

BOARD REPORT OF H & B STORES LIMITED
FOR THE FINANCIAL YEAR 2019-20

To,
The Members,
H & B Stores Limited

Your Directors have pleasure in presenting the 13th Annual Report on the business and operations of the Company together with the audited financial statements for the year ended on 31st March 2020

FINANCIAL PERFORMANCE

The performance of the Company for the financial year ended on 31st March 2020 is summarised below:

(Rs. in Lakh)

Particulars	Year ended on 31-03-2020	Year ended on 31-03-2019
Total revenue	12,520.92	12,493.66
Total Expenses	13,548.67	12,179.37
Profit/(Loss) before Tax	(1,027.75)	314.29
Less: Provision for Taxation	0.00	65.89
Profit / (Loss) after Tax carried over to Balance Sheet	(1,027.75)	248.40

STATE OF AFFAIRS

The Company operates its specialised beauty retail business under the brand 'New U'. Its retail stores offer a wide range of beauty care, fragrance and personal care products and are located in premium high footfall malls and markets. New U offers a unique blend of international, domestic as well as private brands from its stores.

During the year under review the Company opened 23 stores and due to non-viability, the Company closed down 14 stores. At the end of financial year, the Company had a total of 111 operational 'new u' retail stores in 39 cities.

Lockdown restriction for business activities was announced by the government in March 2020 to control the spread of COVID-19. This lockdown has impacted the company as its all retail stores were closed. It is expected that Company shall be soon able to operationalise its all stores. However, it can take few months to reach to the level of operations as were earlier.

Company has continued its focus on growing its private labels in addition to introducing international brands, which have good opportunity for growth.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the date of end of the financial year to which this financial statements relate and the date of this report.

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

The information pertaining to conservation of energy, technology absorption shall not be applicable to the company as company is into trading of goods.



The Foreign Exchange inflow and outflow for the financial year under review is as follows:

(Rs. in Lakh)

	2019-20	2018-19
a) Expenditure in Foreign Currency:		
- Travelling, Conveyance & Administration	0.54	1.54
b) CIF Value of Imports:		
- Traded Goods	59.86	124.03
Total Foreign Exchange outgo during FY:	60.40	125.57
Total Foreign Exchange earned during FY:	Nil	Nil

DETAILS OF POLICY OF THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions of Corporate Social Responsibility initiatives are not applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There was no loan, guarantee or investment made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of remuneration to directors and key managerial personnel; qualifications, positive attributes, independence of Directors, evaluation of the Board and other related matters is formulated by the Nomination and Remuneration Committee and is enclosed hereto as Annexure A.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

Meetings of the Board

During the financial year 2019-20, five (5) Board meetings were held on 30.04.2019, 18.07.2019, 01.11.2019, 28.01.2020 and 12.03.2020. List of the directors of the company and detail of their attendance at the Board meetings, is as under:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Dr. Anand C. Burman	Chairman, Non-Executive Director	5	3
Mr. Amit Burman	Non-Executive Director	5	5
Mr. Mohit Burman	Non-Executive Director	5	2
Mr. Mohit Malhotra	Non-Executive Director	5	5
Mr. P. D. Narang	Non-Executive Director	5	5
Mr. P. N. Vijay	Independent Director	5	5
Mr. S. K. Bhattacharyya	Independent Director	5	5

Audit Committee of the Board

During the financial year 2019-20, two (2) meetings of audit committee were held on 30.04.2019 and 01.11.2019. Composition of the audit committee of board and detail of their attendance at the committee meetings, is as under:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr. P. D. Narang	Non-Executive Director	2	2
Mr. P. N. Vijay	Independent Director	2	2
Mr. S. K. Bhattacharyya	Independent Director	2	2

Nomination and Remuneration Committee of the Board

During the financial year 2019-20, one meeting of nomination and remuneration committee was held on 18.07.2019. Composition of the committee of board and detail of their attendance at the committee meetings, is as under:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr. P. D. Narang	Non-Executive Director	1	1
Mr. P. N. Vijay	Independent Director	1	1
Mr. S. K. Bhattacharyya	Independent Director	1	1

Stakeholders Relationship and Securities Issuance Committee of the Board

The Stakeholders Relationship and Securities Issuance Committee of the Company comprised of Mr. P.D. Narang and Mr. Mohit Malhotra, both being non-executive director. During the year, no meeting of this committee was held.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Adarsh Sharma is appointed as an additional director by the Board of Directors in their meeting of 26.05.2020. Dr. Anand C. Burman and Mr. Amit Burman shall retire at forthcoming Annual General Meeting and being eligible offer themselves for re-election. Board of Directors recommends appointment of Mr. Adarsh Sharma and reappointment of Dr. Anand C. Burman and Mr. Amit Burman as directors of Company by the shareholders at the ensuing annual general meeting.

Following are the Key Managerial Personnel:

- Mr. Vijay Shanker – Chief Executive Officer
- Mr. Alok Seth – Company Secretary, and
- Mr. Sukhpal Singh Sethi – Chief Financial Officer

DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments 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) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and



(e) the directors 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

M/s. Walker Chandio & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors in the previous annual general meeting for a period of five consecutive years and shall hold office till the conclusion of the annual general meeting to be held in the year 2022.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The 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.

SHARE CAPITAL

The Company has not issued any equity shares during the financial year 2019-20 and currently the paid up capital of the Company is Rs. 29,64,93,165/-

STATEMENT REQUIRED UNDER RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Mr. Vijay Shanker, 52, the CEO of the company is the only employee in respect of whom the information as required under rule 5(2) and (3) of the Companies (Appointment and Remuneration Rules of Managerial personnel), 2014 is required to be stated. He is B.Com., C.A. with over 28 years of experience and his annual remuneration for FY 2019-20 was Rs. 121.69 lakh. His employment is contractual in nature; he joined the company on 03.06.2013, before that he was President & CFO of Gitanjali Lifestyle Limited. He is not related to any of the directors of the company.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

DEPOSITS

The Company has not accepted or renewed any deposits during the year under review.

DIVIDEND

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 is furnished as Annexure B to this Report.

REPORT ON ANTI SEXUAL HARASSMENT POLICY

The company has Anti Sexual Harassment Policy in place. During the financial year, no complaint was received under the policy.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

As the company business is of trading of multi-branded beauty and personal care products, supplied by various brands in India, company is not dependent on any particular brand for its business. Moreover, company has also started opening stores under franchise model especially for the locations where company operated stores would have been less viable due to certain fixed costs; and the company has also spread its online sale through various online platforms. Company considers that the element of risk threatening the Company's existence is very minimal hence Company does not face any major risk at present.



ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Companies Act, 2013 provides for the need for an effective Internal Financial Control system in the Company. To ensure effective Internal Financial Controls the Company has laid down the following measures:

- All operations are executed through Standard Operating Procedures (SOPs) for functional activities.
- All statutory compliances are ensured on a monthly basis through an online tool.
- Approval of all transactions is ensured through a preapproved Delegation of Authority Schedule which is periodically reviewed periodically by the management and compliance of DOA is regularly checked and monitored by the auditors.
- The Company also has internal audit process.
- Stock audit is conducted on quarterly basis at all locations in India.
- Fixed Asset verification of assets in India is done on an annual basis
- 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.
- Company also has a system of Internal Business Reviews. All departmental heads discuss their business issues and plans in periodic review meetings.

ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to applicable provisions of the Companies Act, 2013, 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 has been prepared, covering various aspects of the functioning of the Board and its Committee; profile of the individual directors and their contribution in Board and Committee meetings. Board members had submitted their response.

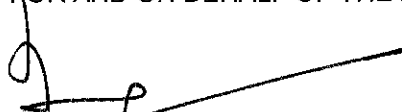
EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There is no qualification, reservation or adverse remark made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

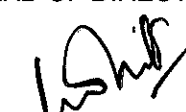
ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



(P.D. Narang)
Director
DIN: 00021581



(Mohit Malhotra)
Director
DIN: 08346826

Date: 26.05.2020

Place: New Delhi



COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

This Appointment and Remuneration Policy, as applicable to the directors and key managerial personnel of the Company, has been framed in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

1. APPOINTMENT OF MEMBERS OF BOARD OF DIRECTORS

- 1.1 The objective is to have a Board with diverse background and experience in areas that are relevant for the company.
- 1.2 In evaluating the suitability of individual Board member including an independent director, the Board or the Nomination & Remuneration Committee of the Board of Directors ('NRC') will take into account multiple factors, including general understanding of the business, education, professional background, financial knowledge, personal achievements, etc. He/ She should be willing to devote sufficient time and effort in carrying out their duties and responsibilities effectively & must have the aptitude to critically evaluate management's working as part of a team.
- 1.3 The criteria for selection and appointment of Independent Director(s) have been appended to this Policy. The criteria of appointment and selection of Independent Director(s) provides the positive attributes, qualities and qualifications, a potential candidate must possess to hold the position of Independent Director of the Company.
- 1.4 Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.
- 1.5 The NRC, along with the Board, on continuous basis will review appropriate skills, characteristics and experience required of the Board as a whole and its individual members.

2. REMUNERATION OF MEMBERS OF BOARD OF DIRECTORS

- 2.1 The form and amount of director remuneration will be recommended by the NRC to the Board for approval within the maximum amount permissible under the law. Employee directors will not be paid for sitting fee in addition to their regular employee compensation.
- 2.2 The NRC will conduct a review of director compensation on a periodic basis to ensure directors of the Company are compensated effectively in a manner consistent with the strategy of the Company, and to further ensure that the Company will be able to attract, retain and reward those who contribute to the success of the Company

2.3 REMUNERATION PAYABLE TO WHOLE TIME DIRECTOR

Company currently does not have any whole time director, hence policy to remunerate a whole time director is not presently formulated.

2.4 REMUNERATION PAYABLE TO NON EXECUTIVE DIRECTORS

The Company does not pay any remuneration to the non executive directors apart from sitting fee.

2.5 REMUNERATION PAYABLE TO INDEPENDENT DIRECTORS

The Independent Directors of the Company are not paid any remuneration other than sitting fee for their services for attending a Board Meeting or a meeting of a Committee constituted by the Board.

The Board of Directors has fixed an amount of Rupees Thirty Thousand per meeting of the Board and Rupees Twenty Thousand per meeting of Committees of the Board.

The Company may make all necessary arrangements for Independent Directors including accommodation arrangements, travel arrangements etc. for attending the Board, Committee and Shareholders' meetings of the Company.

2.6 REMUNERATION PAYABLE TO KEY MANAGERIAL PERSONNEL (OTHER THAN WHOLE-TIME DIRECTOR)



In case of Key Managerial Personnel (other than a whole time director) and other senior managerial personnel, the remuneration paid is determined keeping in view the industry benchmark, and to reflect the performance.

The detailed policy of employee compensation and their revisions (for different staff categories) is formulated by the HR department.

2.6.1 REMUNERATION DESIGN AND MIX

a. Total fixed Pay: Enables to attract, retain and develop the talent

1. Is competitive with leading companies where we recruit for talent.
2. Reinforces roles and accountabilities.
3. Is flexible and supportive of organization's growth.
4. Is responsive to specific market pressures in terms of getting key talent from the market.
5. Provides salary management guidelines so that decisions are made with confidence, integrity, and speed.

b. Short term Incentive Plans (one year): Create a process to effectively reward people for their contributions to the success of the Company in the short term

1. Utilises Company, business unit/department and individual-based metrics based on the principle of line of sight and impact.
2. Is supported by clear, frequent communication and simple tools to administer.

c. Benefits: Provide programs that meet people's needs and are cost effective and utilise innovative programs

1. Be competitive with leading companies of our size and where we compete for talent.
2. Provide benefits that are truly meaningful to people, supported by highly effective communication and easy administrative support.
3. Provide benefits, services, or events that will make company distinctive in the marketplace.
4. Provide benefits that are cost effective from both an individual's and company's perspective.

d. Recognition: Utilise effective practices that are supported by innovative programs that reinforce our desired culture and make us a special place to work

1. Reinforces individual and teams behavior that makes us more competitive, efficient, and important to our customers.
2. To create more employee touch points and recognition on formal and informal basis.
3. Utilise a variety of programs, events, and activities that keep the process exciting.

e. Annual Performance Linked Enhancement that recognizes the performance of the resource keeping in view the achievement of organisational goals & Departmental goals.

CRITERIA FOR APPOINTMENT AND SELECTION OF INDEPENDENT DIRECTORS

The Nomination & Remuneration Committee, while evaluating the potential candidate(s) for the position of Independent Director(s), will consider a variety of personal attributes, including experience, intellect, foresight, judgment and transparency, and will ensure that these attributes match with the requirements as set out by this policy. Broadly, the attributes and qualities of the Independent Director (s) consist of the following:

1. Independent Directors must be capable of taking fair decisions without being influenced.
2. Independent Directors are expected to balance the decision-making process of the Board by constructively challenging the Company's strategy and exercise due diligence.
3. Independent Directors should preferably but not necessarily possess the requisite business and industry expertise in the domain, in which company operates.
4. Independent Directors should be competent enough to work effectively like a team member as well as leader with the other directors of the Board and committees.
5. Independent Directors should contribute constructively in the Board's deliberations.

Apart from the attributes and qualities as illustrated above, the Independent Director(s) must also comply with the following criteria / requirements as contemplated under the provisions of the Companies Act, 2013:

An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Definition of Independent Director is given below:

Definition of Independent Director (As per Section 149(6) of the Companies Act, 2013)

"An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;*
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;*
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;*
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;*
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;*
- (e) who, neither himself nor any of his relatives—*
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;*
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—*
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or*
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;*
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or*
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company.*
- (f) who possesses such other qualifications as may be prescribed.*



FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2020
Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I **REGISTRATION & OTHER DETAILS:**

i	CIN	U74120DL2007PLC163361
ii	Registration Date	14.05.2007
iii	Name of the Company	H & B STORES LIMITED
iv	Category/Sub-category of the Company	PUBLIC LIMITED COMPANY HAVING SHARE CAPITAL
v	Address of the Registered office & contact details	8/3, ASAF ALI ROAD, NEW DELHI - 110002 Ph.: 011-23253488
vi	Whether listed company	NO
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	COSMETICS AND BEAUTY PRODUCTS	24246	> 90%

III **PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	DABUR INDIA LIMITED 8/3, Asaf Ali Road, New Delhi - 110002	L24230DL1975PLC007908	HOLDING	100%	2(87)(ii)

IV SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

Category of Shareholders as on financial year ended on 31.03.2019	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates *	-	296493165	296493165	100%	-	296493165	296493165	100%	-
d) Bank/FI									
e) Any other									
SUB TOTAL: (A) (1)	-	296493165	296493165	100%	-	296493165	296493165	100%	-
* Beneficial interest of the 10 shares each held by 6 shareholders is held by the Holding Company									
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	-	296493165	296493165	100%	-	296493165	296493165	100%	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions									
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs									
c) Others (specify)									
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	296493165	296493165	100%	-	296493165	296493165	100%	-

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
as on financial year ended on 31.03.2019		No. of Shares	% of total shares of the company	% of shares pledged encumbered to total	No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	DABUR INDIA LIMITED*	296493165	100%	0	296493165	100%	0	0
2								
3								
	Total							

* Beneficial interest of the 10 shares each held by 6 shareholders is held by the Holding Company, Dabur India Ltd.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)				
	At the end of the year				

THERE IS NO CHANGE DURING THE PERIOD

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)				

Not applicable, as the 100% shares are held by the holding company, Dabur india Limited

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors & KMP				
	At the beginning of the year	20*	0	20	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year	20*	0	20	0

* - Beneficial interest is held by Dabur India Limited

V INDEBTEDNESS

(Rs. In lakh)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
as on financial year ended on 31.03.2019	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	524.56	-	-	524.56
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	524.56	-	-	524.56
Change in Indebtedness during the financial year				
Additions	561.16	-	-	561.16
Reduction	-	-	-	-
Net Change	561.16	-	-	561.16
Indebtedness at the end of the financial year				
i) Principal Amount	1,085.72	-	-	1,085.72
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,085.72	-	-	1,085.72

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(Rs. In lakh)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.				
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others (specify)				
5	Others, please specify				
	Total (A)	Nil	Nil	Nil	Nil
	Ceiling as per the Act	N.A.			

B. Remuneration to other directors:

(Rs. In lakh)

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Mr. P N Vijay	Mr. S. K. Bhattacharyya	
	(a) Fee for attending board committee meetings	2.10	2.10	4.20
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (1)	2.10	2.10	4.20
2	Other Non Executive Directors			
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify.	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)			
	Total Managerial Remuneration	2.10	2.10	4.20
	Overall Cieling as per the Act.	N.A.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	CEO	Company Secretary	CFO	Total
	NAME	Vijay Shanker	Alok Seth	Sukhpal Singh Sethi	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	121.69	28.85	35.72	186.26
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.49	0.48	0.36	2.33
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	No. of Stock Option	1,125 shares of Dabur India Ltd.	-	-	1,125 shares of Dabur India Ltd.
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit				-
	others, specify				-
5	Others, please specify	-	-	-	-
	Total	123.18	29.33	36.08	188.59



VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
as on financial year ended on 31.03.2019					
A. COMPANY					
			NIL		
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

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Independent Auditor's Report

To the Members of H&B Stores Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of H&B Stores Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

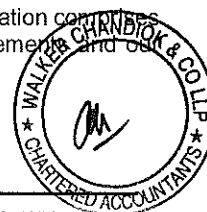
3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the financial statements and auditor's report thereon.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

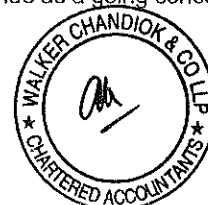
The Director's Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard

Responsibilities of Management for the Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we



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conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 May 2020 as per Annexure B expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 33 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and



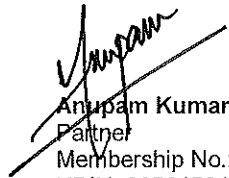
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- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013


Anupam Kumar
Partner

Membership No.: 501531

UDIN: 20501531AAAACN1883



Place: New Delhi

Date: 26 May 2020

Walker ChandioK & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of H&B Stores Limited, on the financial statements for the year ended 31 March 2020

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of 'property plant and equipment and capital work in progress'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



Walker Chandio & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of H&B Stores Limited, on the financial statements for the year ended 31 March 2020

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Uttar Pradesh Value Added Tax Act, 2008	Input tax credit	3.51	-	2015-16	Additional Commissioner Grade-2 (Appeal) 5 Commercial Tax, Ghaziabad
Income-tax Act, 1961	Demand under section 156	0.21	-	2010-11	Commissioner of Income Tax (Appeals)- 4
The Maharashtra Value Added Tax Act, 2002	Demand under section 32	1.34	0.26	2013-14	Deputy Commissioner of Sales tax (Appeal), Mumbai
West Bengal Value Added Tax Act, 2003	Demand under section 43	5.43	0.82	2014-15	Additional Commissioner of Sales tax, West Bengal

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.



Chartered Accountants

Walker Chandlok & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of H&B Stores Limited, on the financial statements for the year ended 31 March 2020

- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandlok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013


Anupam Kumar
Partner

Membership No.: 501531

UDIN: 20501531AAAACN1883



Place: New Delhi

Date: 26 May 2020

Walker ChandioK & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of H&B Stores Limited on the financial statements for the year ended 31 March 2020

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of H&B Stores Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Walker ChandioK & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of H&B Stores Limited on the financial statements for the year ended 31 March 2020

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker ChandioK & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013


Anupam Kumar
Partner

Membership No.: 501531

UDIN: 20501531AAAACN1883



Place: New Delhi

Date: 26 May 2020

H & B Stores Limited
Balance Sheet as at 31 March 2020

	Note	31 March 2020	31 March 2019
(₹ in Lakh)			
ASSETS			
Non-current assets			
a) Property, plant and equipment	2A	8,357.21	725.80
b) Capital work-in-progress	2B	8.45	25.44
c) Other intangible assets	2C	48.73	-
d) Financial assets			
(i) Loans	3	629.03	440.89
(ii) Others	4	3.96	2.05
e) Non-current tax assets (net)	5	23.09	3.26
f) Other non-current assets	6	75.35	164.21
Total non-current assets		9,145.82	1,361.65
Current assets			
a) Inventories	7	4,185.60	3,881.01
b) Financial assets			
(i) Trade receivables	8	346.79	443.51
(ii) Cash and cash equivalents	9	32.70	107.34
(iii) Bank balances other than (ii) above	10	1.21	2.94
(iv) Loans	11	59.41	93.20
c) Other current assets	12	292.17	433.20
Total current assets		4,917.88	4,961.20
Total assets		14,063.70	6,322.85
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	13	2,964.93	2,964.93
b) Other equity	14	(874.58)	159.20
Total equity		2,090.35	3,124.13
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowing	15	6,190.99	-
Total non-current liabilities		6,190.99	-
Current liabilities			
a) Financial liabilities			
(i) Borrowings	16	1,153.30	624.16
(ii) Trade payables	17		
Due to micro and small enterprises		14.18	14.88
Due to others		3,016.64	2,200.03
(iii) Other financial liabilities	18	1,463.76	207.63
b) Other current liabilities	19	40.64	49.66
c) Provisions	20	93.84	95.97
d) Current tax liabilities (net)	21	-	6.39
Total current liabilities		5,782.36	3,198.72
Total liabilities		11,973.36	3,198.72
Total equity and liabilities		14,063.70	6,322.85

Summary of significant accounting policies

1E

The accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531



Mohit Malhotra
Director
DIN: 08346826

Vijay Shanker
Chief Executive Officer

For and on behalf of the Board of Directors

Pritam Das Narang
Director
DIN: 00021581

Alok Seth
Company Secretary
(Memb No. - A 15503)

S. S. Sethi
Chief Financial Officer

Place: New Delhi
Date: 26 May 2020

H & B Stores Limited
Statement of Profit and Loss for the year ended 31 March 2020

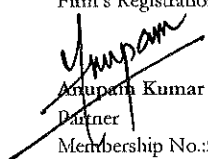
	Note	31 March 2020	31 March 2019
(₹ in Lakh)			
Income			
Revenue from operations	22	12,442.11	12,439.53
Other income	23	78.81	54.13
Total income		12,520.92	12,493.66
Expenses			
Purchases of stock-in-trade	24	8,554.29	8,612.97
Changes in inventories of stock-in-trade	25	(297.96)	(331.04)
Employee benefits expense	26	1,196.36	1,065.46
Finance costs	27	837.85	98.60
Depreciation and amortisation expense	28	1,656.44	145.88
Other expenses	29	1,601.69	2,587.50
Total expenses		13,548.67	12,179.37
(Loss) / profit before tax		(1,027.75)	314.29
Tax expense	30		
Current tax		-	65.89
Total tax expense		-	65.89
Net (loss) / profit for the year		(1,027.75)	248.40
Other comprehensive income	31		
(i) Items that will not be reclassified to profit or loss		(6.03)	(2.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	0.53
Total other comprehensive income		(6.03)	(2.02)
Total comprehensive income for the year		(1,033.78)	246.38
Earnings per equity share			
Basic in ₹	32	(0.35)	0.08
Diluted in ₹		(0.35)	0.08

Summary of significant accounting policies 1E

The accompanying notes are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date.


For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Anupam Kumar
Partner
Membership No.: 501531




Place: New Delhi
Date: 26 May 2020

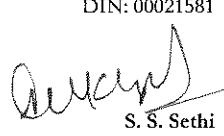

Mohit Malhotra
Director
DIN: 08346826


Vijay Shanker
Chief Executive Officer

For and on behalf of the Board of Directors


Pritam Das Narang
Director
DIN: 00021581


Alok Sethi
Company Secretary
(Memb No. - A 15503)


S. S. Sethi
Chief Financial Officer

H & B Stores Limited

Cash Flow Statement for the year ended 31 March 2020

(₹ in Lakh)

	31 March 2020	31 March 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(1,027.75)	314.29
Adjustments for:		
Depreciation and amortisation expense	1,656.44	145.88
Property, plant and equipment (net) written off	32.31	9.12
Liability written back	-	(18.01)
Gain on Right of Use	(15.69)	-
Interest income on other financial assets carried, at amortised cost	(54.97)	(32.79)
Finance costs	837.85	98.60
Interest income	(0.28)	(0.81)
Operating profit before working capital changes and other adjustments	1,427.91	516.28
Working capital changes and other adjustments:		
Inventories	(304.59)	(340.46)
Trade receivables	96.72	(113.21)
Current and non-current financial assets	(154.35)	(104.63)
Other current and non-current assets	153.08	89.16
Trade payables	815.91	127.23
Other current financial liabilities	1,248.64	33.78
Other current liabilities and provisions	(17.18)	15.11
(Increase)/decrease In Working Capital	1,838.23	(293.02)
Cash flow from operating activities post working capital changes	3,266.14	223.26
Taxes paid (net of refund)	26.22	69.52
Net cash flow from operating activities (A)	3,239.92	153.74
B CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment/ capital work-in-progress	(663.91)	(351.17)
Proceeds from disposal of property, plant and equipment/ capital work-in-progress	-	-
Purchase of investments (net)	(0.18)	-
Interest received	0.28	0.81
Net cash flow (used in)/ flow investing activities (B)	(663.81)	(350.36)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from current borrowings (net)	529.14	330.27
Payment of lease liabilities	(2,342.04)	-
Finance costs paid	(837.85)	(98.60)
Net cash (used in) /flow financing activities (C)	(2,650.75)	231.67
Increase in cash and cash equivalents (A+B+C)	(74.64)	35.05
Cash and cash equivalents at the beginning of the year	107.34	72.29
Cash and cash equivalents at the end of the year (refer note 9)	32.70	107.34

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of the financial statements

This is the Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531



Place: New Delhi
Date: 26 May 2020

Mohit Malhotra
Director
DIN: 08346826

Vijay Shanker
Chief Executive Officer

For and on behalf of the Board of Directors

Pritam Das Narang
Director
DIN: 00021581

Alok Seth
Company Secretary
(Memb No. - A 15503)

S. S. Sethi
Chief Financial Officer

H & B Stores Limited

Statement of Changes in Equity for the year ended 31 March 2020

A. Equity share capital *			(₹ in Lakh)
Particulars	Number of shares	Amount	
Balance as at 01 April 2018	296,493,165	2,964.93	
Issued during the year	-	-	
Balance as at 31 March 2019	296,493,165	2,964.93	
Balance as at 01 April 2019	296,493,165	2,964.93	
Issued during the year	-	-	
Balance as at 31 March 2019	296,493,165	2,964.93	

B. Other equity **			(₹ in Lakh)
Particulars	Reserves and surplus	Total	
	Retained earnings		
Balance as at 01 April 2018	(87.18)	(87.18)	
Additions during the year:			
Net profit for the year	248.40	248.40	
Other comprehensive income for the year	(2.02)	(2.02)	
Re-measurements loss on defined benefit plan (net of tax of ₹ 0.53 Lakh)	159.20	159.20	
Balance as at 31 March, 2019			
Additions during the year:			
Net profit for the year	(1,027.75)	(1,027.75)	
Other comprehensive income for the year	(6.03)	(6.03)	
Re-measurements loss on defined benefit plan	(874.58)	(874.58)	
Balance as at 31 March 2020			

* refer note 13

** refer note 14

The accompanying notes are an integral part of the financial statements

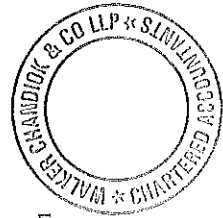
This is the Statement of Changes in Equity referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

[Signature]
Anupam Kumar
Partner
Membership No.: 501531



Place: New Delhi

Date: 26 May 2020

[Signature]
Mohit Malhotra
Director
DIN: 08346826

[Signature]
Vijay Shanker
Chief Executive Officer

[Signature]
Alok Sethi
Company Secretary
(Memb No. - A 15503)

[Signature]
Priyam Das
Director
DIN: 00021581

[Signature]
S. S. Sethi
Financial Officer

For and on behalf of the Board of Directors

H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

1A. Company information

H&B Stores Limited (the 'Company') is a domestic limited Company incorporated in India under the Companies Act, 2013 with registered office situated at 8/3, Asaf Ali Road, New Delhi – 110002 and is a 100% subsidiary of Dabur India Limited. The Company operates its business through its brand name "NewU Stores". The Company is one of the leading retail player dealing in cosmetics and consumer care products of different brands. The Company has its owned stores as well as franchise stores across India. The Company is also selling through online marketplace aggregators as well as through the Company owned e-commerce site.

1B. General information and statement of compliance with Ind AS

These financial statements ('financial statements') of the Company have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

The financial statements are presented in Indian Rupees (₹) which is also the functional currency of the Company.

The financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 26 May 2020. The revision to financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

1C. Basis of preparation

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies.

Amount in the financial statements are presented in ₹ lakhs, unless otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding-off are expressed as 0.00.

1D. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new accounting standards or amendments to the existing accounting standards. There is no such notification which would have been applicable from 1 April 2020.

1E. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

a. Current / non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set-out in the Act.

b. Revenue recognition:

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

- **Retail sale of merchandise:**

Revenue from retail sales is measured at the fair value of the consideration received or receivable (net of taxes). Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained. Where the Company is the principal in the transaction the Sales are recorded at their gross values. Goods and service tax ('GST'), not received by the Company on its own account but collected on behalf of the Government and accordingly, are excluded from revenue.

- **Other retail operating revenue:**

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted / displayed.

- **Interest income**

Interest income is recognized using effective interest method.

- **Others:**

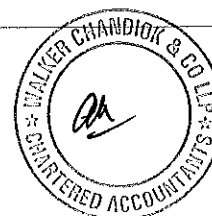
Other incomes have been recognized on accrual basis in the financial statements, except when there is uncertainty of collection.

c. Property, plant and equipment:

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

- Cost comprises of purchase cost, freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such costs also include borrowing cost if the recognition criteria are met.
- When a major inspection/repair occurs, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of previous inspection/repair is derecognized. All other repair and maintenance are recognized in the Statement of Profit and Loss as incurred.
- Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, has estimated useful life of an asset supported by the technical assessment, external or internal, i.e., higher or lower from the indicative useful life given under Schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
- Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives(upto)
Leasehold improvements(Buildings)	Over lease period
Plant and equipment	15 years
Furniture and fixtures	8 to 10 years
Computers	3 to 5 years



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

The residual value and useful life is reviewed annually and any deviation is accounted for as a change in estimate.

- Components relevant to property, plant and equipment, where significant, are separately depreciated on straight line basis in terms of their life span assessed by technical evaluation in item specific context.
- In case of shut down of stores before the expiry of the lease period, fixed assets that are imbedded in the leased premises are written off as loss.
- During disposal of property, plant and equipment, any profit earned/loss sustained towards excess / shortfall of sale value vis-a-vis carrying cost of assets is accounted for in Statement of Profit and Loss.

d. Capital work-in-progress and intangible assets under development:

Capital work-in-progress and intangible assets under development represents expenditure incurred in respect of capital projects / intangible assets under development and are carried at cost. Cost comprises of purchase cost, related acquisition expenses, development/construction costs, borrowing costs and other direct expenditure.

e. Intangible assets:

- Intangible assets acquired separately are measured on initial recognition at cost of acquisition. The cost comprises of purchase price and directly attributable costs of bringing the assets to its working condition for intended use. In case of internally generated assets, measured at development cost subject to satisfaction of recognition criteria (identifiability, control and future economic benefit) in accordance with Ind AS 38 'Intangible Assets'.
- Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.
- Amortization of intangible assets such as software licenses is computed on a straight-line basis, at the rates representing estimated useful life of up to 5 years.

f. Impairment of non-financial assets:

At each reporting date, the Company assesses whether there is any indication based on internal / external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit (CGU) is estimated. If such recoverable amount of the asset or CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Standalone Statement of Profit and Loss. If, at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the Standalone Statement of Profit and Loss. An asset is deemed impaired when recoverable value is less than its carrying cost and the difference between the two represents provisioning exigency.

g. Impairment of financial assets:

In accordance with Ind AS 109 'Financial Instruments', the Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contract.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

h. Trade receivables:

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

i. Other financial assets:

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

j. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

Non-derivative financial assets

Subsequent measurement

- **Financial assets carried at amortized cost**

A financial asset is measured at the amortized cost, if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ('EIR') method.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Standalone Statement of Profit and Loss.

- **Financial guarantee contracts**

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 'Financial Instruments' and the amount recognized less cumulative amortization.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Standalone Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

k. Fair Value measurement

The Company measures financial instruments, such as, derivatives at fair value at each Standalone Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1. Lease Assets:

Where the Company is the lessee

For any new contracts entered into on or after 1 April 2019 (the transition approach has been explained and disclosed in Note 35), the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Classification of leases

The Company enters into leasing arrangements for various assets. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase etc.

Recognition and initial measurement

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in standalone statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease, except when the lease rentals, increase are in line with general inflation index. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

m. Inventories:

Inventories are valued as follows:

- Traded goods are valued at lower cost and net realizable value. Cost of inventories comprises all costs of purchase and other incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined based on the moving weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.
- Packing materials and accessories are valued at lower of cost and net realizable value. Cost is determined based on the moving weighted average method.

n. Employee benefits:

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

- **Current employee benefits**
 - a. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.
 - b. Employees' State Insurance ("ESI") is provided on the basis of actual liability accrued and paid to authorities.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

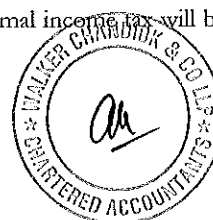
- c. The Company has adopted a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.
 - d. Expense in respect of other short-term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.
- **Post separation employee benefit plan**
 - a. **Defined benefit plan**
 - o Gratuity liability accounted for on the basis of actuarial valuation as per Ind AS 19 'Employee Benefits'. Liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the end of each reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of defined benefit is determined by discounting the estimated future cash outflows by reference to market yield at the end of each reporting period on government bonds that have terms approximate to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.
 - o Actuarial gain / loss pertaining to gratuity are accounted for as OCI. All remaining components of costs are accounted for in Statement of Profit and Loss.
 - b. **Defined contribution plans**

The Company makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.
 - c. **Taxation:**

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside Statement of Profit and Loss is recognized outside Statement of Profit and Loss (either in other comprehensive income or in equity).

p. Provisions, contingent liability and contingent assets:

- Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.
- Contingent liability is disclosed for:
 - a. Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
 - b. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is disclosed.

q. Foreign currency translation:

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

r. Share based payments - Employee Stock Option Scheme ('ESOP'):

The Company is under obligation to settle share based payment transaction against services of its employees, under specified category, received by the parent company. Such share based payments are of the nature of grant of options to purchase shares of parent company at concessional rates without any scope of settling the transaction in cash or in any other consideration other than equity instruments. The fair value of the shares (arrived at under "Black Schole's Method") net of consideration money payable by the employee, is amortised during vesting period under Straight Line Method.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

s. Earnings per share:

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

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

t. Borrowing cost:

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds and also include exchange differences to the extent regarded as an adjustment to the same. Borrowing costs directly attributable to the acquisition and / or construction of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

u. Cash and cash equivalents:

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short-term highly liquid investments.

v. Significant management judgement in applying accounting policies and estimation uncertainty:

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

- **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

- **Classification of leases**

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including but not limited to, transfer of ownership of leased asset at the end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased assets and extent of specialized nature of the leased asset.

- **Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.



H&B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

- **Defined benefit obligation ('DBO')**

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

- **Provisions**

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

- **Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, refer note 33. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

- **Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

- **Inventories**

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future demand or other market-driven changes that may reduce future selling prices.

- **Useful lives of depreciable / amortizable assets**

Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

- **Income taxes**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions (refer note 30).

- **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

2A. Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended 31 March 2020 and 31 March 2019 are as follows :

(₹ in Lakh)						
Description	Leased Buildings *	Leasehold improvements	Plant and equipment	Furniture and fixtures	Computers	Total
Gross block						
Balance as at 01 April 2018	-	456.10	14.02	668.36	270.22	1,408.70
Addition/adjustments for the year	-	163.62	-	149.74	16.06	329.42
Transfer from capital work-in-progress	-	-	-	-	-	-
Disposals/adjustments for the year	-	18.37	-	15.70	2.36	36.43
Balance as at 31 March 2019	-	601.35	14.02	802.40	283.92	1,701.69
Addition/adjustments for the year	9,273.29	303.90	-	201.35	62.62	9,841.16
Transfer from capital work-in-progress	-	-	-	9.08	3.07	12.15
Disposals/adjustments for the year	569.53	92.87	-	64.81	6.69	733.90
Balance as at 31 March 2020	8,703.76	812.38	14.02	948.02	342.92	10,821.10
Accumulated depreciation						
Balance as at 01 April 2018	-	236.82	8.79	370.76	240.95	857.32
Addition/adjustments for the year	-	65.17	0.93	68.21	11.57	145.88
Disposals/adjustments for the year	-	14.99	-	10.08	2.24	27.31
Balance as at 31 March 2019	-	287.00	9.72	428.89	250.28	975.89
Addition/adjustments for the year	1,460.95	88.42	0.93	84.08	19.05	1,653.43
Disposals/adjustments for the year	33.37	77.37	-	48.35	6.34	165.43
Balance as at 31 March 2020	1,427.58	298.05	10.65	464.62	262.99	2,463.89
Net block as at 01 April 2018	-	219.28	5.23	297.60	29.27	551.38
Net block as at 31 March 2019	-	314.35	4.30	373.51	33.64	725.80
Net block as at 31 March 2020	7,276.18	514.33	3.37	483.40	79.93	8,357.21

* represents right of use assets (refer note 35)

Note:

- Property, plant and equipment have been hypothecated with bank against cash credit facility, refer note 16.
- Contractual obligations:- Refer note 33 for disclosures of contractual commitments for the acquisition of property, plant and equipment.



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

2B Capital work-in-progress:

The changes in the carrying value of capital work-in-progress for the year ended 31 March 2020 and 31 March 2019 are as follows :

Description	Computers	Total
Gross block		
Balance as at 01 April 2018	3.69	3.69
Addition for the year	25.25	25.25
Transfer to property, plant and equipment	3.50	3.50
Balance as at 31 March 2019	25.44	25.44
Addition for the year	8.27	8.27
Transfer to property, plant and equipment	12.15	12.15
Transfer to intangible asset	13.11	13.11
Disposals for the year	-	-
Balance as at 31 March 2020	8.45	8.45

2C Other intangible assets:

The changes in the carrying value of other intangible asset for the year ended 31 March 2020 and 31 March 2019 are as follows :

Description	Computer software	Total
Gross block		
Balance as at 01 April 2018	655.90	655.90
Addition for the year	-	-
Disposals for the year	-	-
Balance as at 31 March 2019	655.90	655.90
Addition for the year	38.63	38.63
Transfer from capital work-in-progress	13.11	13.11
Disposals for the year	-	-
Balance as at 31 March 2020	707.64	707.64

Accumulated depreciation		
Balance as at 01 April 2018	655.90	655.90
Addition for the year	-	-
Disposals for the year	-	-
Balance as at 31 March 2019	655.90	655.90
Addition for the year	3.01	3.01
Disposals for the year	-	-
Balance as at 31 March 2020	658.91	658.91
Net block as at 01 April 2018	-	-
Net block as at 31 March 2019	-	-
Net block as at 31 March 2020	48.73	48.73



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

	(₹ in Lakh)	
	31 March 2020	31 March 2019
3 Non-current loans		
<i>(Unsecured, considered good)</i>		
Security deposits	628.04	439.90
Deposits with government authorities	0.99	0.99
	<u>629.03</u>	<u>440.89</u>
4 Others non-current financial assets		
Bank deposit with more than 12 months maturity #*	3.96	2.05
	<u>3.96</u>	<u>2.05</u>
# Pledged as security with statutory authorities	3.96	2.05
* Includes interest accrued but not due	0.03	0.02
5 Non-current tax assets (net)		
Tax deducted at source (net)	23.09	3.26
	<u>23.09</u>	<u>3.26</u>
6 Other non-current assets		
<i>(Unsecured, considered good)</i>		
Capital advances	75.35	18.72
Prepaid rent	-	145.49
	<u>75.35</u>	<u>164.21</u>
7 Inventories^{^*}		
<i>(Valued at lower of cost or net realisable value)</i>		
Stock-in-trade (acquired for trading)	4,162.57	3,864.61
Packing material and accessories	23.03	16.40
	<u>4,185.60</u>	<u>3,881.01</u>

[^] Inventories have been hypothecated with banks against cash credit, refer note 16 for details.

* Write-downs of inventories to net realisable value on account of slow moving and obsolete items amounted to ₹ 33.14 lacs (31 March 2019 : ₹ 18.99 lacs).

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H & B Stores Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

		(₹ in Lakh)
	31 March 2020	31 March 2019
8 Trade receivables		
Unsecured, considered good*	346.79	443.51
	<u>346.79</u>	<u>443.51</u>
*Refer note 36 for related party details		
9 Cash and cash equivalents		
Balances with banks in current accounts	5.94	59.81
Cash on hand	26.76	47.53
	<u>32.70</u>	<u>107.34</u>
10 Bank balances other than cash and cash equivalents		
Other bank balances		
Term deposit with original maturity for more than 3 months but less than 12 months *#	1.21	2.94
	<u>1.21</u>	<u>2.94</u>
* Includes interest accrued but not due		
# Pledged as security with statutory authorities	0.09	0.01
	1.21	2.94
11 Current loans		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Security deposits with others		
Considered good	59.41	93.20
Credit Impaired	17.72	6.50
	<u>77.13</u>	<u>99.70</u>
Less: Allowance for expected credit loss	<u>(17.72)</u>	<u>(6.50)</u>
	<u>59.41</u>	<u>93.20</u>
12 Other current assets		
<i>(Unsecured, considered good)</i>		
Advances other than capital advances		
Advances to suppliers	32.60	27.23
Prepaid expenses	0.16	43.34
Advance to employees	21.41	17.73
Balance with statutory/government authorities	235.61	338.50
Other assets	2.39	6.40
	<u>292.17</u>	<u>433.20</u>

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H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

		(₹ in Lakh)
	31 March 2020	31 March 2019
13 Equity share capital		
Authorised		
500,000,000(31 March 2020: 500,000,000); equity shares of ₹ 1.00 each	5,000.00	5,000.00
Issued, subscribed and fully paid up		
296,493,165(March 31, 2020: 296,493,165); equity shares of ₹ 1.00 each	2,964.93	2,964.93

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	296,493,165	2,964.93	296,493,165	2,964.93
Balance as at the end of the year	296,493,165	2,964.93	296,493,165	2,964.93

b) Rights, preference and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1.00 per share. Each shareholder is entitled for one vote per share held. The dividend proposed by the Board of Director is subject to the approval of the shareholder in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholder are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

c) List of shareholders holding more than 5% of the equity share capital of the Company and shares held by holding company#

Particulars	31 March 2020		31 March 2019	
	No. of equity shares	% of shareholding	No. of equity shares	% of shareholding
Dabur India Limited (Holding Company)*	296,493,165	100.00%	296,493,165	100.00%

As per the records of the Company including its register of member.

* Including equity share held by nominees of the holding company

d) No shares were issued for consideration other than cash and shares bought back during the period of five years immediately preceding the balance sheet date.
14 Other equity

Reserves and surplus
Retained earnings

(874.58)	159.20
(874.58)	159.20

Description of nature and purpose of the reserve

Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

15 Non-current borrowing

Unsecured

Long-term maturities of finance lease obligations

6,190.99	-
6,190.99	-

15.1 Reconciliation between the total of future minimum lease payments and their present value.

Description	31 March 2020		31 March 2019	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	1,908.79	1,238.65	-	-
More than one year but less than five years	5,690.03	4,087.21	-	-
More than five years	2,422.38	2,103.79	-	-
Total minimum lease payments	10,021.20	7,419.64	-	-
Less: Amounts representing finance charges	2,601.56	-	-	-
Present value of minimum lease payments	7,419.64	-	-	-
Classified as non-current	6,190.99	-	-	-
Classified as current	1,228.65	-	-	-

16 Current borrowings **

(Secured, from bank)

Cash credits

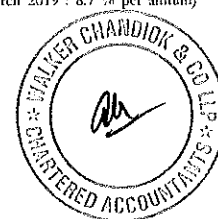
1,153.30	624.16
1,153.30	624.16

** There is no default in repayment of borrowing or interest thereon.

16.1 Repayment terms and security disclosure for the outstanding current borrowing as at 31 March 2020 and 31 March 2019:

Facility of ₹ 1,085.71 lakh (31 March 2019 : ₹ NIL) from Bank of America is repayable on demand.

Facility of ₹ 67.58 lakh (31 March 2019 : ₹ 624.16 lakh) from HDFC bank is repayable on demand and is secured by way of first pari-passu charge / hypothecation over the fixed assets and current assets both present and future, owned by the Company.

16.2 Rate of interest: The Company's current borrowings facilities have an effective weighted-average contractual rate of 7.05% per annum (31 March 2019 : 8.7 % per annum) calculated using the interest rates effective for the respective borrowings as at reporting dates.


H & B Stores Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(₹ in Lakh)

	31 March 2020	31 March 2019
17 Trade payables		
Due to micro and small enterprises #	14.18	14.88
Due to others	3,016.64	2,200.03
	3,030.82	2,214.91

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) ("MSMED Act, 2006"):

Particulars	31 March 2020	31 March 2019
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	14.18	14.88
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small Enterprises" enterprises on the basis of information available with the Company.

18 Other current financial liabilities		
Security deposits	96.00	97.50
Creditors for capital goods	8.05	0.56
Employee dues payable	131.06	109.57
Current maturity of finance lease obligation	1,228.65	-
	1,463.76	207.63

19 Other current liabilities		
Advances from customers	0.70	0.70
Statutory dues payable	39.94	48.96
	40.64	49.66

20 Current provisions		
Provision for employee benefits (refer note 38)		
Provision for compensated absences	7.67	7.54
Provision for gratuity	13.10	15.36
Others		
Provision for contingencies (refer note 20.1)	73.07	73.07
	93.84	95.97

20.1 Disclosure relating to provisions for contingencies pursuant to the Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

Opening balance	73.07	73.07
Additions / (Reversals)	-	-
Closing balance	73.07	73.07

21 Current tax liability (Net)		
Provision for income tax (Net)	-	6.39
	-	6.39



H & B Stores Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

		(₹ in Lakh)
	31 March 2020	31 March 2019
22 Revenue from operations		
Sale of products	11,949.49	12,013.10
	<u>11,949.49</u>	<u>12,013.10</u>
Other operating revenues		
Income from store displays and sponsorship	492.62	426.43
	<u>492.62</u>	<u>426.43</u>
	<u>12,442.11</u>	<u>12,439.53</u>
23 Other income		
Bank interest income	0.28	0.81
Interest income on other financial assets carried, at amortised cost	54.97	32.79
Miscellaneous	7.87	20.53
Gain on Right of Use	15.69	-
	<u>78.81</u>	<u>54.13</u>
24 Purchase of stock-in-trade		
Purchase of stock in trade	<u>8,554.29</u>	<u>8,612.97</u>
25 Changes in inventories of stock-in-trade		
Opening inventories		
Stock-in-trade (acquired for trading)	3,864.61	3,533.57
Closing inventories		
Stock-in-trade (acquired for trading)	4,162.57	3,864.61
	<u>(297.96)</u>	<u>(331.04)</u>
26 Employee benefits expenses		
Salary and wages	1,018.63	902.72
Contribution to provident and other funds (refer note 38)	60.69	53.11
Gratuity (refer note 38)	21.71	15.29
Staff welfare expenses	64.64	57.04
Share based payment expenses	30.69	37.30
	<u>1,196.36</u>	<u>1,065.46</u>
27 Finance cost		
Interest on loan from banks	77.44	27.26
Bank charges and other borrowing cost	84.12	71.34
Interest on lease liabilities	676.29	-
	<u>837.85</u>	<u>98.60</u>
28 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 2A)	1,653.43	145.88
Amortisation of intangible assets (refer note 2C)	3.01	-
	<u>1,656.44</u>	<u>145.88</u>



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

	31 March 2020	(₹ in Lakh) 31 March 2019
29 Other expenses		
Advertisement and publicity	152.12	110.20
Power and fuel	157.31	101.52
Consumption of stores, spares and consumables	44.49	36.33
Repair and maintenance		
Machinery	2.04	2.92
Others	138.70	269.83
Rates and taxes	8.53	14.66
Rent (refer note 35)	132.15	1,323.71
Insurance	16.64	12.70
Freight and forwarding	75.38	68.93
Commission	5.71	9.21
Travel and conveyance	43.22	40.41
Contractor service - manpower	573.25	419.93
Legal and professional	46.65	38.85
Security	10.47	10.15
Director's sitting fees	4.20	2.90
Payment to auditors (refer note 34)	1.75	1.75
Property, plant and equipment written off	32.31	9.12
Communication	25.74	26.51
Miscellaneous	131.03	87.87
	<u>1,601.69</u>	<u>2,587.50</u>

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H & B Stores Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

	31 March 2020	31 March 2019
(₹ in Lakh)		
30 Taxation		
The key components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:		
A Statement of Profit and Loss:		
(i) Profit and Loss section		
Current tax	-	65.89
Income tax expense reported in the Statement of Profit and Loss	-	65.89
(ii) Other Comprehensive Income (OCI) section		
Re-measurement gains on defined benefit plans	-	(0.53)
Income tax charged to OCI	-	(0.53)
	-	65.36
B Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:		
Accounting profit before tax	(1,027.75)	314.29
Statutory income tax rate	27.82%	27.82%
Tax (expense)/credit at statutory income tax rate	285.92	(87.44)
Tax on taxable profits for the current year adjusted from earlier years losses on which no deferred tax was created	-	106.13
Deferred tax not recognised due to absence of certainty of realisability	(285.92)	-
MAT credit not recognised	-	65.89
Others	-	(18.70)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	-	65.89

30.1 a) Details of unused tax losses for which no deferred tax is recognised in the financial statements

	31 March 2020			31 March 2019		
Tax losses	Base amount	Deferred tax	Expiry date (assessment year)	Base amount	Deferred tax	Expiry date (assessment year)
Assesment Year 2011-12	-	-	31 March 2020	665.40	185.11	31 March 2020
Assesment Year 2012-13	844.62	234.97	31 March 2021	844.62	234.97	31 March 2021
Assesment Year 2013-14	543.22	151.12	31 March 2022	543.22	151.12	31 March 2022
Assesment Year 2014-15	204.94	57.01	31 March 2023	204.94	57.01	31 March 2023
Assesment Year 2020-21	384.93	107.09	31 March 2029	-	-	-
Total	1,977.71	550.19		2,258.18	628.21	

b) Details of unrecognised deferred tax on unabsorbed depreciation in the financial statements

	As as 31 March 2020			As as 31 March 2019		
Particulars	Base Amount	Deferred Tax	Expiry Date (Assessment Year)	Base Amount	Deferred Tax	Expiry Date (Assessment Year)
Assesment Year 2007-08	248.42	69.11	Not applicable	248.42	69.11	Not applicable
Assesment Year 2008-09	454.18	126.35	Not applicable	454.18	126.35	Not applicable
Assesment Year 2009-10	206.62	57.48	Not applicable	206.62	57.48	Not applicable
Assesment Year 2010-11	139.84	38.90	Not applicable	139.84	38.90	Not applicable
Assesment Year 2011-12	130.92	36.42	Not applicable	130.92	36.42	Not applicable
Assesment Year 2012-13	115.55	32.15	Not applicable	115.55	32.15	Not applicable
Assesment Year 2013-14	54.28	15.10	Not applicable	54.28	15.10	Not applicable
Assesment Year 2014-15	97.83	27.22	Not applicable	97.83	27.22	Not applicable
Assesment Year 2016-17	48.61	13.52	Not applicable	48.61	13.52	Not applicable
Assesment Year 2020-21	171.57	47.73	Not applicable	-	-	-
Total	1,667.82	463.98		1,496.25	416.26	

30.2 There are unused minimum alternate tax credits as mentioned below which have not been recognized as an asset in the books of accounts considering the Company believes that it is not probable that the same can be utilized during the specified allowable period against the future taxable profits to be computed as per the normal provisions of the Income Tax Act, 1961:

Particulars	31 March 2020	Expiry date	31 March 2019	Expiry date
Assesment Year 2018-19	45.59	31 March 2034	45.59	31 March 2034
Assesment Year 2019-20	65.89	31 March 2035	65.89	31 March 2035
	111.48		111.48	



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

	31 March 2020	(₹ in Lakh) 31 March 2019
31 Other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss		
Re-measurements loss on defined benefit plans	(6.03)	(2.55)
Income tax relating to items that will not be reclassified to profit or loss	-	0.53
	<u>(6.03)</u>	<u>(2.02)</u>
32 Earning per share		
Net profit attributable to equity shareholders		
(Loss) / profit for the year	(1,027.75)	248.40
Weighted average number of equity shares for calculating basic earning per share (nos.)	296,493,165	296,493,165
Weighted average number of equity shares for calculating diluted earning per share (nos.)	296,493,165	296,493,165
Nominal value per equity share (₹)	1.00	1.00
Basic earning per share (₹)	(0.35)	0.08
Diluted earning per share (₹)	(0.35)	0.08
33 Contingent liabilities and commitments		
Contingent liabilities		
Claims against the company not acknowledged as debt#		
Sales tax matters *	10.48	8.40
Others (net of provision) (refer note 20.1) *	114.96	114.96
	<u>125.44</u>	<u>123.36</u>
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances of ₹ 75.35 lakh (31 March 2019 : Rs.18.72)	81.13	18.72
	<u>206.57</u>	<u>142.08</u>
<p># Pursuant to judgement by the Hon'ble Supreme Court of India dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, should include certain allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies and accordingly, the Company has not provided for any liability on account of this.</p> <p>* based on discussions with the solicitors / favorable decisions in similar cases / legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no further provision is considered necessary.</p>		
34 Payment to auditors \$		
Statutory audit fees	1.75	1.75
For reimbursement of expenses	0.30	0.21
	<u>2.05</u>	<u>1.96</u>
\$ goods and service tax, as applicable		



35 Information on lease transactions pursuant to Ind AS 116 - Leases**A Assets taken on lease**

The Company has leases for office building, stores and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

i) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31 March 2020
Short-term leases	105.06
Leases of low value assets	-
Variable lease payments	27.09
	<u>132.15</u>

ii) Total cash outflow for leases for the year ended 31 March 2020 was ₹ 1,725.69 lacs**iii) Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

	Lease payments	Interest expense	Net Present Values
Not later than 1 year	1,908.79	680.15	1,228.65
Later than 1 year not later than 5 years	5,690.03	1,602.83	4,087.21
Later than 5 years	2,422.38	318.59	2,103.79
	<u>10,021.20</u>	<u>2,601.57</u>	<u>7,419.64</u>

iv) Information about extension and termination options

	Office premises	Stores and related facilities
Right of use assets		
Number of leases	1	93
Range of remaining term (in years)	0.33	1 - 9
Average remaining lease term (in years)	0.33	4.58
Number of leases with extension option	-	1
Number of leases with termination option	1	93

v) Impact on transition

Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach to all lease contracts existing as at 1 April 2019. On transition, the adoption of new standard resulted in recognition of lease liability of ₹ 5,574.04 lacs and corresponding right of use asset of ₹ 5,761.45

For contracts in place as at 1 April 2019, the Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 1 April 2019.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised was 10 %.

The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements for the year ended 31 March 2019) to the lease liabilities recognised at 1 April 2019:

Total operating lease commitments disclosed as at 31 March 2019	415.28
Other adjustments relating to lease commitment disclosures	8,737.01
Recognition exemptions:	-
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	(300.38)
Operating lease liabilities before discounting	8,851.91
Discounting impact (using incremental borrowing rate)	(3,277.87)
Operating lease liabilities	5,574.04
Finance lease obligations under Ind AS 17	-
Total lease liabilities recognised under Ind AS 116 at 1 April 2019	<u>5,574.04</u>



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

36 Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures

Following are the related parties and transactions entered with related parties for the relevant financial year:

A) List of related parties and relationships

i) Holding /Fellow subsidiaries

S. No.	Name of entity	Principal place of business	Nature
1	Dabur India Limited	India	Holding Company
2	Dermoviva Skin Essentials INC	United States of America	Fellow Subsidiary
3	Dabur International Limited	Isle Of Man	Fellow Subsidiary
4	Naturelle LLC	Emirate of RAS Al Khaimah, United Arab Emirates	Fellow Subsidiary
5	Dabur Egypt Limited	Egypt	Fellow Subsidiary
6	African Consumer Care Limited	Nigeria	Fellow Subsidiary
7	Dabur Nepal Private Limited	Nepal	Fellow Subsidiary
8	Asian Consumer Care Pakistan Private Limited	Pakistan	Fellow Subsidiary
9	Asian Consumer Care Private Limited	Bangladesh	Fellow Subsidiary
10	Hobi Kozmetik	Turkey	Fellow Subsidiary
11	RA Pazarlama	Turkey	Fellow Subsidiary
12	Dabur Lanka Private Limited	Sri Lanka	Fellow Subsidiary
13	Namaste Laboratories LLC	United States of America	Fellow Subsidiary
14	Urban Laboratories International LLC	United States of America	Fellow Subsidiary
15	Hair Rejuvenation & Revitalization Nigeria Limited	Nigeria	Fellow Subsidiary
16	Healing Hair Laboratories International LLC	United States of America	Fellow Subsidiary
17	Dabur (UK) Limited	British Virgin Island, United Kingdom	Fellow Subsidiary
18	Dabur Consumer Care Private Limited	Sri Lanka	Fellow Subsidiary
19	Dabur Tunisie *	Tunisie	Fellow Subsidiary
20	Dabur Pakistan Private Limited	Pakistan	Fellow Subsidiary
21	Dabur Pars	Iran	Fellow Subsidiary
22	Dabur South Africa (PTY) Limited	South Africa	Fellow Subsidiary
23	D and A Cosmetics Proprietary Limited	South Africa	Fellow Subsidiary
24	Atlanta Body and Health Products Proprietary Limited	South Africa	Fellow Subsidiary
25	Excel Investments FZC (w.e.f 20 August 2019)	Sharjah, United Arab Emirates	Fellow Subsidiary

* The liquidation of Dabur Tunisie, is under process and is likely to be completed by 31 December 2020. The liquidation was earlier expected to be completed by 31 December 2019, but due to certain legal and regulatory compliances under the laws of Tunisia, the completion date was extended.

ii) Key management personnel

: Mr. Vijay Shanker, Chief Executive Officer (CEO)
Mr. Sukhpal Singh Sethi, Chief Financial Officer (CFO)
Mr. Alok Sethi, Company Secretary
Dr. Anand Chand Burman, Chairman
Mr. Amit Burman, Director
Mr. Mohit Burman, Director
Mr. P.D. Narang, Director
Mr. P. N. Vijay, Independent Director
Mr. Sanjay Kumar Bhattacharyya, Independent Director
Mr. Mohit Malhotra, Director

iii) Entities in which a director or his/her relative is a member or director **

: Jetways Travels Private Limited

** With whom the Company had transactions during the current year or previous year



H & B Stores Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020
36 Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures (Contd.)
B) Transactions with related parties

The following transactions were carried out with related parties in the ordinary course of business:

			(₹ in Lakh)	
	Transactions during the year		Balances at the end of the year	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
A Key management personnel / directors				
i) Employee benefits	157.41	149.66	-	-
ii) Reimbursement of expenses on behalf of company	1.85	5.45	-	-
iii) Shares issued pursuant to exercise of ESOP	4.10	18.32	-	-
iv) Director sitting fees	4.20	2.90	-	-
	<u>167.56</u>	<u>176.33</u>	<u>-</u>	<u>-</u>

Above includes the following material transactions:

i) Employee benefits				
Mr. Vijay Shanker	121.69	115.22	-	-
Mr. Sukhpal Singh Sethi	35.72	34.44	-	-
ii) Reimbursement of expenses on behalf of company				
Mr. Vijay Shanker	1.49	5.09	-	-
Mr. Sukhpal Singh Sethi	0.36	0.36	-	-
iii) Shares issued pursuant to exercise of ESOP				
Mr. Vijay Shanker	4.10	18.32	-	-
iv) Director sitting fees				
Mr. P. N. Vijay	2.10	1.10	-	-
Mr. Sanjay Kumar Bhattacharyya	2.10	1.80	-	-

B Holding /fellow subsidiaries/others

i) Purchase of goods/services	13.65	12.86	2.57	11.06
ii) Sale of products	15.04	62.79	-	13.96
iii) Reimbursement of expenses	30.69	37.62	54.18	46.32

Above includes the following material transactions:

i) Purchase of goods/services				
Dabur India Limited	7.53	7.65	1.67	10.06
Jetways Travels Private Limited	6.11	5.21	0.90	1.00
ii) Sale of products				
Dabur India Limited	15.04	62.79	-	13.96
iii) Reimbursement of expenses				
Dabur India Limited	30.69	37.62	54.18	46.32

37 Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows

The changes in the Company's liabilities arising from financing activities can be classified as follows:

			(₹ in Lakh)	
	Non-current borrowings	Current borrowings	Equity share capital	Total
Net debt as at 01 April 2018	-	293.89	-	293.89
Proceed of current borrowings (net)	-	330.27	-	330.27
Net debt as at 31 March 2019	<u>-</u>	<u>624.16</u>	<u>-</u>	<u>954.43</u>
Net debt as at 01 April 2019	-	624.16	-	624.16
Proceed of current borrowings (net)	-	529.14	-	529.14
Recognition of lease liability (including current)	7,419.64	-	-	7,419.64
Reclassification of current maturities of long-term borrowing to other current financial liabilities	1,228.65	-	-	1,228.65
Net debt as at 31 March 2020	<u>6,190.99</u>	<u>1,153.30</u>	<u>-</u>	<u>7,344.29</u>



38 Disclosure relating to employee benefits pursuant to Ind AS 19 - Employee Benefits

(a) Defined contribution plans

The Company has certain defined contribution plans. The contributions are made to provident fund in India for employees at the rate of 12% of the basis salary as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The contribution are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation the expense recognised during the year towards the defined contribution plan is as follows

(₹ in Lakh)		
Particulars	31 March 2020	31 March 2019
Provident and other funds	54.16	44.84
Employees State Insurance	6.53	8.27

(b) Defined benefit plans

Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs on completion of 5 continuous years of service as per Indian law. However, no vesting condition applies in case of death. The Company makes contributions to H & B Employee's Gratuity Trust, which is funded defined benefit plan for qualifying employees.

The following tables summarises the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet:

(₹ in Lakh)		
	Gratuity	
	31 March 2020	31 March 2019
	Funded	Funded
I Change in present value of defined benefit obligation during the year		
Present value of obligation as at the beginning of the year	76.80	56.94
Interest cost	5.99	4.56
Service cost	20.51	15.49
Benefits paid	(7.64)	(2.19)
Total actuarial (gain)/loss on obligation	5.58	2.00
Present value of obligation as at the end of the year	101.25	76.80
II Change in fair value of plan assets during the year		
Fair value of plan assets at the beginning of the year	61.44	59.43
Actual interest income	4.79	4.75
Employer contribution	30.00	-
Benefits paid	(7.64)	(2.19)
Actuarial gain/(loss) for the year on asset	(0.45)	(0.55)
Fair value of plan assets at the end of the year	88.15	61.44
III Net asset/(liability) recognised in the Balance Sheet		
Present value of obligation at the end	(101.25)	(76.80)
Fair value of plan assets	88.15	61.44
Unfunded liability/provision in Balance Sheet	(13.10)	(15.36)
IV Expense recognised in the statement of profit or loss during the year		
Service cost	20.51	15.49
Net interest cost	1.20	(0.20)
Total expense recognised in the employee benefits expense	21.71	15.29
V Recognised in other comprehensive income for the year		
Net cumulative unrecognised actuarial gain/(loss) opening		
Actuarial gain/(loss) for the year on projected benefit obligation (PBO)	(5.58)	(2.00)
Actuarial gain/(loss) for the year on asset	(0.45)	(0.55)
Unrecognised actuarial gain/(loss) at the end of the year	(6.03)	(2.55)
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	1.36	1.18
Between 1 to 5 years	20.22	5.08
More than 5 years	79.67	70.54



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

(₹ in Lakh)	
Gratuity	
31 March 2020	31 March 2019
Funded	Funded

VII Quantitative sensitivity analysis for significant assumptions is as below
a) Impact of change in discount rate

Present value of obligation at the end of the period	101.25	76.80
Impact due to increase of 0.50%	(6.60)	(4.95)
Impact due to decrease of 0.50%	7.26	5.43

b) Impact of change in salary increase

Present value of obligation at the end of the period	101.25	76.80
Impact due to increase of 0.50%	7.15	5.40
Impact due to decrease of 0.50%	(6.57)	(4.96)

Sensitivities due to mortality and withdrawals are not material, hence the impact of change not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lumpsum benefit on retirement.

VIII The major categories of plan assets (as a percentage of total plan assets)

Funds managed by insurer	100%	100%
--------------------------	------	------

IX Actuarial assumptions

i) Discount rate	6.95 % PA	7.80 % PA
ii) Future salary increase	8.00 % PA	8.00 % PA
iii) Retirement age (years)	58	58
iv) Mortality rates inclusive of provision for disability	100% of IALM (2012-14)	

v) Age

Withdrawal rate (%)	Withdrawal rate (%)
Upto 30 years	10
From 31 to 44 years	2
Above 44 years	1

vi) Expected best estimate of expense for the next annual reporting period

Service cost	25.75	19.57
Net interest cost	0.91	1.20
Net periodic benefit cost	26.66	20.77

Notes:

- The actuarial valuation of plan assets and the present valuation of defined benefit obligation were carried out as at year end. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- Discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.
- The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

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H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

39 Capital management - policies and procedures

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations, if any.

	(₹ in Lakh)	
	31 March 2020	31 March 2019
Current borrowings (refer note 16)	1,153.30	624.16
Trade payables (refer note 17)	3,030.82	2,214.91
Other financial liabilities (refer note 18)	1,463.76	207.63
Less: Cash and cash equivalents (refer note 9)	(32.70)	(107.34)
Net debt	5,615.18	2,939.36
Equity share capital (refer note 13)	2,964.93	2,964.93
Other equity (refer note 14)	(874.58)	159.20
Total capital	2,090.35	3,124.13
Capital and net debt	7,705.53	6,063.49
Gearing ratio	72.87%	48.48%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

40 Financial risk management - objectives and policies

The Company's financial liabilities comprise mainly borrowings, trade payables and other payables. The Company's financial assets comprise mainly investments, loans, trade receivables, cash and cash equivalents, other balances with banks and other receivables.

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

The Company's activities expose it to market risk, interest rate risk and foreign currency risk. The Board of Directors ('Board') oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Company formulated by the Risk Management Committee and approved by the Board, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

A Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a risk management committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy on a quarterly basis.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

B Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information.

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H & B Stores Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020
40 Financial risk management - objectives and policies (Contd.)

The Company's receivables comprises trade receivables. During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

(₹ in Lakh)		
Exposure to credit risks	31 March 2020	31 March 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Others non-current financial assets	3.96	2.05
Non-current loans	629.03	440.89
Cash and cash equivalents	32.70	107.34
Bank balances other than cash and cash equivalents above	1.21	2.94
Current loans *	59.41	93.20

* During the year, the Company has recognised loss allowance under 12 month ECL model pertaining to current loans. No significant changes in estimation techniques or assumptions were made during the reporting period (refer note 11).

Financial assets for which loss allowance is measured using Life time Expected Credit Losses (LECL)		
Trade receivables	346.79	443.51

The credit risk for trade, other receivable and other financial assets is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings. However, specific provision is made in case a particular receivable is considered to be non-recoverable.

C Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the Company's net liquidity position on the basis of expected cash flows vis-a-vis debt service fulfilment obligation.

Maturity profile of financial liabilities

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

(₹ in Lakh)				
As at 31 March 2020	Less than 1 year/ on demand	1 to 5 years	More than 5 years	Total
Security deposits	96.00	-	-	96.00
Current borrowings	1,153.30	-	-	1,153.30
Trade payables	3,030.82	-	-	3,030.82
Finance lease obligation	1,908.79	5,690.03	2,422.38	10,021.20
Other financial liabilities	139.11	-	-	139.11

As at 31 March 2019	Less than 1 year/ on demand	1 to 5 years	More than 5 years	Total
Security deposits	97.50	-	-	97.50
Current borrowings	624.16	-	-	624.16
Trade payables	2,214.91	-	-	2,214.91
Other financial liabilities	110.13	-	-	110.13

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H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

41. Category wise classification of financial instruments

The fair values of the financial assets and financial liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the financial year 2019-20. The following methods and assumptions were used to estimate the fair values:

The carrying amount of financial assets and financial liabilities measured at amortised cost in these financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Financial assets and financial liabilities are measured at fair value in these financial statement and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability

A The carrying values and fair values of financial instruments by categories as at 31 March 2020 are as follows: *

	Carrying value	Level 1	Fair value Level 2	Level 3
				(₹ in Lakh)
Financial assets at fair value through profit and loss ('FVTPL')	-	-	-	-
Financial assets at fair value through other comprehensive income ('FVTOCI')	-	-	-	-
Financial assets at amortised cost				
	(₹ in Lakh)			
Non-current	Carrying value			
(i) Loans				
Security deposits	629.03			
(ii) Other financial assets	3.96			
	632.99			
Current				
(i) Loans				
Security deposits	59.41			
(ii) Trade receivables	346.79			
(iii) Cash and cash equivalents	32.70			
(iv) Bank balances other than (iii) above	1.21			
	440.11			
	1,073.10			
Financial liabilities at amortised cost				
	(₹ in Lakh)			
Non-current	Carrying value			
(i) Borrowings	6,190.99			
	6,190.99			
Current				
(i) Borrowings	1,153.30			
(ii) Trade payables	3,030.82			
(iii) Other financial liabilities	1,463.76			
	5,647.88			
	11,838.87			

* During the year, there were no transfers between Level 1 and Level 2 fair value measurements.



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

41 Category wise classification of financial instruments (Contd.)

B The carrying values and fair values of financial instruments by categories as at 31 March 2019 are as follows: *

	Carrying value	Level 1	Fair value Level 2	Level 3
				(₹ in Lakh)
Financial assets at fair value through profit and loss ('FVTPL')	-	-	-	-
Financial assets at fair value through other comprehensive income ('FVTOCI')	-	-	-	-
Financial assets at amortised cost				
	(₹ in Lakh)			
Non-current	Carrying value			
(i) Loans				
Security deposits	440.89			
(ii) Other financial assets	2.05			
	<u>442.94</u>			
Current				
(i) Loans				
Security deposits	93.20			
(ii) Trade receivables	443.51			
(iii) Cash and cash equivalents	107.34			
(iv) Bank balances other than (iii) above	2.94			
	<u>646.99</u>			
	<u>1,089.93</u>			
Financial liabilities at amortised cost				
	(₹ in Lakh)			
Current	Carrying value			
(i) Borrowings	624.16			
(ii) Trade payables	2,214.91			
(iii) Other financial liabilities	207.63			
	<u>3,046.70</u>			

* During the year, there were no transfers between Level 1 and Level 2 fair value measurements.

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H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

42 Revenue related disclosures

A Disaggregation of revenue

Revenue recognised mainly sale of products at a point in time. Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in Lakh)

Particulars	31 March 2020	31 March 2019
Revenue from contracts with customers		
(i) Sale of products	11,949.49	12,013.10
(ii) Other operating income (Income from store display charges)	492.62	426.43
Total revenue covered under Ind AS 115	12,442.11	12,439.53

B Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

(₹ in Lakh)

Particulars	31 March 2020	31 March 2019
Contract liabilities		
Advances from consumers	0.70	0.70
Total contract liabilities	0.70	0.70
Receivables		
Trade receivables	346.79	443.51
Total receivables	346.79	443.51

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance.

C Significant changes in the contract liabilities balances during the year are as follows:

(₹ in Lakh)

Particulars	31 March 2020	31 March 2019
Opening balance	0.70	22.67
Addition during the year	0.70	0.70
Revenue recognised during the year	0.70	22.67
Closing balance	0.70	0.70



H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

- 43 The Company is primarily engaged in the business of retail trading in cosmetics and consumer care products in India, which as per Ind AS 108 - "Operating Segments", is considered to be the only significant reportable segment.
- 44 Previous year amounts have been re-grouped/re-casted wherever considered necessary, to make them comparable with those of the current year. Amounts are rounded-off to nearest ₹ in Lakh.
- 45 The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Company in terms of sales and production. The management has considered the possible effects that may result from the pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.
- 46 In the opinion of the Board of Directors, current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet and provisions for all known / expected liabilities have been made.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013


Anupam Kumar

Partner

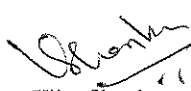
Membership No.:501531




Mohit Malhotra

Director

DIN: 08346826


Vijay Shanker


Chief Executive Officer

For and on behalf of the Board of Directors


Pritam Das Narang

Director

DIN: 00021581


Alok Seth

Company Secretary
(Memb No. - A 15503)


S. S. Sethi

Chief Financial Officer

Place: New Delhi

Date: 26 May 2020