

# H&B Stores Limited

(A subsidiary of Dabur India Limited)

## DIRECTOR'S REPORT

To,  
The Members,  
H & B Stores Limited.

Your Directors have pleasure in presenting the 4<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March 2011.

### FINANCIAL PERFORMANCE

The performance of the Company for the financial year ended 31<sup>st</sup> March 2011 is summarized below:

Particulars	Year ended 31-03-2011 (Rs in Lacs)	Year ended 31-03-2010 (Rs. in Lacs)
Turnover	2049.59	917.46
Profit/(Loss) before Tax	(988.39)	(943.07)
Less: Provision for Taxation (FBT)	0.00	0.00
Profit / (Loss) after Tax carried over to Balance Sheet	(988.39)	(943.07)

### OPERATIONS AND BUSINESS PERFORMANCE:

At the opening of this fiscal Company had thirteen of its retail stores. During the year under review the Company opened Twenty five of its beauty, health and Wellness retail stores under the 'newu' brand, offering customers a large choice of leading International and National Beauty and Health brands. However due to non-viability, the Company closed down three of its stores .At the end of this fiscal the Company had a total of Thirty Five retail stores.

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## DIVIDEND:

Your Directors have not recommended any dividend on equity shares for the year under review.

## SHARE CAPITAL:

During the year under review, the Company has issued and allotted at par 2.50 Crores Equity Shares of Re.1/- each to Dabur India Limited, the Company's holding Company, with this the total Paid up Equity Capital stands to Rs.48.50 Crores as on 31<sup>st</sup> March 2011.

## DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, at the ensuing Annual General Meeting Dr. Anand C Burman & Mr. Abhay Agarwal Directors will retire by rotation and being eligible offer themselves for reappointment. Your directors recommend their appointment/reappointment at the ensuing Annual General Meeting.

## DIRECTOR'S 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 for the financial year ended 31<sup>st</sup> March, 2011, the applicable accounting standards had been followed and no material departures have been made from the same;
- ii) That they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period year under review;
- 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 accounts for the financial year ended 31<sup>st</sup> March 2011 on a 'going concern' basis.

## AUDIT COMMITTEE:

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

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## REMUNERATION COMMITTEE:

The Remuneration Committee of the Company comprises of Mr. P D Narang, Mr. Sunil Duggal and Mr. Abhay Agarwal, all non-executive Independent Directors. The role, terms of reference and the authority and powers of the Remuneration Committee are in conformity with the requirements of the Companies Act, 1956.

## AUDITORS:

M/s. G Basu & Company, Chartered Accountants, were appointed as Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment for the year 2011-12 and have confirmed that their re-appointment, if made, shall be within the limits laid down under Section 224(IB) of the Companies Act, 1956. The Audit Committee and the Board of Directors recommends the re-appointment of G.Basu & Co. Chartered Accountants as Statutory Auditors of the Company to hold office from conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting of the Company .

## AUDITORS REPORT:

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

## FIXED DEPOSITS:

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

## PARTICULARS OF EMPLOYEES:

Particulars of Employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in Annexure- I and form part of this Report.

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

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988:

# H&B Stores Limited

(A subsidiary of Dabur India Limited)

i. Part A and Part B of the said Rules, pertaining to Information relating to conservation of energy and technology absorption, are not applicable to the Company.

ii. Foreign Exchange earnings and outgo during the year under review:

1) Expenditure in Foreign Currency:	31.03.2011	31.03.2010
	(Rs in Lacs)	(Rs in Lacs)
Professional & Consultation Fees		—
Others (Traveling, Conveyance & Administration)	1.86	0.31
2) CIF Value of Imports:	31.03.2011	31.03.2010
Traded Goods	111.70	34.98
Total Foreign Exchange used during 2010-11:	113.56	35.29
Total Foreign Exchange Earned during 2010-11:	NIL	NIL

## ACKNOWLEDGEMENT:

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

April 22, 2011  
New Delhi

For and on behalf of the Board

  
P D Narang  
DIRECTOR

  
Sunil Duggal  
DIRECTOR

Annexure '1'

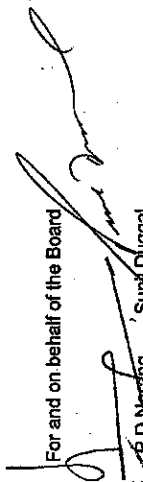
Statement of Particulars of employees pursuant to the provisions of Section 217 ( 2A ) of the Companies Act, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 2011.

Name	Designation/	Qualifications	Exp Remuneration	Date of	Age	Particulars of Last
	Nature of Duties		(in Yrs)	Appointment (In Yrs)	employment	
1 Srinivasan Sunithat(*)	Head - South Operations	B.A. M.B.A.	684,328	10/15/2007	46	General Manager - Merchandising, Health And Glow Retailing Pvt. Limited

Notes:

1. Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medical reimbursements, leave travel benefits, leave encashment, provident fund, superannuation fund & gratuity under LIC scheme in terms of actual expenditure incurred by the Company.
2. All the employees have adequate experience to discharge the responsibilities assigned to them.
3. None of the employees mentioned above is a relative of any Director.
- 4(\*) Asterisk against a name indicates that the employee was in service for part of the year.
5. The nature of employment is on contractual basis except in case of Directors whose terms have been approved by shareholders.

For and on behalf of the Board

  
P. D. Narang  
Director  
Sunil Duggal  
Director  
April 22, 2011  
New Delhi.

TELEPHONE: 2336-1715  
2649-4230

**G. BASU & CO**  
CHARTERED ACCOUNTANTS

2, JEEVAN TARA BUILDING  
PARLIAMENT STREET  
POST BOX NO. 573  
NEW DELHI - 110 001

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**AUDITORS' REPORT**

To the Members of H&B Stores Limited,

We have audited the attached Balance Sheet of H&B Stores Limited as at 31<sup>st</sup> March, 2011 and its Profit & Loss Account and the Cash Flow Statement for the year ended on that date attached thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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



TELEPHONE: 2336-1716  
2649-4230

**G. BASU & Co**  
CHARTERED ACCOUNTANTS

2, JEEVAN TARA BUILDING  
PARLIAMENT STREET  
POST BOX NO. 573  
NEW DELHI - 110 001

- i. As required by the Companies (Auditors' Report) Order 2003 as amended, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose herewith in the annexure a statement of the matter specified therein.
- ii. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- iii. In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books of accounts.
- iv. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- v. Balance Sheet and Profit & Loss Account have been prepared in due compliances of Accounting Standards referred to in sub section (3C) of section 211 of Companies Act, 1956.
- vi. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2011, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified for the Office of the director within the meaning of section 274 (1) (g) of the Companies Act, 1956.
- vii. In our opinion and according to the information and explanations given to us, the said accounts read with other notes appearing in Schedule "K" 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.



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POST BOX NO. 573  
NEW DELHI - 110 001

- a) In the case of Balance Sheet, of the State of Affairs of the company as at 31<sup>st</sup> March, 2011, and,
- b) In the case of Profit and Loss Account, of the Loss for the year ended on that date; and
- c) In the case of cash flow statement, of the cash flows for the year ended on that date.



For G Basu & Co  
Chartered Accountants

(FRN 301174E)

Anil Kumar  
Partner

Membership No. 9390

New Delhi

22<sup>nd</sup> April, 2011



TELEPHONE: 2336-1715  
2649-4230

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

- 1 a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the Management at reasonable intervals. No discrepancies between book records and the physical inventories have been noticed on such verification.
  - c. Fixed assets disposed of during the year were not material enough to affect the going concern identity of the company.
- 2 a. The inventories have been physically verified at reasonable intervals by the management.
  - b. The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
3. a) The company has taken unsecured interest free loans from its holding company that is listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance was Rs. 1,05,000/- (Thousands).
  - b) According to the information & explanation given to us there was no covenant with regard to the payment of principal amount of loan as well as in respect of interest thereon. We are of the opinion that the aforesaid loans are not prima facie prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and on the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the company to correct major weakness in internal control system.
- 5 a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.

HEAD OFFICE: BASU HOUSE, 3, CHOWRINGHEE APPROACH, CALCUTTA-700 072



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- b) According to information and explanations given to us, the transactions of purchase and sale of goods/services made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the company has an internal audit system commensurate with its size and nature of its business.
8. a) According to information and explanations given to us, the company is depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it.  
b) As explained to us, there is no disputed amount due for payment on account of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues.
9. In our opinion and according to the information and explanation given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been utilized for long-term investment.
10. The company has made allotment of Equity Shares to its holding company at face value of the shares, which in our opinion are not prejudicial to the interest of the company.
11. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
12. Other clauses of the order are not applicable to the Company for the year under audit.

New Delhi,  
22<sup>nd</sup> April, 2011



**H & B STORES LTD.**  
BALANCE SHEET AS AT 31ST MARCH 2011

(Rs. In Thousands)

	AS AT 31ST MARCH 2011		AS AT 31ST MARCH 2010	
<b>SOURCES OF FUNDS :</b>				
<b>1. SHAREHOLDERS' FUNDS:</b>				
Equity Share Capital	A	485,000		460,000
Share Application Money (Pending allotment)		0		15,000
<b>2. LOAN FUNDS:</b>				
a) Secured Loans		0	0	
b) Unsecured Loans (From Holding company)		105,000	0	
		105,000		0
<b>TOTAL</b>		<b>590,000</b>		<b>475,000</b>
<b>APPLICATION OF FUNDS :</b>				
<b>1. FIXED ASSETS :</b>				
A) Gross Block	C	160,426	129,049	
B) Less Depreciation		82,582	40,757	
C) Net Block		97,844	88,292	
Capital Work in Progress		10,142	18,868	107,160
<b>2. CURRENT ASSETS, LOANS AND ADVANCES:</b>				
(A) Inventories	D	65,612	29,868	
(B) Sundry Debtors		6,480	5,754	
(C) Cash and Bank Balances		6,670	1,892	
(D) Loans and Advances		28,469	19,556	
		107,231	57,071	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>				
(A) Liabilities	B	73,665	38,280	
(B) Provisions		490	1,050	
		74,155	39,330	
<b>NET CURRENT ASSETS</b>		<b>33,076</b>		<b>17,741</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>		<b>448,938</b>		<b>350,099</b>
<b>NOTES TO ACCOUNTS</b>	K			
<b>TOTAL</b>		<b>590,000</b>		<b>475,000</b>

As per our report of even date attached

For G. BASU & CO.  
CHARTERED ACCOUNTANTS



ANIL KUMAR  
PARTNER

PLACE : NEW DELHI  
DATE : 22ND APRIL 2011

P.D. MARANG

Director

SUNIL DUGGAL

Director

PARIKSHIT SHARMA

COO

A.S. KINDRA

Head Legal & Company Secretary

S. S. SEETHI

Chief Manager-Finance & Taxation

H & B STORES LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(Rs. in Thousands)

SCHEDULE	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE PERIOD ENDED 31ST MARCH 2010
<b>INCOME :</b>		
SALES LESS RETURNS	204,959	91,746
OTHER INCOME	73	25
<b>TOTAL INCOME</b>	<b>205,032</b>	<b>91,771</b>
<b>EXPENDITURE :</b>		
COST OF MATERIALS	153,310	69,895
OPERATING EXPENSES	15,467	10,079
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES	38,214	33,914
SELLING AND ADMINISTRATIVE EXPENSES	72,821	51,509
FINANCIAL EXPENSES	1,745	850
DEPRECIATION	22,314	19,832
<b>TOTAL EXPENDITURE</b>	<b>303,871</b>	<b>186,079</b>
<b>BALANCE BEING NET LOSS BEFORE TAXATION</b>	<b>(98,839)</b>	<b>(94,308)</b>
BALANCE BROUGHT FORWARD	(350,099)	(255,791)
<b>BALANCE LOSS CARRIED TO BALANCE SHEET</b>	<b>(448,938)</b>	<b>(350,099)</b>
EARNING/(LOSS) PER SHARE- BASIC & DILUTED (FIGURES IN RS.) (NOT ANNUALISED) (Face Value Per Share Rs. 1/- Each)	(0.21)	(0.21)
WEIGHTED AVG. NO. OF SHARES- Basic & Diluted	481,082,191	441,136,986

As per our report of even date attached

For G. BASU & CO.  
CHARTERED ACCOUNTANTS

ANIL KUMAR  
PARTNER

PLACE : NEW DELHI  
DATE : 22ND APRIL 2011



P.D. KARANG

Director

SUNIL DUGGAL

Director

PARIKSHIT SHARMA

COO

A.S. KUNDRA

Head Legal & Company  
Secretary

S. S. SETHI

Chief Manager-Finance & Taxation

H & B STORES LTD.

STATEMENT OF CASH FLOW ( PURSUANT TO AS-3 ISSUED BY ICAI)

(Rs. in Thousands)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2011		FOR THE PERIOD ENDED 31ST MARCH 2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		(98,839)		(94,308)
ADD:				
DEPRECIATION	22,314		19,832	
MISCELLANEOUS EXP W OFF	0		0	
LOSS ON SALE OF FIXED ASSETS	2,903		11,167	
UNREALISED EXCHANGE LOSS(GAIN)	1	25,218	4	31,003
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(73,621)</b>		<b>(63,308)</b>
WORKING CAPITAL CHANGES				
INCREASE/(DECREASE) IN INVENTORIES	35,743		(6,539)	
INCREASE/(DECREASE) IN DEBTORS & OTHER RECEIVABLES	10,236		530	
DECREASE/(INCREASE) IN TRADE PAYABLES	(34,824)		(6,201)	
INCREASE/(DECREASE) IN WORKING CAPITAL		11,155		(14,210)
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>(64,776)</b>		<b>(49,095)</b>
TAX PAID/(ADJUSTMENT)		(597)		50
<b>CASH USED(-)/(+GENERATED FOR OPERATING ACTIVITIES (A))</b>		<b>(64,179)</b>		<b>(49,145)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
PURCHASE OF FIXED ASSETS		(26,053)		(9,045)
PURCHASES OF INVESTMENT		0		0
SALE OF INVESTMENT		0		0
SALE OF FIXED ASSETS		10		4,202
<b>CASH USED(-)/(+GENERATED FOR INVESTING ACTIVITIES (B))</b>		<b>(26,043)</b>		<b>(4,843)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
PROCEEDS FROM SHARE CAPITAL & PREMIUM		25,000		45,000
PROCEEDS FROM SHARE APPLICATION MONEY		(15,000)		5,000
PROCEEDS FROM UNSECURED LOAN		105,000		0
<b>CASH USED(-)/(+GENERATED) IN FINANCING ACTIVITIES (C)</b>		<b>115,000</b>		<b>50,000</b>
<b>NET INCREASE(+)/DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>4,778</b>		<b>(3,988)</b>
<b>CASH AND CASH EQUIVALENTS OPENING BALANCE</b>		<b>1,892</b>		<b>5,880</b>
<b>CASH AND CASH EQUIVALENTS CLOSING BALANCE</b>		<b>6,670</b>		<b>1,892</b>
<b>BREAK UP OF CASH &amp; CASH EQUIVALENTS</b>				
CASH IN HAND		776		326
REMITTANCE-IN-TRANSIT & CHEQUES IN HAND		64		0
BALANCE IN CURRENT ACCOUNT WITH SCHEDULED BANKS		5,664		1,392
BALANCE IN FDR WITH SCHEDULED BANKS		174		154
<b>TOTAL</b>		<b>6,670</b>		<b>1,892</b>

As per our report of even date attached

For G.BASU & CO.  
CHARTERED ACCOUNTANTS

ANIL KUMAR  
PARTNER

PLACE : NEW DELHI  
DATE : 22ND APRIL 2011



P. D. NARANG

Director

SUNIL DUGGAL

Director

PARIKSHIT SHARMA

COO

A.S. KINDRA

Head Legal & Company Secretary

S. S. SETHI

Chief Manager-Finance & Taxation

SCHEDULE-A  
ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

SHARE CAPITAL

(Rs. in Thousands)

PARTICULARS	AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
<b>AUTHORISED :</b> 500,000,000 EQUITY SHARES OF Rs. 1/- EACH (PREVIOUS YEAR 500,000,000 SHARES OF Rs. 1 each)	500,000	500,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP :</b> 485,000,000 EQUITY SHARES OF Rs.1 EACH FULLY PAID UP (PREVIOUS YEAR 460,000,000 EQUITY SHARES OF Rs.1 each) (ALL THE SHARES HAVE BEEN HELD BY HOLDING COMPANY, DABUR INDIA LTD. AND ITS NOMINEES)	485,000	460,000
<b>Total</b>	<b>485,000</b>	<b>460,000</b>



**SCHEDULE-B**

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

**CURRENT LIABILITIES AND PROVISIONS**

(Rs. in Thousands)

	AS AT 31ST MARCH 2011		AS AT 31ST MARCH 2010	
<b>A. CURRENT LIABILITIES :</b>				
CREDITORS FOR GOODS	32,866		19,602	
CREDITORS FOR EXPENSES AND OTHER LIABILITIES	40,798		18,678	
		<b>73,664</b>		<b>38,280</b>
<b>B. PROVISIONS :</b>				
FOR TAXATION (FRINGE BENEFIT TAX)	490	490	1,050	1,050
		<b>74,155</b>		<b>39,330</b>



**SCHEDULE-C  
FIXED ASSET**

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

(Rs. in Thousands)

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Gross Block Opening	Additions	Deletion/ Adjustments	Gross Block 31.03.2011	Accumulated Depreciation	During the Year	Deletion/ Adjustments	Accum. Dep. 31.03.2011	31.03.2011	31.03.2010
Leasehold Improvements(Building)	13,354	18,826	2,911	29,268	2,052	2,663	390	4,325	24,943	11,301
Plant & Machinery	7,588	438	0	8,026	764	381	0	1,145	6,881	6,824
Computers	17,474	3,500	100	20,874	5,682	3,136	19	8,783	11,876	11,792
Vehicles	0	0	0	0	0	0	0	0	0	0
Furniture & Fixtures	25,043	12,216	391	36,868	4,019	3,010	80	6,955	29,913	21,024
Software	65,590	0	0	65,590	28,240	13,118	0	41,358	24,232	37,350
Capital Works in Progress	129,048	34,780	3,402	160,426	40,757	22,314	488	62,582	97,844	88,292
Total	147,517	39,457	13,403	170,558	40,757	22,314	489	62,582	107,986	107,160
PREVIOUS YEAR	168,319	11,088	19,490	147,917	23,525	19,832	2,800	40,757	107,160	133,317





SCHEDULE-D  
ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Thousands)

	AS AT 31ST MARCH 2011		AS AT 31ST MARCH 2010	
<b>A. CURRENT ASSETS :</b>				
INVENTORIES				
STOCK IN TRADE (INCLUDES GOODS IN TRANSIT RS.200.15 THOUSANDS, PREVIOUS YEAR RS. 106.07THOUS)	83,451		28,911	
PACKING & CONSUMABLE MATERIAL	2,151	65,612	1,258	28,869
SUNDRY DEBTORS(UNSECURED & CONSIDERED GOOD)				
-Debt outstanding for a period exceeding six months	5,755		3,040	
-Other Debtors	725	6,492	2,712	6,744
CASH AND BANK BALANCES :				
CASH IN HAND	778		336	
REMITTANCE-IN-TRANSIT & CHEQUES IN HAND	54		0	
BALANCES WITH SCHEDULED BANKS- IN CURRENT ACCOUNTS	5,084		1,392	
IN FIXED DEPOSIT(PLEGDED WITH GOV. AUTHORITIES)	174	6,670	154	1,892
<b>B. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>				
DEPOSIT WITH GOVT. AUTHORITIES OTHER THAN FIXED DEPOSIT	367		370	
SECURITY DEPOSIT WITH OTHERS	21,582		14,031	
ADVANCE PAYMENT OF TAX	750		1,347	
ADVANCE TO SUPPLIERS	1,880		733	
ADVANCES TO EMPLOYEES	178		203	
OTHER ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	3,892	28,469	2,872	19,556
<b>TOTAL (A+B)</b>		<b>107,231</b>		<b>57,071</b>



**SCHEDULE - E****ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH 2011****SALES AND OTHER INCOME****(Rs. in Thousands)**

	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
<b>A. SALES :</b>		
DOMESTIC SALES LESS RETURNS	204,959	91,746
<b>B OTHER INCOME :</b>		
SALE OF SCRAP	23	17
INTEREST INCOME(FROM BANK)	20	6
MISCELLANEOUS RECEIPTS	30	2
	<b>73</b>	<b>25</b>



**SCHEDULE - F**

**ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2011**

**COST OF MATERIALS**

(Rs. In Thousands)

	FOR THE YEAR ENDED 31ST MARCH 2011		FOR THE YEAR ENDED 31ST MARCH 2010	
<b>COST OF GOODS SOLD :</b>				
i) OPENING STOCK	28,611		35,038	
ii) ADD : PURCHASES	188,150		63,468	
	216,761		98,506	
iii) LESS : CLOSING STOCK	63,451	<b>153,310</b>	28,611	<b>69,895</b>
		<b>153,310</b>		<b>69,895</b>



SCHEDULE - G

ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

OPERATING EXPENSES

(Rs. in Thousands)

	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
POWER AND FUEL	3,310	2,981
CONSUMABLES & PACKING MATERIAL CONSUMED	2,831	918
REPAIRS & MAINTENANCE		
--- PLANT & MACHINARY	163	62
--- BUILDING	6,268	3,818
--- OTHERS	2,895	2,300
	<b>15,467</b>	<b>10,079</b>



SCHEDULE - H

ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

(Rs. in Thousands)

	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
SALARIES, WAGES AND BONUS	34,600	31,348
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	1,852	1,866
WORKMEN AND STAFF WELFARE	1,762	700
	<b>38,214</b>	<b>33,914</b>



**SCHEDULE - I**ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR YEAR ENDED  
31ST MARCH 2011**SELLING AND ADMINSTRATIVE EXPENSES****(Rs. in Thousands)**

	<b>FOR THE YEAR ENDED 31ST MARCH 2011</b>	<b>FOR THE YEAR ENDED 31ST MARCH 2010</b>
LEASE RENT	40,918	24,034
RATES AND TAXES	1,063	426
INSURANCE	444	444
FREIGHT AND FORWARDING CHARGES	1,986	885
ADVERTISING AND PUBLICITY	6,379	882
TRAVEL & CONVEYANCE	4,007	2,509
LEGAL & PROFESSIONAL	1,209	3,025
TELEPHONE , FAX EXPENSES	1,761	1,385
SECURITY EXPENSES	2,386	1,070
LOSS ON SALE OF FIXED ASSETS	2,903	11,167
COST OF IT SERVICES	823	1,702
GENERAL EXPENSES	8,785	3,826
SATUTORY AUDITOR'S REMUNERATION:		
- AUDIT FEES	110	110
-CERTIFICATIONS	44	44
- REIMBURSEMENT OF EXPENSES	2	0
	<b>72,821</b>	<b>51,509</b>



**SCHEDULE - J**

**ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH 2011**

**FINANCE EXPENSES**

**(Rs. in Thousands)**

	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
BANK CHARGES	1,745	850
<b>TOTAL</b>	<b>1,745</b>	<b>850</b>



**H&B Stores Ltd.**

**Schedule K—Accounting Policies & Notes to Accounts**

(All amounts in Rupees in Thousands except share capital)

**A. ACCOUNTING POLICIES**

Significant accounting policies are summarized below:

**1. Accounting Convention:**

The accounts have been prepared in accordance with the historical cost convention 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.

**2. Use of Estimates:**

The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**3. Fixed Assets and Depreciation:**

- Fixed assets are stated at carrying amount i.e. subject to deduction of accumulated depreciation.
- Cost includes inward freight, duties and taxes and expenses incidental to acquisition and installation.
- Improvement cost on Lease premises is capitalized as "Leasehold improvements".
- Depreciation on fixed assets (excluding store furniture and fixtures) is provided on straight line method (SLM) except Vehicles where depreciation is provided on Written down Value Method at the rates and in the manner prescribed in schedule XIV to the Companies Act 1956.
- Leasehold improvements are amortized over the lower of estimated useful life or lease period.
- Store furniture & fixtures are amortized over useful life of eight years as evaluated by the management.
- Software is being amortized over the period of five years on straight-line basis.

**4. Impairments of assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

**5. Investments:**

Current investments are held at the lower of cost and NAV/Market Value. Long Term Investments are held at cost less diminution, if any, in carrying cost of investment other than temporary in nature.





6. **Deferred Entitlement of LTC:**  
In terms of the opinion of the Expert Advisory Committee of the ICAI, the Company has provided liability accruing on account of deferred entitlement towards LTC in the year in which the employee concerned render their services.
7. **Inventories:**  
Stocks are valued at lower of cost or net realizable value, basis of determination of cost of stock in trade being the weighted average method.
8. **Retirement Benefits:**  
**Defined Benefits Plan:**
- Leave Salary of Employees on the basis of actuarial valuation as per AS-15 (Revised).
  - Gratuity Liability of Employees on the basis of actuarial valuation as per AS-15 (Revised).
- Defined Contribution Plan:**
- Liability for superannuation fund on the basis of premium paid to Life Insurance Corporation of India in respect of employees covered under Superannuation Fund Policy.
  - Provident Fund and ESI liability on the basis of actual liability occurred and paid to Trust/Authority.
9. **Recognition of Income and Expenses:**
- Sales and purchases are accounted for on the basis of passing of title to the goods.
  - Sale comprises of sale price of goods net of trade discounts & does not include Sales Tax/Value Added Tax.
  - All items of income and expenses have been accounted for on accrual basis.
10. **Income Tax and Deferred Taxation:**  
The Liability of company on account of income tax is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.
11. **Contingent Liabilities:**  
Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.), pending in appeal/court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

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



**12. Foreign Currency Translation:**

- Fixed Assets have been converted at the rates prevailing at the date of purchase. Assets and outstanding liabilities other than fixed assets are converted at the year-end exchange rates. Exchange Gain/Loss arising due to above is charged to Profit & Loss Account.
- Receivables/ Payables (excluding for fixed assets) in foreign currencies are translated at the exchange rate ruling at the year-end date and the resultant gain or loss is accounted for in the Profit & Loss Account.

**13. Miscellaneous Expenditure:**

- Preliminary expenses & expenses relating to Issue of shares are charged to revenue in the period of its incurrence.

**B. NOTES TO ACCOUNTS**

**1) Contingent Liabilities**

- a) Penalty imposed under Karnataka VAT Act for Rs. 370 Thousands (Previous Year Rs. 370 Thousands) is disputed by the company and it is pending before Karnataka High Court. However this amount has been paid under protest and is included under Loans and advances.
- b) In respect of Bank Guarantees executed Rs. 425 thousand(Previous Year Rs.390 thousand)

<b>2) Expenditure in Foreign Currency:</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Professional & Consultation Fees	NIL	NIL
Others (Traveling, Conveyance & Administration)	186.40	31.28
<b>3) CIF Value of Imports:</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Traded Goods	11,170.53	3498.12



**4 Particulars in respect of Traded Goods:**

Class of Goods	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (Nos.)	Value (Rs / Thousand)	Qty (Nos.)	Value (Rs / Thousand)	Qty (Nos.)	Value (Rs / Thousand)	Qty (Nos.)	Value (Rs / Thousand)
Beauty	75,322 (126,967)	11,569 (15,375)	855,344 (192,763)	91,282 (23,740)	615,027 (244,408)	93,840 (35,739)	315,639 (75,322)	34,999 (11,569)
Cosmetics	103,761 (70,004)	12,007 (10,105)	619,833 (176,870)	75,522 (23,905)	504,777 (143,113)	79,800 (26,848)	218,817 (103,761)	23,879 (12,007)
Food	23,465 (37,048)	469 (816)	332,201 (216,105)	7,942 (5,211)	317,952 (229,746)	9,797 (7,014)	37,714 (23,408)	694 (469)
Health	7,424 (53,443)	702 (3,024)	45,186 (1,774)	1,231 (56)	47,759 (47,736)	1,932 (2,704)	4,851 (7,481)	375 (702)
Pharma	57,287 (22,055)	3,357 (1,210)	141,668 (24,361)	11,018 (838)	162,430 (34,888)	17,766 (1,952)	36,525 (11,739)	3,196 (507)
Others	11,739 (51,499)	507 (4,509)	28,777 (170,697)	1,156 (9,717)	33,716 (164,909)	1,824 (17,489)	6,800 (57,287)	308 (3,357)
<b>Total</b>	<b>278,998</b> <b>(361,027)</b>	<b>28,611</b> <b>(35,038)</b>	<b>2,023,009</b> <b>(782,569)</b>	<b>188,150</b> <b>(63,468)</b>	<b>1,681,661</b> <b>(854,598)</b>	<b>204,959</b> <b>(91,746)</b>	<b>620,346</b> <b>(278,998)</b>	<b>63,461</b> <b>(28,611)</b>

Corresponding figures are for period ending 31st March, 2010.

Note:-Purchases are net of Stock written down. Write down of inventory in quantitative and monetary terms are as follows:-

Class of Goods	Unit	Qty (Nos.)	Value (Rs / Thousand)
Beauty	Each	186739 (4779)	4911 (578)
Cosmetics	Each	12274 (2288)	847 (457)
Food	Each	10149 (4001)	184 (118)
Health	Each	2319 (732)	227 (180)
Others	Each	13174 (2353)	680 (199)
Pharma	Each	4666 (927)	135 (81)
<b>Total</b>		<b>229321</b> <b>(15081)</b>	<b>6984</b> <b>(1613)</b>



5) Director's Remuneration under section 198 of the Companies Act, 1956 paid or payable during the year under Schedule XIII of the Companies Act, 1956:

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
Salary	NIL	92.53
Contribution to Provident & Other Funds	NIL	11.1
Residential Accommodation	NIL	55.52
Medical & Leave Benefit	NIL	1.85
Others	NIL	449.77
<b>Total</b>	<b>NIL</b>	<b>610.77</b>

6) **Related Party Disclosures:**

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

- Name of related party and nature of related party relationship where control exists:
  - i. Dabur India Limited(DIL) Holding Company
  - ii. Hobi Kozmetik A.S. Fellow Subsidiary
  - iii. **Key Management Personnel for transaction with company:**  
Current Year NIL

SL No.	Transaction	Holding & Fellow Subsidiaries	Key Management Personnel	Total	Outstanding as on 31.03.2011 (31.03.2010)
1	Purchase of Goods	1053.06 (584.37)	-	1053.06 (584.37)	892.33 (564.12)
2	Equity Contribution (Including Share Application Money)	10,000.00 (50,000.00)	-	10,000.00 (50,000.00)	10,000.00 (50,000.00)
3	Unsecured Loan	1,05,000.00 -	-	1,05,000.00 -	1,05,000.00 -
4	Remuneration/Exgratia/Pension	-	(610.77)	(610.77)	(610.77)

Note:- 1.) Item referred in '1' above includes Rs.967.87 From DIL.(Previous Year502.84), Rs. 85.19 from Hobi Kozmetik (Previous Year NIL) and NIL from Fem Care Pharma Ltd.(Previous Year 81.53)  
2.) Item referred to in '2' & '3' above entirely relates to DIL.



7) Information pursuant to AS 19 issued by ICAI:

**Summary of Minimum Lease Payments**

	31.03.2011		31.03.2010	
	Building	Car	Building	Car
a) Not later than 1 year	50,704.80	17.43	22,531.42	17.43
b) Later than 1 year but not later than 5 year	182,022.27	-	44,064.03	-
a) Later than 5 year	40,007.86	Nil	5,939.31	Nil

**Lease payment recognised in P&L for the Period**

	Year Ending 31st March 2011		Year Ending 31st March 2010	
	Building	Car	Building	Car
Minimum Lease Payments	40,891.99	26.02	23794.18	239.34
Contingent Rents	Nil	Nil	Nil	Nil

8) Current Liabilities include Rs.807.14 Thousands (Previous Year Rs. 564.12 Thousands) being dues to Holding Company.

9) According to records & information available with the company, there are no dues payable to any Micro Small and Medium Enterprises.

10) Earning Per Share has been computed as under:

Particulars	Year Ending 31st March, 2011	Year Ending 31st March, 2010
Profit/ (Loss) after Tax (Rs. in Thousand)	(98,838.78)	(94,307.94)
<b>Weighted average number of share outstanding</b>		
Basic	481,082,191	441,136,986
Diluted	481,082,191	441,136,986
<b>Earning/ (Loss) per share (face value of Rs. 1 per share)</b>		
Basic (not annualized)	(0.21)	(0.21)
Diluted (not annualized)	(0.21)	(0.21)



**11) Employee Related Dues:**

**A) Defined Benefit Plan**

Pursuant to adoption of AS 15 as revised by ICAI, treatments of defined benefits obligations have been incorporated in accounts.

**a) Expenses recognised during the period:**

Particulars	Gratuity	Leave Salary	Post Separation Benefits of director	Total
	(Funded)	(Funded)	(Funded)	
A. Past Service Cost	0.00	0.00	0.00	0.00
B. Current Service Cost	408.62	372.90	0.00	781.53
C. Interest Cost	59.21	59.64	0.00	118.85
D. Expected Return on Plan Assets	(160.02)	(141.99)	0.00	(302.02)
E. Accumulated Loss/(Gain)	(262.68)	(209.14)	0.00	(471.82)
F. Total Expenses recognised during the year(A+B+C+D+E)	45.13	81.42	0.00	126.55

**b) Reconciliation of opening & closing balances of obligations**

Particulars	Gratuity	Leave Salary	Post Separation Benefits of director	Total
	(Funded)	(Funded)	(Funded)	
I. Obligation as on 01.04.2010	789.45	795.21	0	1584.66
II. Past service cost	0.00	0.00	0	0.00
III. Current service cost	408.62	372.90	0	781.53
IV. Interest cost	59.21	59.64	0	118.85
V. Actuarial (Gain) / Loss due to change in assumption	(249.68)	(195.62)	0	(445.30)
VI. Benefits Paid	0.00	(158.43)	0	(158.43)
VII. Settlement	0.00	0.00	0	0.00
VIII. Obligation as on 31.03.2011	1007.61	873.70	0	1881.30



**c) Change in Plan Assets**

(Reconciliation of opening and closing balances)

Particulars	Gratuity	Leave Salary	Post Separation Benefits of director	Total
	(Funded)	(Funded)	(Funded)	
I. Fair Value of Plan Assets as on 01.04.2010	2000.30	1774.89	0	3775.20
II. Expected Return on plan Assets	160.02	141.99	0	302.02
III. Actuarial Gain/(Loss)	13.00	13.51	0	26.52
IV. Employer Contribution	100.00	6.00	0	106.00
V. Benefits Paid		(158.43)	0	(158.43)
VI. Merger			0	0.00
VII. Settlement				0.00
VIII. Fair Value of Plan Assets as on 31.03.2011	2273.33	1777.97	0	4051.30

Note:- Excess of closing balance of Planned Assets over year closing obligation towards gratuity and leave encashment amount to Rs.1265.72 & Rs 904.27 thousands respectively have been accounted for under advances recoverable in cash or in kind or value to be received.

d) Investment detail of plan assets as on 31.03.2011:- 100% reimbursement right from Insurance company for fund managed by it

e) Actuarial Assumption:

Discount Rate (%)	7.50%
Salary Escalation ratio inflation	8.00%
Method	Projected Unit Credit Actuarial Method

f) The basis used for determination of expected rate of return is average return on long-term investment in government bonds

g) The estimate of future salary increase takes into account regular increment, promotional increases and inflationary consequence over price index.

h) Demographics assumptions take into account mortality factor as per LIC (1994-96) ultimate criteria, employees turnover at GS 10%, MS, OS-12% and SM- 6% and normal retirement age at 58 years



**B) Defined Contribution Plan :-**

Company's contribution to different defined contribution plans:-

Particulars	31st March 2011	31st March 2010
Provident Fund	1522.74	1462.43
Employees State Insurance	283.48	93.41
Other Employee benefits	0.67	0.49

12) Company is engaged in trading of goods and has only one segment i.e. Retail of Traded Goods. Hence AS-17 issued by ICAI Segment Accounting is not applicable on the company.

**13) Deferred Taxation:**


Deferred tax assets recognizable on unabsorbed loss and depreciation of the company have not been provided for on the ground of prudence.


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

Signatures to the Schedules "A" to "K" Annexed to and forming part of Accounts.

As per our report of even date attached

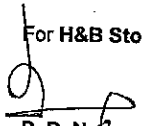
For G. Basu & Co.  
Chartered Accountants

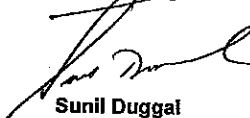
  
Anil Kumar  
Partner



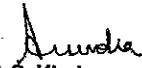
New Delhi  
22<sup>nd</sup> April 2011


For H&B Stores Ltd.

  
P. D. Narang Director

  
Sunil Duggal Director

  
Parikshit Sharma COO

  
A.S. Kindra Head Legal &  
Company Secretary

  
S. S. SETHI Chief Manager-  
Finance & Taxation



15 Additional Information as required under Part IV of Schedule VI of the Companies Act 1956:

I. Registration Details

Registration No

163361

State Code :

56

Balance Sheet Date:

31

03

2011

Date

Month

Year

II Capital raised during the year (Amount in Rs thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
Promoters/Subscribers	10000	Share Application Money	Nil

III Position of Mobilisation of Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	590000	Total Assets	590000
<b>Sources of Funds</b>			
Paid up capital	485000	Reserve & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	105000
Deferred Tax Liability	Nil	Share Application Money	Nil
<b>Application of Funds</b>			
Net Fixed Assets	107986	Investments	Nil
Net Current Assets	33076	Misc Expenditure	Nil
Accumulated Losses	448938		

IV Performance of Company (Amount in Rs.thousand)

Turnover	204859	Total Expenditure	303798
Profit/(Loss) Before Tax	(98839)	Profit/(Loss) After Tax	(98839)
Earning/(Loss) per share in Rs.	(0.21)	Dividend Rate %	Nil

V Generic names of three Principal Products/Services of company (as per monetary terms)

Item Code No. (ITC Code)

NA

Product Description

NA

Signatures to the Schedules "A" to "K" Annexed to and forming part of the Accounts.

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



ANIL KUMAR PARTNER

PLACE: NEW DELHI  
DATE : 22nd APRIL 2011

For H&B Stores Ltd.

P.O. NARANG

Director

SUNIL DUGGAL

Director

PARIKSHIT SHARMA

COO

A.S. KINDRA

Head Legal & Company Secretary

S. S. SENI

Chief Manager-Finance & Taxation