of safety regarding timely servicing of financial obligations. Further CRISIL has reaffirmed the rating of NCD programme of the Company as AAA (stable). The rating indicates highest degree of safety regarding timely servicing of financial obligation. The rated instrument carries lowest credit risk. The Company's short term bank facility credit rated as A1+ by CRISIL, has been reaffirmed. The rating of A1+ for Commercial Paper has also been reaffirmed by CRISIL. This highest rating of A1+ indicates a very strong degree of safety with regard to timely payment of interest & principal. Such instrument carry lowest credit risk.

Further ICRA has reaffirmed the rating on NCD programme of the Company as AAA (stable). The rating indicates highest degree of safety regarding timely servicing of financial obligation. The rated instrument carries lowest credit risk and the outlook on the rating is stable.

## Directors

In terms of Section 149 and 152 of the Companies Act, 2013 the appointment of women director Ms. Falguni Sanjay Nayar, in the category of Non-Executive Independent Director was confirmed in the AGM of the Company held on 21<sup>st</sup> July, 2015. Ms. Nayar shall hold office, not subject to retirement by rotation, for a term of five consecutive years commencing from the date of her appointment as additional director in the Company i.e. 28<sup>th</sup> July, 2014 upto the conclusion of AGM of the Company to be held in the calendar year 2019 or 27<sup>th</sup> July, 2019 whichever is earlier.

Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM. Consequently, Dr. Anand C Burman and Mr. Pritam Das Narang, Directors will retire by rotation at the ensuing AGM, and being eligible, offer themselves for re-appointment in accordance with provisions of the Companies Act, 2013.

A brief resume of the Directors proposed to be re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing AGM.

The Directors recommend their re-appointment at the ensuing AGM.

Pursuant to provisions of Section 134(3)(d) of the Companies Act, 2013, with respect to statement on declaration given by Independent Directors under Section 149(6) of the Act, the Board hereby confirms that all the Independent Directors of the Company have given a declaration and have confirmed that they meet the criteria of independence as provided in the said Section 149(6).

### Key Managerial Personnel

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:

Mr. P D Narang:	Whole Time Director
Mr. Sunil Duggal:	Chief Executive Officer and Whole Time Director
Mr. Lalit Malik:	Chief Financial Officer
Mr. Ashok Kumar Jain:	V P (Finance) and Company Secretary

During the year there was no change (appointment or cessation) in the office of KMP.

### Policy on Directors' appointment and Policy on remuneration

Pursuant to Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the policy on appointment of Board members including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other employees is attached as 'Annexure 2 & 3' respectively, which forms part of this report.

### Particulars of remuneration of Directors/ KMP/ Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as 'Annexure 4' which forms part of this report. The information showing names and other particulars of employees as per Rule 5(2) and 5(3) of the aforesaid Rules forms part of this report. However, as per first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company and others entitled thereto. The said information is available for inspection by members at the registered office of the Company during business hours on all working days upto the date of ensuing annual general meeting. Any member interested in obtaining a copy thereof, may also write to the Company Secretary at the registered office of the Company.

### Employees Stock Option Plan

During the year, 433531 options in 3 tranches were granted to eligible employees of the Company in terms of Employees Stock Option Plan (Dabur ESOP 2000). During the year, 2629180 options were exercised by the employees after vesting. Accordingly, the Company has made the allotment of 308180 equity shares on May 13, 2015, 269250 equity shares on August 24, 2015 and 2051750 equity shares on September 21, 2015 against the options exercised by the employees.

During the financial year 2015-16, there has been no change in the Employees Stock Option Plan (Dabur ESOP 2000) of the Company. Further, it is confirmed that the ESOP Scheme of the Company is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014.

The applicable disclosures as stipulated under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 with regard to Employees Stock Option Plan of the Company are available on the website of the Company at [www.dabur.com](http://www.dabur.com) and weblink for the same is <http://www.dabur.com/in/en-us/investor/investor-information/esops>

### Number of Meetings of the Board

During the Financial Year 2015-16, 4 (four) number of Board Meetings were held. For details thereof kindly refer to the section 'Board of Directors- Number of Board Meetings', in the Corporate Governance Report.

### Performance Evaluation of the Board, its Committees and Individual Directors

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, *inter-alia*, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors.

A structured questionnaire, covering various aspects of the functioning of the board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, matters addressed in the Board and Committee meetings, processes followed at the meeting, Board's focus, regulatory compliances and Corporate Governance, etc., is in place. Similarly, for evaluation of individual Director's performance, the questionnaire covering various aspects like his/her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc., is also in place.

Board members had submitted their response for evaluating the entire Board, respective committees of which they are members and of their peer Board members, including Chairman of the Board.

The Independent Directors had met separately on February 25, 2016 without the presence of Non-Independent Directors

and the members of management and discussed, *inter-alia*, the performance of Non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires.

The Directors expressed their satisfaction with the evaluation process.

### Directors' Responsibility Statement

Pursuant to the provisions under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm:

- a. 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;
- b. That they had selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That they had prepared the Annual Accounts on a going concern basis;
- e. That they had laid down Internal Financial Controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. That they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Statutory Auditors and their Report

M/s G. Basu & Co., Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the ensuing AGM and being eligible have consented and offered themselves for re-appointment as Statutory Auditors for the financial year 2016-17. Pursuant to Section 141 of the Companies Act, 2013 and relevant Rules prescribed there under, the Company has

received certificate dated April 4, 2016 from the Auditors to the effect, *inter-alia*, that their re-appointment, if made, would be within the limits laid down by the Act, shall be as per the term provided under the Act, that they are not disqualified for such re-appointment under the provisions of applicable laws and also that there is no proceeding against them or any of their partners pending with respect to professional matter of conduct.

The Auditors have vide their letter dated April 20, 2016 also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of the ICAI.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

### Cost Auditors and their Report

As per Section 148 of the Companies Act, 2013 read with Rules framed thereunder, M/s Ramanath Iyer & Company, Cost Accountants, (Firm's Membership No. 000019) were re-appointed as Cost Auditors for the financial year 2015-16 to conduct cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by members of the Company has been set out in the Notice of ensuing annual general meeting. They have also been appointed as Cost Auditors for financial year 2016-17 by the Board of Directors, upon recommendation of Audit Committee, to conduct cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

The Cost Audit Report for the financial year 2014-15, issued by M/s Ramanath Iyer & Company, Cost Auditors, in respect of the various products prescribed under Cost Audit Rules was filed with the Ministry of Corporate Affairs (MCA) on 29<sup>th</sup> September, 2015.

### Secretarial Auditors and their Report

M/s Chandrasekaran Associates, Company Secretaries, were appointed as Secretarial Auditors of the Company for the financial year 2015-16 pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in the prescribed form MR- 3 is attached as 'Annexure 5' and forms part of this report.

There are no qualifications or observations or adverse remarks or disclaimer of the Secretarial Auditors in the Report issued by them for the financial year 2015-16 which call for any explanation from the Board of Directors.



### Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

### Internal Financial Control System

According to Section 134(5)(e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has a well placed, proper and adequate IFC system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's IFC system also comprises due compliances with Company's policies and Standard Operating Procedures (SOP's) and audit and compliance by in-house Internal Audit Division, supplemented by internal audit checks from Price Waterhouse & Co., Bangalore LLP, the Internal Auditors and various transaction auditors. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board. During the year the Internal auditors have also been engaged for providing assistance in improving IFC framework (including preparation of Risk & Control Matrices for various processes) and deployment of Self Assessment Tool.

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

### Adequacy of Internal Financial Controls with reference to the financial statements

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report.

To ensure effective Internal Financial Controls the Company has laid down the following measures:

- All operations are executed through Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically.
- All legal and statutory compliances are ensured on a monthly basis for all locations in India through a fully automated tool called 'e-nforce'. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately. Any regulatory amendment is updated periodically in the system.
- Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) Schedule which is in-built into the SAP system. DOA is reviewed periodically by the management and compliance of DOA is regularly checked and monitored by the auditors.
- The Company follows a robust 2-tier internal audit process:
  - Tier-1: Management/ Strategic/ Proprietary audits are conducted on regular basis throughout the year as per agreed audit plan.
  - Tier-2: Transaction audits are conducted regularly to ensure accuracy of financial reporting, safeguard and protection of all the assets. Stock audit is conducted on quarterly basis at all locations in India. Fixed Asset Verification is done on an annual basis including AS-28 testing at all locations.
  - The Audit Reports for the above audits are compiled and submitted to management committee and audit committee for review and necessary action.
- The Company's Books of Accounts are maintained in SAP and transactions are executed through SAP (ERP) setups to ensure correctness/ effectiveness of all transactions, integrity and reliability of reporting.
- The Company has a comprehensive risk management framework.
- The Company has a robust mechanism of building budgets at an integrated cross-functional level. The budgets are reviewed on a monthly basis so as to analyze the performance and take corrective action, wherever required.
- The Company has in place a well-defined Whistle Blower Policy/ Vigil Mechanism.
- The Company has a system of Internal Business Reviews. All departmental heads discuss their business issues and future plans in monthly review meetings. They review their achievements vs. budgets in quarterly review meetings. Specialized issues like investments, property, FOREX are discussed in their respective internal committee meetings.
- Compliance of secretarial functions is ensured by way of secretarial audit.

- Compliance relating to cost records of the company is ensured by way of cost audit.
- The Internal auditors have also been engaged for providing assistance in improvising IFC framework (including preparation of Risk & Control Matrices for various processes) and deployment of Self Assessment Tool.

### Development and implementation of Risk Management

Dabur has in place comprehensive risk assessment and minimization procedures, which are reviewed by the Board periodically. The Risk Management Committee of the Board is responsible for preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, identifying and reviewing critical risks on regular basis, updating the Risk Register on quarterly basis, reporting of key changes in critical risks to the Board on an ongoing basis, reporting of critical risks to Audit Committee in detail on yearly basis and such other functions as may be prescribed by the Board.

The Committee holds quarterly meetings to review the critical risks identified. The risks faced by the Company, their impact and their minimization procedures are assessed categorically under the broad heads of High, Medium and Low risks. The non-critical risks faced by the company and their mitigation are also reviewed by the committee on a quarterly basis. The Risk Register of the Company is also audited by internal auditors of the Company.

Further the risks control systems are instituted to ensure that the risks in each business process are mitigated. The two joint Chief Risk Officers (CROs) are responsible for the overall risk governance in the Company and reports directly to the Management Committee (MANCOM), which consists of various functional heads. The Board provides oversight and reviews the Risk Management Policy on a quarterly basis. The Board is responsible for framing, implementing and monitoring the risk management plan of the Company. During the year, Price Waterhouse & Co., Bangalore LLP, Internal auditors, have been engaged for preparing Risk & Control Matrices for various processes as a part of Internal financial control framework.

In the opinion of the Board there has been no identification of elements of risk that may threaten the existence of the Company.

### Nature of business

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

During the year Dabur India Limited has launched a new premium natural baby care brand 'Dabur Baby' which shall have a range of baby care products.

Asian Consumer Care Pakistan Pvt. Ltd., (Pakistan) has entered into Baby Care and Oral Care Category via brands "DermoViva

Baby" and "Dabur Red Toothpaste" respectively. The execution started in Karachi, Lahore and Islamabad during later part of the third quarter of FY 2015-16.

Dabur Pakistan (Pvt.) Limited, (Pakistan) incorporated during the FY 2015-16 for the business of Digestive Category in Pakistan, started its commercial operations in October 2015.

Dabur Tunisie, (Tunisia) has started the production of Fresh Gel Toothpaste during FY 2015-16.

Further updates regarding operational performance and projects undertaken by the subsidiary companies can be referred in the report on performance and financial position of subsidiaries presented elsewhere in this report.

### Subsidiaries

During the year Dabur Pakistan (Pvt.) Limited, incorporated in Pakistan has become our step down subsidiary company, upon issuance of shares by the said company to our existing wholly owned subsidiary- Dabur International Limited.

Pursuant to Section 129 (3) of the Companies Act, 2013 and Accounting Standard- 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial statements of its subsidiaries.

Further, a separate statement containing the salient features of the financial statements of subsidiaries of the company in the prescribed form AOC-1 has been disclosed in the Consolidated Financial Statements.

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the subsidiary companies on its website at [www.dabur.com](http://www.dabur.com). The Company will make available physical copies of these documents upon request by any shareholder of the Company/ subsidiary interested in obtaining the same.

These documents shall also be available for inspection at the registered office of the Company during business hours up to the date of ensuing AGM.

### Report on the performance and financial position of Subsidiaries, Associates and Joint Venture Companies

Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014 the report on performance and financial position of subsidiaries, associates and joint venture companies included in the Consolidated Financial Statements is attached as 'Annexure 6' which forms part of this report.

Information in this respect can also be referred in form AOC-1 which has been disclosed in the Consolidated Financial Statements.

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

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are attached as 'Annexure 7' which forms part of this report.

### Environmental, Health and Safety (EHS) Review

Details with respect to Environmental, Health and Safety (EHS) review are attached as 'Annexure 8' which forms part of this report.

### Details of policy developed and implemented on Corporate Social Responsibilities (CSR) initiatives

The Company has in place a CSR policy in line with Schedule VII of the Companies Act, 2013. As per the policy the CSR activities are focused not just around the plants and offices of the Company, but also in other geographies based on the needs of the communities. The four focus areas where special Community Development programmes are run are:

1. Eradicating hunger, poverty and malnutrition.
2. Promoting Health care including preventive health care.
3. Ensuring environmental sustainability.
4. Employment and livelihood enhancing vocational skills and projects.

The annual report on CSR activities is furnished in 'Annexure 9' which forms part of this report. Apart from this the Company also releases a detailed Business Responsibility Report which shall be available on its website [www.dabur.com](http://www.dabur.com).

### Change in Capital Structure and Listing of Shares

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

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

- Equity shares allotted against the options exercised by employees pursuant to Employees Stock Option Scheme of the Company are:
  - 308180 equity shares allotted on May 13, 2015.
  - 269250 equity shares allotted on August 24, 2015.
  - 2051750 equity shares allotted on September 21, 2015.

### Extract of Annual Return

The extract of Annual Return as on March 31, 2016 in the prescribed Form No. MGT-9, pursuant to Section 92(3) of the Companies

Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is attached as 'Annexure 10' and forms part of this report.

### Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

Pursuant to Section 134(3)(g) of the Companies Act, 2013 particulars of loans, guarantees or investments under Section 186 of the Act as at the end of the Financial Year 2015-16 are attached as 'Annexure 11' which forms part of this report.

### Contracts or arrangements with related parties under Section 188(1) of the Companies Act, 2013

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the financial year, were in the ordinary course of business and on an arm's length basis.

During the year, the company had not entered into any contract or arrangement with related parties which could be considered 'material' (i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements entered into individually or taken together with previous transactions during the financial year) according to the policy of the Company on materiality of Related Party Transactions. Accordingly, there are no transactions that are required to be reported in form AOC-2.

However, you may refer to Related Party transactions, as per the Accounting Standards, in Note No.55 of the Standalone Financial Statements.

### Disclosure on Audit Committee

The Audit Committee as on March 31, 2016 comprises of the following Independent Directors:

Mr. P. N. Vijay (Chairman), Mr. R. C. Bhargava, Dr. S. Narayan, Dr. Ajay Dua and Mr. S. K. Bhattacharyya as members. For more details thereof kindly refer to the section 'Committees of the Board - Audit Committee', in the Corporate Governance Report.

All recommendations of Audit Committee were accepted by the Board of Directors.

### Disclosure on Deposit under chapter V

The Company has neither accepted nor renewed any deposits during the Financial Year 2015-16 in terms of Chapter V of the Companies Act, 2013.

### Disclosure on Vigil Mechanism

The Company has established a vigil mechanism through which directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct without fear

of reprisal. The Company has set up a Direct Touch initiative, under which all Directors, employees, business associates have direct access to the Chairman of the Audit committee, and also to a three-member direct touch team established for this purpose. The direct touch team comprises one senior woman member so that women employees of the Company feel free and secure while lodging their complaints under the policy. Further information on the subject can be referred to in section 'Disclosures' - Whistle-Blower Policy / Vigil Mechanism of the Corporate Governance Report.

#### **Disclosure under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013**

At Dabur, all employees are of equal value. There is no discrimination between individuals at any point on the basis of race, colour, gender, religion, political opinion, national extraction, social origin, sexual orientation or age.

At Dabur, every individual is expected to treat his/her colleagues with respect and dignity. This is enshrined in values and in the Code of Ethics & Conduct of Dabur. The Direct Touch (Whistle-Blower & Protection Policy) policy provides a platform to all employees for reporting unethical business practices at workplace without the fear of reprisal and help in eliminating any kind of misconduct in the system. The policy also includes misconduct with respect to discrimination or sexual harassment.

The Company also has in place 'Prevention of Sexual Harassment Policy'. This Anti-Sexual Harassment policy of the Company is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

An Internal Complaints Committee (ICC) is in place to redress complaints received regarding sexual harassment.

The following is a summary of sexual harassment complaints received and disposed off during the year:

- No. of complaints received: Nil
- No. of complaints disposed off: NA

#### **Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concerns status and company's operations in future**

The Company has not received any significant or material orders passed by any regulatory Authority, Court or Tribunal which shall impact the going concern status and Company's operations in future.

#### **Industrial Relations**

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

#### **Acknowledgements**

Your Directors place on record their gratitude to the Central Government, State Governments and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of investors, vendors, dealers, business associates and employees in ensuring an excellent all around operational performance.

For and on behalf of the Board  
**DR. ANAND C BURMAN**

Place: New Delhi  
Date : April 28, 2016

Chairman  
DIN: 00056216