

# Walker Chandiook & Co LLP

---

Walker Chandiook & Co LLP  
21<sup>st</sup> Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurugram – 122 002  
India  
T +91 124 4628099  
F +91 124 4628001

## 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 financial statements of H&B Stores Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, 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 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 2021, 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.

---

Chartered Accountants

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

---

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India



# Walker Chandiook & Co LLP

Independent Auditor's Report to the members of H&B Stores Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

## 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 our auditor's report thereon.

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 and Those Charged with Governance for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. 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;

Chartered Accountants



## Walker ChandioK & Co LLP

### Independent Auditor's Report to the members of H&B Stores Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- 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 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, 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 2021 from being appointed as a director in terms of section 164(2) of the Act;



## Walker Chandiook & Co LLP

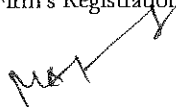
Independent Auditor's Report to the members of H&B Stores Limited, on the financial statements for the year ended 31 March 2021 (Cont'd)

- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 05 May 2021 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 34 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
  - 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 2021;
  - 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 2021; and
  - 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 Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



**Manish Agrawal**

Partner

Membership No.: 507000

UDIN: 21507000AAAABR5774



Place: Ghaziabad

Date: 05 May 2021

## Walker Chandiook & 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 2021

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 fixed assets comprising 'property, plant and equipment', 'capital work-in-progress' and 'other intangible assets'.
- (b) The fixed assets comprising 'property, plant and equipment' and 'capital work-in-progress' 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. In respect of immovable properties in the nature of buildings that have been taken on lease and disclosed under the head property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee as per the lease agreement.
- (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.



## 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 2021

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. 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 become payable.

(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 in ₹ lakh	Amount paid under protest in ₹ lakh	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
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	5.42	0.82	2014-15	Additional Commissioner of Sales tax, West Bengal
Income-tax Act, 1961	Demand under section 156	0.21	-	Financial year 2010-11	Commissioner of Income Tax (Appeals)- 4
Income-tax Act, 1961	Demand under section 143(3)	2.26	-	Financial year 2017-18	Commissioner of Income Tax (Appeals)- 4

(viii) There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders. The Company has not defaulted in repayment of loans/borrowings to any banks.

(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.



## 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 2021**

- (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.
- (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 Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013



**Manish Agrawal**

Partner

Membership No.: 507000

UDIN: 21507000AAAABR5774



**Place:** Ghaziabad

**Date:** 05 May 2021

# Walker Chandiook & 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 2021**

**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 2021, 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 with reference to 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 2021

### 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.

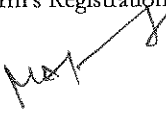
### Opinion

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 2021, 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



**Manish Agrawal**

Partner

Membership No.: 507000



UDIN: 21507000AAAABR5774

Place: Ghaziabad

Date: 05 May 2021

H & B Stores Limited  
Balance Sheet as at 31 March 2021

	Note	31 March 2021	(₹ in Lakh) 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2A	6,133.67	8,357.21
b) Capital work-in-progress	2B	0.16	8.45
c) Other intangible assets	2C	50.29	48.73
d) Financial assets			
(i) Loans	3	540.57	629.03
(ii) Other financial assets	4	2.23	3.96
e) Non-current tax assets (net)	5	30.03	23.09
f) Other non-current assets	6	-	75.35
<b>Total non-current assets</b>		<b>6,756.95</b>	<b>9,145.82</b>
<b>Current assets</b>			
a) Inventories	7	3,289.45	4,185.60
b) Financial assets			
(i) Trade receivables	8	470.96	346.79
(ii) Cash and cash equivalents	9	48.53	32.70
(iii) Bank balances other than (ii) above	10	14.15	1.21
(iv) Loans	11	72.08	59.41
c) Other current assets	12	388.03	292.17
<b>Total current assets</b>		<b>4,283.20</b>	<b>4,917.88</b>
<b>Total assets</b>		<b>11,040.15</b>	<b>14,063.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	13	2,964.93	2,964.93
b) Other equity	14	(2,632.02)	(874.58)
<b>Total equity</b>		<b>332.91</b>	<b>2,090.35</b>
<b>Non-current liabilities</b>			
a) Other financial liabilities	15	4,683.99	6,190.99
b) Provisions	16	4.39	-
<b>Total non-current liabilities</b>		<b>4,688.38</b>	<b>6,190.99</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	17	1,695.57	1,153.30
(ii) Trade payables	18		
Due to micro and small enterprises		31.06	14.18
Due to others		2,963.20	3,016.64
(iii) Other financial liabilities	19	1,231.64	1,463.76
b) Other current liabilities	20	22.86	40.64
c) Provisions	21	74.53	93.84
<b>Total current liabilities</b>		<b>6,018.86</b>	<b>5,782.36</b>
<b>Total liabilities</b>		<b>10,707.24</b>	<b>11,973.35</b>
<b>Total equity and liabilities</b>		<b>11,040.15</b>	<b>14,063.70</b>

Summary of significant accounting policies

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

Manish Agrawal  
Partner  
Membership No.: 507000



Place: Ghaziabad  
Date: 05 May 2021

Mohit Malhotra  
Director  
DIN: 08746826  
Alok Sethi  
Company Secretary  
(Membership No. - A 15503)

For and on behalf of the Board of Directors

Pritam Das Narang  
Director  
DIN: 00021581  
S. S. Sethi  
Chief Financial Officer

Place: New Delhi  
Date: 05 May 2021

H & B Stores Limited  
Statement of Profit and Loss for the year ended 31 March 2021

			(₹ in Lakh)
	Note	31 March 2021	31 March 2020
<b>Income</b>			
Revenue from operations	22	5,730.53	12,442.11
Other income	23	915.92	78.81
<b>Total income</b>		<b>6,646.45</b>	<b>12,520.92</b>
<b>Expenses</b>			
Purchases of stock-in-trade	24	3,221.17	8,554.29
Changes in inventories of stock-in-trade	25	895.29	(297.96)
Employee benefits expense	26	723.57	1,196.36
Finance costs	27	780.66	837.85
Depreciation and amortisation expense	28	1,735.31	1,656.44
Other expenses	29	1,064.27	1,601.69
<b>Total expenses</b>		<b>8,420.27</b>	<b>13,548.67</b>
<b>Loss before tax</b>		<b>(1,773.82)</b>	<b>(1,027.75)</b>
<b>Tax expense</b>	30	-	-
Current tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Net loss for the year</b>		<b>(1,773.82)</b>	<b>(1,027.75)</b>
<b>Other comprehensive income</b>	32		
(i) Items that will not be reclassified to profit or loss		16.38	(6.03)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other comprehensive income</b>		<b>16.38</b>	<b>(6.03)</b>
<b>Total comprehensive income for the year</b>		<b>(1,757.44)</b>	<b>(1,033.78)</b>
<b>Loss per equity share</b>			
Basic in ₹	33	(0.60)	(0.35)
Diluted in ₹		(0.60)	(0.35)

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

Manish Agrawal  
Partner  
Membership No.: 507000



Mohit Malhotra  
Director  
DIN: 08346826

Alok Singh  
Company Secretary  
(Membership No. - A 15503)

For and on behalf of the Board of Directors

Pritam Das Narang  
Director  
DIN: 00021581

S. S. Sethi  
Chief Financial Officer

Place: Ghaziabad  
Date: 05 May 2021

Place: New Delhi  
Date: 05 May 2021

## H &amp; B Stores Limited

## Cash Flow Statement for the year ended 31 March 2021

	31 March 2021	31 March 2020
	(₹ in Lakh)	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(1,773.82)	(1,027.75)
Adjustments for:		
Depreciation and amortisation expense	1,735.31	1,656.44
Property, plant and equipment written off (net)	115.50	32.31
Rent concession on lease rentals	(825.78)	-
Gain on right of use assets	(40.17)	(15.69)
Provision for employee benefits	16.41	21.71
Interest income on other financial assets carried, at amortised cost	(49.52)	(54.97)
Finance costs	780.66	837.85
Interest income	(0.45)	(0.28)
Operating (loss)/profit before working capital changes and other adjustments	(41.86)	1,449.62
Working capital changes and other adjustments:		
Adjustment for:		
Inventories	896.15	(304.59)
Trade receivables	(124.17)	96.72
Current and non-current financial assets	75.79	(154.35)
Other current and non-current assets	(46.34)	153.08
Trade payables	(36.56)	815.91
Other financial liabilities	604.20	572.35
Other current liabilities and provisions	(32.73)	(38.89)
Cash flow from operating activities post working capital changes	1,294.48	2,589.85
Income taxes paid (net of refund)	6.94	26.22
Net cash flow from operating activities (A)	1,287.54	2,563.63
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment/ capital work-in-progress	(109.82)	(663.91)
Purchases of investments (net)	-	(0.18)
Interest received	0.32	0.28
Net cash used in investing activities (B)	(109.50)	(663.81)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from current borrowings (net)	542.27	529.14
Principal payment of lease liabilities	(923.82)	(1,665.75)
Interest payment of lease liabilities	(625.28)	(676.29)
Finance costs paid	(155.38)	(161.56)
Net cash used in financing activities (C)	(1,162.21)	(1,974.46)
Increase/(decrease) in cash and cash equivalents (A+B+C)	15.83	(74.64)
Cash and cash equivalents at the beginning of the year	32.70	107.34
Cash and cash equivalents at the end of the year (refer note 9)	48.53	32.70

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

Manish Agrawal  
Partner  
Membership No.: 507000



For and on behalf of the Board of Directors

Mohit Malhotra  
Director  
DIN: 00346826

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

Pritam Das Narang  
Director  
DIN: 00021581

S. S. Sethi  
Chief Financial Officer

Place: Ghaziabad  
Date: 05 May 2021

Place: New Delhi  
Date: 05 May 2021

H & B Stores Limited  
Statement of Changes in Equity for the year ended 31 March 2021

(₹ in Lakh)		
A. Equity share capital *		
Particulars	Number of shares	Amount
Balance as at 01 April 2019	296,493,165	2,964.93
Issued during the year	-	-
Balance as at 31 March 2020	296,493,165	2,964.93
Balance as at 01 April 2020	296,493,165	2,964.93
Issued during the year	-	-
Balance as at 31 March 2021	296,493,165	2,964.93

(₹ in Lakh)		
B. Other equity **		
Particulars	Reserves and surplus	Total
	Retained earnings	
Balance as at 01 April 2019	159.20	159.20
Additions during the year:		
Net loss for the year	(1,027.75)	(1,027.75)
Other comprehensive income for the year		
Re-measurements loss on defined benefit plan	(6.03)	(6.03)
Total comprehensive income for the year	(1,033.78)	(1,033.78)
Balance as at 31 March 2020	(874.58)	(874.58)
Additions during the year:		
Net loss for the year	(1,773.82)	(1,773.82)
Other comprehensive income for the year		
Re-measurements gain on defined benefit plan	16.38	16.38
Total comprehensive income for the year	(1,757.44)	(1,757.44)
Balance as at 31 March 2021	(2,632.02)	(2,632.02)

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

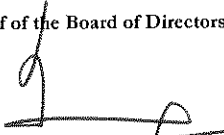
Manish Agrawal  
Partner  
Membership No.: 507000



For and on behalf of the Board of Directors

  
Mohit Malhotra  
Director  
DIN: 08346820

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

  
Pratik Das Narang  
Director  
DIN: 00021581

  
S. S. Sethi  
Chief Financial Officer

Place: Ghaziabad  
Date: 05 May 2021

Place: New Delhi  
Date: 05 May 2021

## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### **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 2021 were authorized and approved for issue by the Board of Directors on 05 May 2021. 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**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.



## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

#### **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.

##### **• 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 and as per the terms of the agreement.

##### **• Interest income**

Interest income is recognized using effective interest method.



## H&B Stores Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

#### • 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:

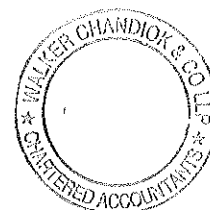
Description	Useful lives(upto)
Leasehold improvements (Buildings)	Over lease period
Plant and equipment	15 years
Furniture and fixtures	8 to 10 years
Computers	3 to 5 years

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.





## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### **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 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 Statement of Profit and Loss. An asset is deemed impairable 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; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **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.



## H&B Stores Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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.

##### *De-recognition of financial assets*

A financial asset is primarily de-recognized when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

##### **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 Statement of Profit and Loss.



## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### **• Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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 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.

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.



## H&B Stores Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

#### 1. Lease Assets:

##### Where the Company is the lessee

For any new contracts entered into on or after 1 April 2019, 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'. The Company enters into leasing arrangements for various assets. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

##### *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 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 statement of profit and loss on a straight-line basis over the lease term.

#### 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.



**H&B Stores Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

**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.
- 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.

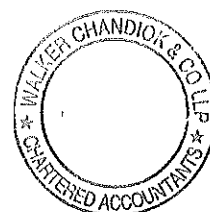
• **Post separation employee benefit plan**

**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.



## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### **o. 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.

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).

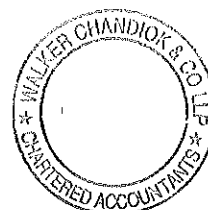
#### **p. Provisions, contingent liability and contingent assets:**

- 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 transactions and translations:**

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.



## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

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.

#### **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.



## **H&B Stores Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

- **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.

- **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 34. 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).





## H&B Stores Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

- **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.

- **Leases**

The Company enters into leasing arrangements for various premises. The assessment (including measurement) 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/terminate etc. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

*(This space has been intentionally left blank)*



**H & B Stores Limited**  
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

**2A Property, plant and equipment**

The changes in the carrying value of property, plant and equipment for the year ended 31 March 2021 and 31 March 2020 are as follows :

(₹ in Lakhs)

Description	Leased assets		Owned assets				Grand total
	Right of use - buildings *	Leasehold improvements	Total	Plant and equipment	Furniture and fixtures	Computers	Total
<b>Gross block</b>							
Balance as at 01 April 2019	-	601.35	601.35	14.02	802.40	283.92	1,100.34
Addition for the year	9,273.29	303.90	9,577.19	-	201.35	62.62	263.97
Transfer from capital work-in-progress	-	-	-	-	9.08	3.07	12.15
Disposals/adjustments for the year	569.53	92.87	662.40	-	64.81	6.69	71.50
<b>Balance as at 31 March 2020</b>	<b>8,703.76</b>	<b>812.38</b>	<b>9,516.14</b>	<b>14.02</b>	<b>948.02</b>	<b>342.92</b>	<b>10,821.10</b>
Addition for the year	1.40	111.53	112.93	-	51.66	2.48	54.14
Transfer from Capital work-in-progress	-	-	-	-	-	8.29	8.29
Disposals/adjustments for the year	796.32	181.46	977.78	-	124.60	25.20	149.81
<b>Balance as at 31 March 2021</b>	<b>7,908.84</b>	<b>742.45</b>	<b>8,651.29</b>	<b>14.02</b>	<b>875.08</b>	<b>328.49</b>	<b>9,868.87</b>
<b>Accumulated depreciation</b>							
Balance as at 01 April 2019	-	287.00	287.00	9.72	428.89	250.28	688.89
Addition for the year	1,460.95	88.42	1,549.37	0.93	84.08	19.05	1,653.43
Disposals/adjustments for the year	33.37	77.57	110.74	-	48.35	6.34	54.69
<b>Balance as at 31 March 2020</b>	<b>1,427.58</b>	<b>298.05</b>	<b>1,725.63</b>	<b>10.65</b>	<b>464.62</b>	<b>262.99</b>	<b>738.26</b>
Addition for the year	1,493.82	108.16	1,601.98	0.93	90.01	30.23	121.17
Disposals/adjustments for the year	236.06	107.27	343.33	-	84.67	23.83	108.51
<b>Balance as at 31 March 2021</b>	<b>2,683.34</b>	<b>298.94</b>	<b>2,984.28</b>	<b>11.58</b>	<b>469.96</b>	<b>269.39</b>	<b>3,735.20</b>
<b>Net block as at 01 April 2019</b>	<b>-</b>	<b>314.35</b>	<b>314.35</b>	<b>4.30</b>	<b>373.51</b>	<b>33.64</b>	<b>411.45</b>
<b>Net block as at 31 March 2020</b>	<b>7,276.18</b>	<b>514.33</b>	<b>7,790.51</b>	<b>3.37</b>	<b>483.40</b>	<b>79.93</b>	<b>8,357.21</b>
<b>Net block as at 31 March 2021</b>	<b>5,223.50</b>	<b>443.51</b>	<b>5,667.01</b>	<b>2.44</b>	<b>405.12</b>	<b>59.10</b>	<b>6,133.67</b>

\* Also refer note 31.

**Note:**

- Property, plant and equipment have been hypothecated with bank against cash credit facility, refer note 17.
- Contractual obligations:- Refer note 34 for disclosures of contractual commitments for the acquisition of property, plant and equipment.

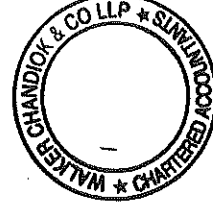
**2B Capital work-in-progress:**

The changes in the carrying value of capital work-in-progress for the year ended 31 March 2021 and 31 March 2020 are as follows :

Description	Amount
<b>Gross block</b>	
Balance as at 01 April 2019	25.44
Addition for the year	8.27
Transfer to property, plant and equipment	12.15
Transfer to intangible asset	13.11
Disposals for the year	-
<b>Balance as at 31 March 2020</b>	<b>8.45</b>
Addition for the year	-
Transfer to property, plant and equipment	8.29
Disposals for the year	-
<b>Balance as at 31 March 2021</b>	<b>0.16</b>

**Note:**

- Capital work-in-progress have been hypothecated with bank against cash credit facility, refer note 17.



H & B Stores Limited  
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

2C Other intangible assets:

The changes in the carrying value of other intangible asset for the year ended 31 March 2021 and 31 March 2020 are as follows :

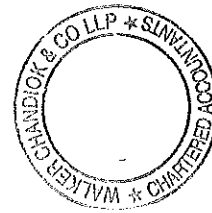
(₹ in Lakh)

Description	Computer software	Total
<b>Gross block</b>		
Balance as at 01 April 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
Addition for the year	13.72	13.72
Disposals for the year	-	-
Balance as at 31 March 2021	721.36	721.36
<b>Accumulated amortization</b>		
Balance as at 01 April 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
Addition for the year	12.16	12.16
Disposals for the year	-	-
Balance as at 31 March 2021	671.07	671.07
<b>Net block as at 01 April 2019</b>	-	-
<b>Net block as at 31 March 2020</b>	48.73	48.73
<b>Net block as at 31 March 2021</b>	50.29	50.29

Note:

a) Other intangible assets have been hypothecated with bank against cash credit facility, refer note 17.

(This space has been intentionally left blank)



**H & B Stores Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

	(₹ in Lakh)	
	31 March 2021	31 March 2020
<b>3 Non-current loans</b>		
<i>(Unsecured, considered good)</i>		
Security deposits	539.58	628.04
Deposits with government authorities	0.99	0.99
	<u>540.57</u>	<u>629.03</u>
<b>4 Others non-current financial assets</b>		
Bank deposit with more than 12 months maturity #*	2.23	3.96
	<u>2.23</u>	<u>3.96</u>
# Pledged as security with statutory authorities	2.23	3.96
* Includes interest accrued but not due	0.16	0.03
<b>5 Non-current tax assets (net)</b>		
Tax deducted at source (net)	30.03	23.09
	<u>30.03</u>	<u>23.09</u>
<b>6 Other non-current assets</b>		
<i>(Unsecured, considered good)</i>		
Capital advances	-	75.35
	<u>-</u>	<u>75.35</u>
<b>7 Inventories ^\$</b>		
<i>(Valued at lower of cost or net realisable value)</i>		
Stock-in-trade (acquired for trading)	3,267.28	4,162.57
Packing material and accessories	22.17	23.03
	<u>3,289.45</u>	<u>4,185.60</u>

^ Inventories have been hypothecated with banks against cash credit, refer note 17 for details.

\$ Write-downs of inventories to net realisable value on account of slow moving and obsolete items amounted to ₹ 11.22 lakh (31 March 2020 : ₹ 33.14 lakh).

*(This space has been intentionally left blank)*



**H & B Stores Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

		(₹ in Lakh)
	31 March 2021	31 March 2020
<b>8 Trade receivables ^</b>		
Unsecured, considered good*	470.96	346.79
	<u>470.96</u>	<u>346.79</u>
^Trade receivables have been hypothecated with banks against cash credit, refer note 17 for details.		
*Refer note 36 for related party details		
<b>9 Cash and cash equivalents</b>		
Balances with banks in current accounts	9.25	5.94
Cash on hand	39.28	26.76
	<u>48.53</u>	<u>32.70</u>
<b>10 Bank balances other than cash and cash equivalents</b>		
<b>Other bank balances</b>		
Term deposit with original maturity for more than 3 months but less than 12 months \$#	14.15	1.21
	<u>14.15</u>	<u>1.21</u>
\$ Includes interest accrued but not due		
# Pledged as security with statutory authorities		
	0.46	0.09
	14.15	1.21
<b>11 Current loans</b>		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Security deposits with others		
Considered good	72.08	59.41
Credit Impaired	17.72	17.72
	<u>89.80</u>	<u>77.13</u>
Less: Allowance for expected credit loss	(17.72)	(17.72)
	<u>72.08</u>	<u>59.41</u>
<b>12 Other current assets</b>		
<i>(Unsecured, considered good )</i>		
Advances to suppliers	137.25	32.60
Prepaid expenses	22.77	0.16
Advance to employees	16.11	21.41
Balance with statutory/government authorities	197.80	235.61
Other assets	14.10	2.39
	<u>388.03</u>	<u>292.17</u>

*(This space has been intentionally left blank)*



	31 March 2021	(₹ in Lakh) 31 March 2020
<b>13 Equity share capital</b>		
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 2021		31 March 2020	
	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 2021		31 March 2020	
	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.

	31 March 2021	(₹ in Lakh) 31 March 2020
<b>14 Other equity</b>		
Reserves and surplus	(2,632.02)	(874.58)
Retained earnings	(2,632.02)	(874.58)

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.

<b>15 Other financial liabilities</b>		
Unsecured	4,683.99	6,190.99
Long-term maturities of finance lease obligations	4,683.99	6,190.99

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

Description	31 March 2021		31 March 2020	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	1,557.33	1,049.24	1,908.79	1,228.65
More than one year but less than five years	5,262.40	4,050.91	5,690.03	4,087.21
More than five years	673.41	633.08	2,422.38	2,103.78
Total minimum lease payments	7,493.14	5,733.23	10,021.20	7,419.64
Less: Amounts representing finance charges	1,759.91	-	2,601.56	-
Present value of minimum lease payments	5,733.23	-	7,419.64	-
Classified as non-current	4,683.99	-	6,190.99	-
Classified as current	1,049.24	-	1,228.65	-

<b>16 Non- Current provisions</b>		
Provision for employee benefits	4.39	-
Provision for compensated absences	4.39	-

<b>17 Current borrowings **</b>		
Cash credits- secured from bank #	-	67.59
Cash credits- unsecured from bank ##	1,695.57	1,085.71
	1,695.57	1,153.30

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

17.1 Repayment terms and security disclosure for the outstanding current borrowing as at 31 March 2021 and 31 March 2020:

# Facility of ₹ Nil (31 March 2020 : ₹ 67.59 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 (including trade receivables and inventories) both present and future, owned by the Company (Refer note 2A, note 7 and note 8).

## Facility of ₹ 1,695.57 lakh (31 March 2020 : ₹ 1,085.71 lakh) from Bank of America is repayable on demand.

17.2 Rate of interest for Bank of America Facility: The Company's current borrowings facilities have an effective weighted-average contractual rate of 6.75 % per annum (31 March 2020 : 7.05% per annum) annum calculated using the interest rates effective of the borrowing as at reporting dates.



		31 March 2021	31 March 2020
			(₹ in Lakh)
18	Trade payables		
	Due to micro and small enterprises #	31.06	14.18
	Due to others	2,963.20	3,016.64
		<u>2,994.26</u>	<u>3,030.82</u>

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

Particulars	31 March 2021	31 March 2020
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	31.06	14.18
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.

		31 March 2021	31 March 2020
			(₹ in Lakh)
19	Other current financial liabilities		
	Security deposits	37.50	96.00
	Creditors for capital goods	13.35	8.05
	Employee dues payable	131.55	131.06
	Current maturity of finance lease obligation	1,049.24	1,228.65
		<u>1,231.64</u>	<u>1,463.76</u>
20	Other current liabilities		
	Advances from customers	-	0.70
	Statutory dues payable	22.86	39.94
		<u>22.86</u>	<u>40.64</u>
21	Current provisions		
	Provision for employee benefits		
	Provision for compensated absences	1.46	7.67
	Provision for gratuity (refer note 38)	-	13.10
	Others		
	Provision for contingencies (refer note 21.1)	73.07	73.07
		<u>74.53</u>	<u>93.84</u>
21.1	Disclosure relating to provisions recorded in the these financial statements pursuant to the Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets		
	Opening balance	73.07	73.07
	Additions/(reversals)	-	-
	Closing balance	<u>73.07</u>	<u>73.07</u>



**H & B Stores Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

	(₹ in Lakh)	
	31 March 2021	31 March 2020
<b>22 Revenue from operations</b>		
<b>Operating revenue</b>		
Sale of products	5,610.26	11,949.49
	<u>5,610.26</u>	<u>11,949.49</u>
<b>Other operating revenues</b>		
Income from store displays and sponsorship	120.27	492.62
	<u>120.27</u>	<u>492.62</u>
	<u>5,730.53</u>	<u>12,442.11</u>
<b>23 Other income</b>		
Bank interest income	0.45	0.28
Interest income on other financial assets carried, at amortised cost	49.52	54.97
Rent concession on lease rentals	825.78	-
Gain on right of use assets	40.17	15.69
Miscellaneous	-	7.87
	<u>915.92</u>	<u>78.81</u>
<b>24 Purchase of stock-in-trade</b>		
Purchase of stock in trade	<u>3,221.17</u>	<u>8,554.29</u>
<b>25 Changes in inventories of stock-in-trade</b>		
<b>Opening inventories</b>		
Stock-in-trade (acquired for trading)	4,162.57	3,864.61
<b>Closing inventories</b>		
Stock-in-trade (acquired for trading)	3,267.28	4,162.57
	<u>895.29</u>	<u>(297.96)</u>
<b>26 Employee benefits expenses</b>		
Salary and wages	662.82	1,018.63
Contribution to provident and other funds (refer note 38)	42.30	60.69
Gratuity (refer note 38)	16.41	21.71
Staff welfare expenses	16.01	64.64
Share based payment expenses	(13.97)	30.69
	<u>723.57</u>	<u>1,196.36</u>
<b>27 Finance cost</b>		
Interest on loan from banks	101.78	77.44
Bank charges and other borrowing cost	53.60	84.12
Interest on lease liability	625.28	676.29
	<u>780.66</u>	<u>837.85</u>
<b>28 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment - owned assets (refer note 2A)	121.17	104.06
Depreciation on property, plant and equipment - leased assets (refer note 2A)	1,601.98	1,549.37
Amortisation of intangible assets (refer note 2C)	12.16	3.01
	<u>1,735.31</u>	<u>1,656.44</u>





H & B Stores Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

	31 March 2021	(₹ in Lakh) 31 March 2020
<b>29 Other expenses</b>		
Advertisement and publicity	53.77	152.12
Power and fuel	119.55	157.31
Consumption of stores, spares and consumables	17.52	44.49
Repair and maintenance		
Machinery	0.59	2.04
Others	99.76	138.70
Rates and taxes	15.79	8.53
Rent (refer note 31)	46.28	132.15
Insurance	23.70	16.64
Freight and forwarding	37.43	75.38
Commission	16.85	5.71
Travel and conveyance	16.23	43.22
Contractor service - manpower	378.23	573.25
Legal and professional	38.38	46.35
Security	9.20	10.47
Director's sitting fees	2.50	4.20
Payment to auditors (refer note 35)	1.86	2.05
Property, plant and equipment written off	115.50	32.31
Communication	21.28	25.74
Miscellaneous	49.85	131.03
	<b>1,064.27</b>	<b>1,601.69</b>

(This space has been intentionally left blank)



	31 March 2021	(₹ in Lakh) 31 March 2020
30 Taxation		
The key components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are:		
A Statement of Profit and Loss:		
(i) Profit and Loss section		
Current tax	-	-
Income tax expense reported in the Statement of Profit and Loss	-	-
(ii) Other Comprehensive Income (OCI) section		
Re-measurement gains on defined benefit plans	-	-
Income tax charged to OCI	-	-
B Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:		
Accounting profit before tax	(1,773.82)	(1,027.75)
Statutory income tax rate	27.82%	27.82%
Tax expense at statutory income tax rate	493.48	285.92
Deferred tax not recognised due to absence of certainty of realisability	(493.48)	(285.92)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	-	-

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

(₹ in Lakh)

	31 March 2021			31 March 2020		
Tax losses	Base amount	Deferred tax	Expiry date (assessment year)	Base amount	Deferred tax	Expiry date (assessment year)
Assessment Year 2012-13	-	-	31 March 2021	844.62	234.97	31 March 2021
Assessment Year 2013-14	543.22	151.12	31 March 2022	543.22	151.12	31 March 2022
Assessment Year 2014-15	204.94	57.01	31 March 2023	204.94	57.01	31 March 2023
Assessment Year 2020-21	385.45	107.23	31 March 2029	384.93	107.09	31 March 2029
Assessment Year 2021-22	952.85	265.08	31 March 2030	-	-	31 March 2030
Total	2,086.46	580.44		1,977.71	550.19	

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

(₹ in Lakh)

	As as 31 March 2021			As as 31 March 2020		
Particulars	Base Amount	Deferred Tax	Expiry Date (Assessment Year)	Base Amount	Deferred Tax	Expiry Date (Assessment Year)
Assessment Year 2007-08	248.42	69.11	Not applicable	248.42	69.11	Not applicable
Assessment Year 2008-09	454.18	126.35	Not applicable	454.18	126.35	Not applicable
Assessment Year 2009-10	206.62	57.48	Not applicable	206.62	57.48	Not applicable
Assessment Year 2010-11	139.84	38.90	Not applicable	139.84	38.90	Not applicable
Assessment Year 2011-12	130.92	36.42	Not applicable	130.92	36.42	Not applicable
Assessment Year 2012-13	115.55	32.15	Not applicable	115.55	32.15	Not applicable
Assessment Year 2013-14	54.28	15.10	Not applicable	54.28	15.10	Not applicable
Assessment Year 2014-15	97.83	27.22	Not applicable	97.83	27.22	Not applicable
Assessment Year 2016-17	48.61	13.52	Not applicable	48.61	13.52	Not applicable
Assessment Year 2020-21	200.22	55.70	Not applicable	171.57	47.73	Not applicable
Assessment Year 2021-22	193.29	53.77	Not applicable	-	-	Not applicable
Total	1,889.76	525.72		1,667.82	463.98	

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 2021	Expiry date	31 March 2020	Expiry date
Assessment Year 2018-19	45.59	31 March 2034	45.59	31 March 2034
Assessment Year 2019-20	65.39	31 March 2035	65.39	31 March 2035
	110.98		110.98	



**31 Information on lease transactions pursuant to Ind AS 116 - Leases****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 2021	31 March 2020
Short-term leases	45.19	105.06
Leases of low value assets	-	-
Variable lease payments	1.09	27.09
	<u>46.28</u>	<u>132.15</u>

**ii) Total cash outflow for leases for the year ended 31 March 2021 was ₹ 1,595.39 lakh (31 March 2020 : ₹ 1,725.69 lakh)****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	1,557.33	508.09	1,049.24
Later than 1 year not later than 5 years	5,262.40	1,211.49	4,050.91
Later than 5 years	673.41	40.33	633.08
	<u>7,493.14</u>	<u>1,759.91</u>	<u>5,733.23</u>

**iv) Information about extension and termination options**

	Stores and related facilities
Right of use assets	
Number of leases	73
Range of remaining term (in years)	1 - 10
Average remaining lease term (in years)	4.49
Number of leases with extension option	-
Number of leases with termination option	73



(This space has been intentionally left blank)

**H & B Stores Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

	31 March 2021	(₹ in Lakh) 31 March 2020
<b>32 Other comprehensive income (OCI)</b>		
Items that will not be reclassified to profit or loss		
Re-measurements gains/ (loss) on defined benefit plans	16.38	(6.03)
	<u>16.38</u>	<u>(6.03)</u>
<b>33 Earning per share</b>		
Net profit attributable to equity shareholders		
Loss for the year	(1,773.82)	(1,027.75)
Weighted average number of equity shares for calculating basic earning per share (nos.) (refer note 13)	296,493,165	296,493,165
Weighted average number of equity shares for calculating diluted earning per share (nos.) (refer note 13)	296,493,165	296,493,165
Nominal value per equity share (₹)	1.00	1.00
Basic earning per share (₹)	(0.60)	(0.35)
Diluted earning per share (₹)	(0.60)	(0.35)
<b>34 Contingent liabilities and commitments</b>		
Contingent liabilities		
Claims against the company not acknowledged as debt#		
Sales tax matters *	10.27	10.27
Income tax matters *	2.47	0.21
Others (net of provision) (refer note 21.1) *	114.96	114.96
	<u>127.70</u>	<u>125.44</u>
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances of ₹ Nil (31 March 2020 : ₹ 75.35 lakh)	-	81.13
<p># Pursuant to recent 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>		
<b>35 Payment to auditors \$</b>		
Statutory audit fees	1.75	1.75
For reimbursement of expenses	0.11	0.30
	<u>1.86</u>	<u>2.05</u>
\$ excluding goods and service tax, as applicable		

(This space has been intentionally left blank)



## 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	Dermovia 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 Private Limited	Bangladesh	Fellow Subsidiary
9	Asian Consumer Care Pakistan Private Limited	Pakistan	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 (PTY) Limited	South Africa	Fellow Subsidiary
24	Atlanta Body and Health Products Proprietary Limited	South Africa	Fellow Subsidiary
25	Excel Investments FZC	Sharjah, United Arab Emirates	Fellow Subsidiary
26	Herbodydynamic India Limited (w.e.f 24 February 2021)	India	Fellow Subsidiary

\* The liquidation of Dabur Tunisie, is under process and is likely to be completed by 31 December 2021. The liquidation was earlier expected to be completed by 31 December 2020, but due to certain legal and regulatory compliances under the laws of Tunisia, the completion date was extended.

## ii) Key managerial personnel (KMPs)

: Mr. Vijay Shanker, Chief Executive Officer (till 14 August 2020)  
 Mr. Sukhpal Singh Sethi, Chief Financial Officer  
 Mr. Alok Sethi, Company Secretary  
 Mr. Manish Vikram Asthana, Manager (w.e.f 01 February 2021)  
 Dr. Anand Chand Burman, Non-Executive Director & Chairman  
 Mr. Amit Burman, Non-Executive Director  
 Mr. Mohit Burman, Non-Executive Director  
 Mr. Mohit Malhotra, Non-Executive Director  
 Mr. Pritam Das Narang, Non-Executive Director  
 Mr. P.N. Vijay, Independent Director  
 Mr. Sanjay Kumar Bhattacharyya, Independent Director (till 31 October 2020)  
 Mr. Adarsh Sharma, Non-Executive 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



## 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:

	Key management personnel / directors		Holding / fellow subsidiaries	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
(₹ in Lakh)				
<b>Transactions during the year</b>				
i) Employee benefits	91.17	157.41	-	-
ii) Reimbursement/(reversal) of expenses	5.67	1.85	(13.97)	30.69
iii) Shares issued pursuant to exercise of ESOP	2.09	4.10	-	-
iv) Director sitting fees	2.50	4.20	-	-
v) Purchase of goods/services	-	-	59.71	13.65
vi) Sale of goods	-	-	93.56	15.04
<b>Outstanding balances</b>				
i) Reimbursement of expenses	-	-	40.21	54.18
ii) Purchase of goods/services	-	-	23.57	2.57
iii) Sale of goods	-	-	15.08	-
<b>Above includes the following material transactions:</b>				
i) Employee benefits				
Mr. Vijay Shanker, Chief Executive Officer (till 14 August 2020)	53.43	121.69	-	-
Mr. Sukhpal Singh Sethi	28.74	35.72	-	-
Mr. Manish Vikram Asthana, Manager (w.e.f 01 February 2021)	9.00	-	-	-
ii) Reimbursement of expenses on behalf of company				
Mr. Vijay Shanker, Chief Executive Officer (till 14 August 2020)	3.29	1.49	-	-
Mr. Sukhpal Singh Sethi	0.36	0.36	-	-
Mr. Manish Vikram Asthana, Manager (w.e.f 01 February 2021)	2.02	-	-	-
iii) Shares issued pursuant to exercise of ESOP				
Mr. Vijay Shanker, Chief Executive Officer (till 14 August 2020)	-	4.10	-	-
Mr. Manish Vikram Asthana, Manager (w.e.f 01 February 2021)	2.09	-	-	-
iv) Director sitting fees				
Mr. Pattamadai Natraja Sarma Vijay	1.40	2.10	-	-
Mr. Sanjay Kumar Bhattacharyya, Independent Director (till 31 October 2020)	1.10	2.10	-	-
v) Purchase of goods/services				
Dabur India Limited	-	-	59.23	7.53
Jetways Travels Private Limited	-	-	0.48	6.11
vi) Sale of goods				
Dabur India Limited	-	-	93.56	15.04
vii) Reimbursement of expenses				
Dabur India Limited	-	-	(13.97)	30.69
<b>Outstanding material related party balances:</b>				
i) Purchase of goods/services				
Dabur India Limited	-	-	23.57	1.67
Jetways Travels Private Limited	-	-	-	0.90
ii) Sale of goods				
Dabur India Limited	-	-	15.08	-
iii) Reimbursement of expenses				
Dabur India Limited	-	-	40.21	54.18



## 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 2019	-	624.16	-	624.16
Recognition of lease liability (including current)	9,761.68	-	-	9,761.68
Proceeds from current borrowings (net)	-	529.14	-	529.14
Repayment of non-current borrowing (including current maturities)	(2,342.04)	-	-	(2,342.04)
Net debt as at 31 March 2020	<u>7,419.64</u>	<u>1,153.30</u>	<u>-</u>	<u>8,572.94</u>
Net debt as at 01 April 2020	7,419.64	1,153.30	-	8,572.94
Reversal of lease liability (including current)	(137.31)	-	-	(137.31)
Repayment of non-current borrowing (including current maturities)	(1,549.10)	-	-	(1,549.10)
Proceeds from current borrowings (net)	-	542.27	-	542.27
Net debt as at 31 March 2021	<u>5,733.23</u>	<u>1,695.57</u>	<u>-</u>	<u>7,428.80</u>

\* including current maturities of long term borrowings

(This space has been intentionally left blank)



## 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 2021	31 March 2020
Provident Fund	38.68	54.16
Employee's State Insurance	3.62	6.53

## (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 employee's.

## Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such, the Company is exposed to various risks as follows:

- (a) Salary increases - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- (b) Investment risk - If plan is funded then assets/liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- (c) Discount rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.
- (d) Mortality and disability - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- (e) Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

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

(₹ in Lakh)		
	Gratuity	
	31 March 2021	31 March 2020
	Funded	Funded
<b>I Change in present value of defined benefit obligation during the year</b>		
Present value of obligation as at the beginning of the year	101.25	76.80
Interest cost	7.04	5.99
Service cost	15.50	20.51
Benefits paid	(23.11)	(7.64)
Total actuarial (gain)/loss on obligation	(16.24)	5.58
Present value of obligation as at the end of the year	84.44	101.25
<b>II Change in fair value of plan assets during the year</b>		
Fair value of plan assets at the beginning of the year	88.15	61.44
Expected interest income	6.13	4.79
Employer contribution	15.00	30.00
Benefits paid	(23.11)	(7.64)
Actuarial gain/(loss) for the year on asset	0.14	(0.45)
Fair value of plan assets at the end of the year	86.31	88.15
<b>III Net asset/(liability) recognised in the Balance Sheet</b>		
Present value of obligation at the end	(84.44)	(101.25)
Fair value of plan assets	86.31	88.15
Net asset / (provision) in Balance Sheet	1.87	(13.10)
<b>IV Expense recognised in the statement of profit or loss during the year</b>		
Service cost	15.50	20.51
Net interest cost	0.91	1.20
Total expense recognised in the employee benefits expense	16.41	21.71
<b>V Recognised in other comprehensive income for the year</b>		
Net cumulative unrecognised actuarial loss opening	-	-
Actuarial gain/(loss) for the year on projected benefit obligation (PBO)	16.24	(5.58)
Actuarial gain/(loss) for the year on asset	0.14	(0.45)
Unrecognised actuarial gain/(loss) at the end of the year	16.38	(6.03)
<b>VI Maturity profile of defined benefit obligation</b>		
Within the next 12 months (next annual reporting period)	1.04	1.36
Between 1 to 5 years	6.20	20.22
More than 5 years	77.21	79.67





(₹ in Lakh)	
Gratuity	
31 March 2021	31 March 2020
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	84.44	101.25
Impact due to increase of 0.50%	(5.87)	(6.60)
Impact due to decrease of 0.50%	6.46	7.26
b) Impact of change in salary increase		
Present value of obligation at the end of the period	84.44	101.25
Impact due to increase of 0.50%	6.36	7.15
Impact due to decrease of 0.50%	(5.84)	(6.57)

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%
--------------------------	------	------

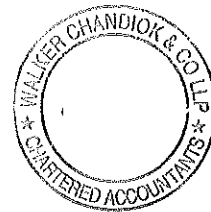
## IX Actuarial assumptions

i) Discount rate	6.94 % PA	6.95 % 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 IALMI (2012-14)	
v) Age	Withdrawal rate (%)	Withdrawal rate (%)
Upto 30 years	10	10
From 31 to 44 years	2	2
Above 44 years	1	1
vi) Expected best estimate of expense for the next annual reporting period		
Service cost	17.71	25.75
Net interest cost	(0.13)	0.91
Net periodic benefit cost	17.58	26.66

## 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.

(This space has been intentionally left blank)



**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

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.

	31 March 2021	31 March 2020
	(₹ in Lakh)	
Current borrowings (refer note 17)	1,695.57	1,153.30
Trade payables (refer note 18)	2,994.26	3,030.82
Other financial liabilities (refer note 19)	1,231.64	1,463.76
Less: Cash and cash equivalents (refer note 9)	(48.53)	(32.70)
<b>Net debt</b>	<b>5,872.94</b>	<b>5,615.18</b>
Equity share capital (refer note 13)	2,964.93	2,964.93
Other equity (refer note 14)	(2,632.02)	(874.58)
<b>Total capital</b>	<b>332.91</b>	<b>2,090.35</b>
<b>Capital and net debt</b>	<b>6,205.85</b>	<b>7,705.53</b>
<b>Gearing ratio</b>	<b>94.64%</b>	<b>72.87%</b>

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 2021 and 31 March 2020.

**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.

(this space has been intentionally left blank)



## 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	Credit Risk	31 March 2021	31 March 2020
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)			
Others non-current financial assets	Low	2.23	3.96
Non-current loans	Low	540.57	629.03
Cash and cash equivalents	Low	48.53	32.70
Bank balances other than cash and cash equivalents above	Low	14.15	1.21
Current loans	Medium	72.08	59.41
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (LECL)			
Trade receivables	Low	470.96	346.79

Credit risk for loans is evaluated based on the Company's knowledge of the credit worthiness of those parties and loss allowance is measured. The outstanding allowance of expected credit losses amounts to ₹ 17.72 lakhs (31 March 2020: ₹ 17.72 lakhs)

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 2021	Less than 1 year/ on demand	1 to 5 years	More than 5 years	Total
Finance lease obligations	1,557.33	5,262.40	673.41	7,493.14
Security deposits	37.50	-	-	37.50
Current borrowings	1,695.57	-	-	1,695.57
Trade payables	2,994.26	-	-	2,994.26
Other financial liabilities	144.90	-	-	144.90

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

(This space has been intentionally left blank)



## 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 2021 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	540.57			
ii) Other financial assets	2.23			
	542.80			
Current				
i) Loans				
Security deposits	72.08			
ii) Trade receivables	470.96			
iii) Cash and cash equivalents	48.53			
iv) Bank balances other than (iii) above	14.15			
	605.72			
	1,148.52			
Financial liabilities at amortised cost				
	(₹ in Lakh)			
Non-current	Carrying value			
i) Borrowings	4,683.99			
	4,683.99			
Current				
i) Borrowings	1,695.57			
ii) Trade payables	2,994.26			
iii) Other financial liabilities	1,231.64			
	5,921.47			



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

## 41 Category wise classification of financial instruments (Contd.)

B 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)			
	Carrying value			
Non-current				
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)			
	Carrying value			
Non-current				
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.

(This space has been intentionally left blank)



**H & B Stores Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021****Revenue related disclosures****42 Disaggregation of revenue**

- A** 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 2021	31 March 2020
<b>Revenue from contracts with customers</b>		
i) Sale of products	5,610.26	11,949.49
ii) Other operating income (Income from store display charges)	120.27	492.62
<b>Total revenue covered under Ind AS 115</b>	<b>5,730.53</b>	<b>12,442.11</b>

**Contract balances**

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

(₹ in Lakh)

Particulars	31 March 2021	31 March 2020
<b>Contract liabilities</b>		
Advances from consumers	-	0.70
<b>Total contract liabilities</b>	<b>-</b>	<b>0.70</b>
<b>Receivables</b>		
Trade receivables	470.96	346.79
<b>Total receivables</b>	<b>470.96</b>	<b>346.79</b>

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 2021	31 March 2020
<b>Opening balance</b>	<b>0.70</b>	<b>0.70</b>
Addition during the year	-	0.70
Revenue recognised during the year	0.70	0.70
<b>Closing balance</b>	<b>-</b>	<b>0.70</b>

*(This space has been intentionally left blank)*



**H & B Stores Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

- 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. Subsequent to year-end, many State Governments have announced lockdown like restrictions due to further spread of Covid-19. 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 Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



**Manish Agrawal**

Partner

Membership No.: 507000



**Mohit Malhotra**

Director

DIN: 08340826

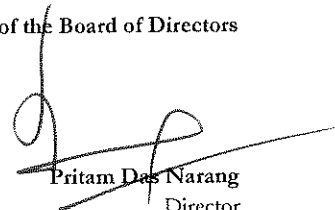


**Alok Sethi**

Company Secretary

(Membership No. - A 15503)

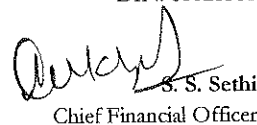
For and on behalf of the Board of Directors



**Pritam Das Narang**

Director

DIN: 00021581



**S. S. Sethi**

Chief Financial Officer

Place: Ghaziabad

Date: 05 May 2021

Place: New Delhi

Date: 05 May 2021