



Hindustan Foods Limited

A Vanity Case Group Company

Registered Office: Office No.3, Level-2, Centrium, Phoenix Market City,
15, Lal Bahadur Shastri Road, Kurla (West), Mumbai, Maharashtra, India. 400 070.
Email: business@thevanitycase.com Website: www.hindustanfoodslimited.com
Tel. No. +91-22-61801700 / 01 CIN: L15139MH1984PLC316003

Company Scrip Code: 519126

Date : 28th August, 2019

To,
The General Manager
Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers, Dalal Street,
Mumbai-400 001.
Tel : (022) 2272 1233 / 34

Through Listing Centre

Dear Sir / Madam,

Sub.: Notice of the 34th Annual General Meeting and Annual Report for the FY 2018-2019

Pursuant to Regulation 34 (1) and 30 (2) read with Part A of Schedule III and all other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations, 2015"), we hereby inform you that, the 34th Annual General Meeting (AGM) of the Company for the Financial Year 2018-19 has been scheduled to be held on Thursday, 26th September, 2019 at 11.30 a.m. at Hrezzo, Neelkanth Corporate Park 1, Nathani Road, Vidyavihar Society, Vidyavihar, Mumbai 400 086, interalia to transact the business stated in the Notice dated 9th August, 2019.

Please find enclosed herewith, a copy of the Annual Report for the F.Y. 2018-2019 including the Notice of the 34th Annual General Meeting of the Members of the Company scheduled aforesaid, which is being sent through email/ dispatched through the permitted, to the Members of the Company.

The said 34th Annual Report of the Company for the FY 2018-19 is also available on the website viz. www.hindustanfoodslimited.com.

We request you to take the above on record.

Thanking you,

Yours faithfully

for **HINDUSTAN FOODS LIMITED**


Bankim Purohit
Company Secretary



Encl.: As above





THE BRAWN BEHIND YOUR BRANDS



HINDUSTAN FOODS LIMITED
34th ANNUAL REPORT
2018-19

CORPORATE INFORMATION

Mr. Shrinivas V. Dempo

Chairman [Non-Executive]

Mr. Sameer R. Kothari

Managing Director

Mr. Ganesh T. Argekar

Executive Director

Mr. Nikhil K. Vora

Non-Executive Director

Mr. Shashi K. Kalathil

Independent Director

Ms. Honey Vazirani

Independent Director

Mr. Sarvjit Singh Bedi

Additional Director [Non-Executive,
Non-Independent]

Mr. Neeraj Chandra

Additional Director [Independent]

Adv. Sudin M. Usgaonkar

Independent Director

Mr Sandeep Mehta

Additional Director [Independent]

Company Secretary

Mr. Bankim Purohit

Chief Financial Officer

Mr. Kedar Swain

CIN No.

L15139MH1984PLC316003

Registered Office

Office No. 3, Level 2, Centrium,
Phoenix Market City,
15 Lal Bahadur Shastri Road,
Kurla (W), Mumbai 400070,
India

Works

Usgaon,
Ponda,
Goa 403 406

RS No. 254/1B,
Gorimedu-Poothurai Road,
Poothurai Rev Village, Vanur Taluk,
District Villupuram,
Tamil Nadu 605 111

SF No. 195/2A, Appanaickenpatti,
Sulthanpet Road, Sulur,
Coimbatore 641 402
Tamil Nadu

Industrial Gala Nos. 7 to 13,
Survey No. 34 & 35,
Rajprabha Landmark Industrial Estate Road,
Gokhivare, Vasai East,
Palghar, Mumbai 401 208

IGC, SIDCO Phase II,
Samba 184 121,
Jammu & Kashmir

Statutory Auditors

MSKA & Associates

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai 400 083

Bankers

Yes Bank Ltd.
Bank of Maharashtra

Website

www.hindustanfoodslimited.com

Investor Grievance Email Address:

investorrelations@thevanitycase.com



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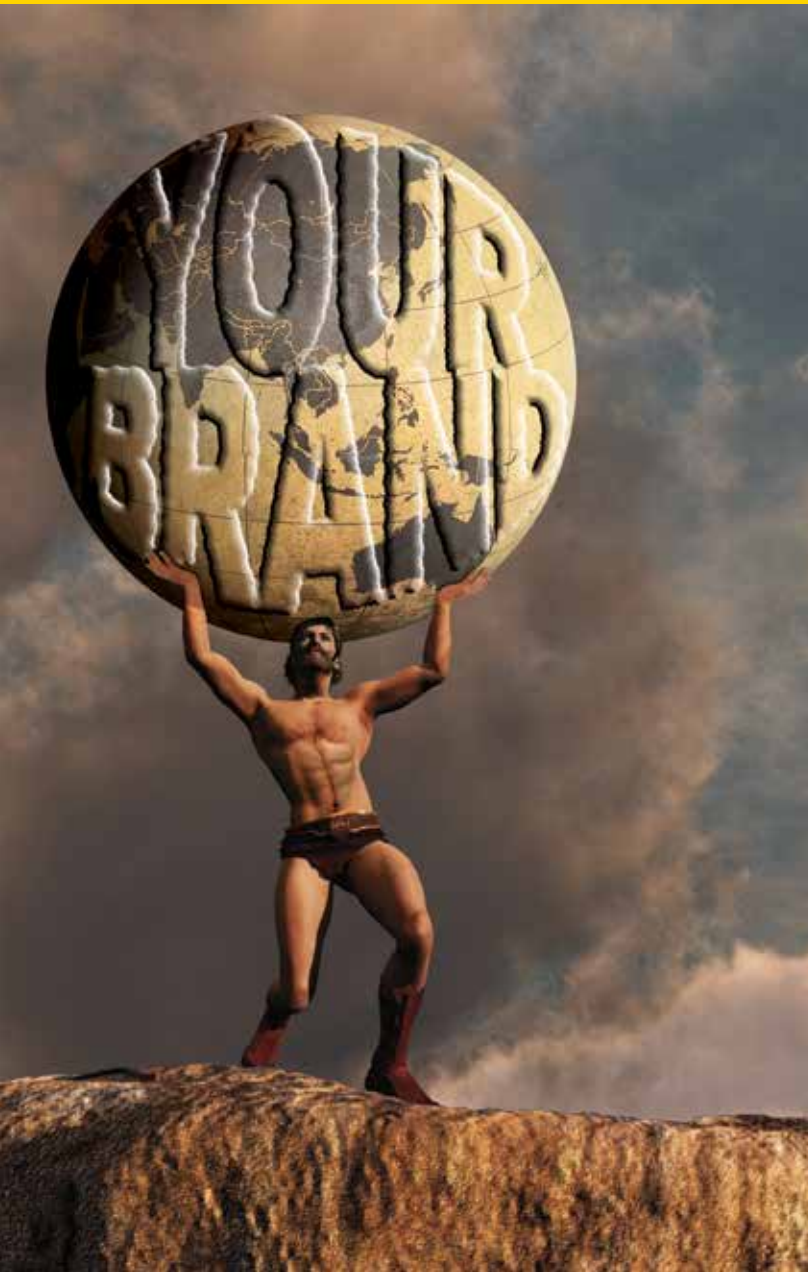
STATUTORY SECTION

78-127

FINANCIAL STATEMENTS

WHO WE ARE

THE BRAWN BEHIND YOUR BRAND



Hindustan Foods Limited (HFL) is one of the most diversified and trusted players in the FMCG manufacturing space. With over two decades of development and manufacturing expertise for working with leading brands in the FMCG space. With its state-of-the-art manufacturing facilities, a proven business model and the ability to deliver quality products consistently, HFL allows its partners to focus on category management and branding by leaving their entire manufacturing burden - be it production or packaging - to **"The Brawn Behind Your Brands"**.

The business model is focused on creating customized manufacturing solutions suitable for any FMCG brand across product categories, geographies and volumes. The company specializes in setting up manufacturing solutions ranging from large facilities catering to the annual requirements of customers to smaller facilities that can handle production and packaging promotional requirements of the brands. The company also has a Private Label division that offers customized product solutions to brands looking for cost-effective products. The client is assured of complete protection of their Intellectual Property while leveraging the company's outsourced manufacturing facilities.

The company is diversified across various product categories with manufacturing competencies in Food & Beverages, Home & Personal Care, Fast Moving Consumer Goods, Leather products. Currently, the company has manufacturing facilities in Goa, Puducherry, Coimbatore, Jammu and Hyderabad.

The company plans to grow through organic and inorganic strategies. With a very strong track record of established customers the company can achieve its milestones within a visible time frame.

VISION

To become India's largest FMCG contract manufacturer, diversified across product categories and geographies.

MISSION

To provide world class solutions for the FMCG industry in the areas of product innovation, manufacturing and distribution.

VALUES

INTEGRITY

We believe in transparency at the work-place, in our processes and dealings because action indeed is the sole medium of expression for ethics.

INNOVATION

To innovate is to lead for a better life and we always seek to challenge the obsolete and even the current.

INITIATIVE

We are always ready to tread that extra mile to give our customers and associates delight in new avenues.

YEAR THAT WAS

In terms of financial performance, the company posted its best set of numbers both in terms of turnover as well as profitability.

This was a robust year for the company and it has expanded not only in terms of facilities but also the product categories, giving it a never-before competitive advantage in the industry. The company has also managed to add new clients like Hindustan Unilever, Flipkart, Myntra, Marico and Lollipop in the portfolio helping them grow.

The existing businesses at the factories in Goa, Puducherry and Jammu continued to perform consistently. To further strengthen its foothold in the leather business, the company acquired a shoe factory in Mumbai involved in manufacturing of leather shoes and sandals, which commenced commercial production from July 2018. Hindustan Foods was felicitated by the Council of Leather Exports for achieving second place in the Western Region for the export of Footwear Components.

The company commercialized operations at the Coimbatore facility, a Greenfield expansion for packing of tea, coffee and other beverages for one of their key customers. The Vanity Case Group's (of which your company is a part) plan for consolidation was also kicked off with the process of acquisition through the demerger of the Hyderabad facility of Avalon Cosmetics Private Limited (a group company) and

shareholders' approval was sought for the same, which was in line with the directions of the honourable National Company Law Tribunal.

To end the year on an even more determined note, the company began the process to acquire 40% equity shares of ATC Beverages Private Limited in Mysore which is engaged in the business of contract manufacturing of beverages for PepsiCo and O'cean Beverages presently. This further reinforced the company's focus on identifying and seizing lucrative opportunities.

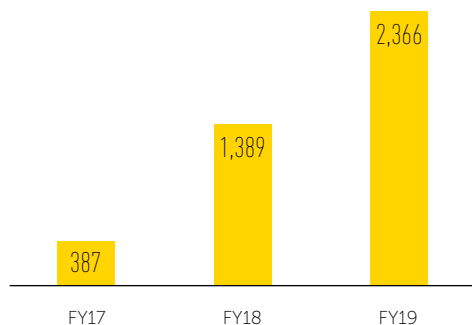
To finance its future growth, the company raised around ~INR 15 Cr by issuing shares to the promoter group. Considering the new projects in the pipeline and the scope for expansion in ongoing projects, the Board discussed the possibility of raising up to INR 100 Cr by way of issue of equity shares/ warrants/ cumulative convertible preference shares or any other securities.

In terms of financial performance, the company posted its best set of numbers both in terms of turnover as well as profitability and is confident that it should be able to break this record again in FY20.

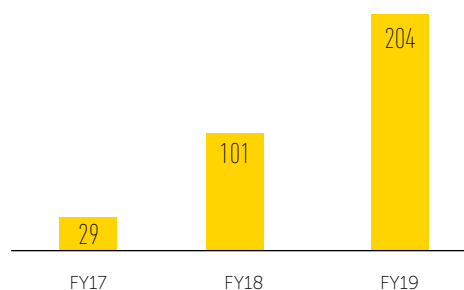


FINANCIAL SNAPSHOT

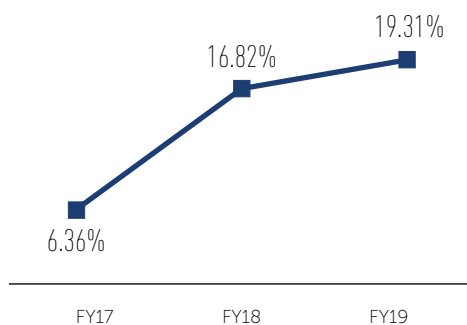
Revenue from Operations (INR Mn)



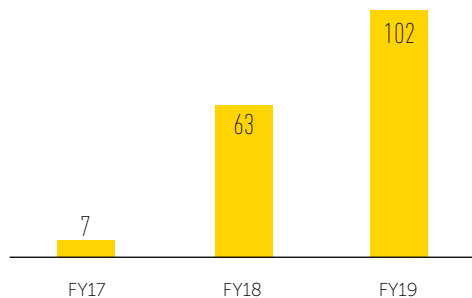
EBITDA (INR Mn)



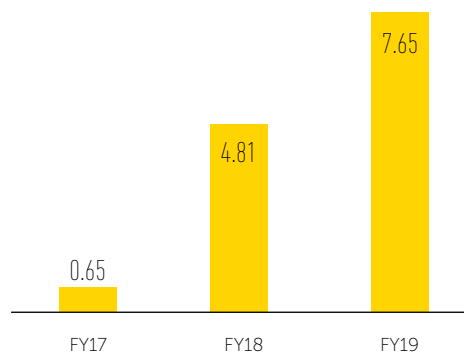
ROCE (%)



PAT (INR Mn)



Earnings Per Share (INR)



OUR JOURNEY



A company can seize extra-ordinary opportunities only if it is very good at the ordinary operations.

- Marcel Telles

1984



Incorporated as a JV between Glaxo India Ltd. and the Dempo Group

Set up the facility at Goa for manufacturing 'Farex'



2013



Strategic partnership with the Vanity Case Group.

2014



Entered into a supply and manufacturing agreement with Danone and PepsiCo to manufacture food products from their Goa facility

Raised capital through promoter and non-promoters of the Company including Sixth Sense Ventures



2016

2019

The Board sanctioned the project of setting up liquid detergent unit at Hyderabad with a budget of INR 150 Cr



Began the process of acquiring 40% stake in ATC Beverages Pvt. Ltd. which is engaged in the business of manufacturing and distribution of beverages like soft drinks, juices and energy drinks

Acquired a shoe manufacturing unit based in Mumbai



Commenced production at the Coimbatore plant for blending and packaging tea, coffee and soups

Began the process of merging the Hyderabad unit (which manufactures detergents) into HFL



2018

Acquired Ponds Exports Ltd., the shoe manufacturing unit from Hindustan Unilever Ltd. and started manufacturing for legacy clients like TBS, Gabor, Richter to name a few



2017



Manufacture & supply agreement with Reckitt Benckiser Pvt. Ltd. for their brand Mortein for 7 years

HOW WE DO IT

01. OEM

Under this model the projects are generally large in nature and require huge capital expenditure. The company either does a Greenfield expansion of the manufacturing facility for the principal or acquires the facility from the principal. The company ensures that there are long-term contracts in place before acquiring or setting up such manufacturing units. This model can be categorized as: Entire Dedicated Model & Anchor Tenant Model.

ENTIRE DEDICATED MODEL

1 UNIT = 1 CLIENT + 1 PRODUCT

In this model, the entire manufacturing facility is exclusively utilized for the principal company.

The location, layout, design, machinery, capacity and all other parameters of the unit are finalized and executed in complete concurrence with the principal in this case. The investment, project execution and management of the facility is done by the company. The principal guarantees the business for a minimum number of years and returns on investments (ROI). Jammu, Coimbatore and Hyderabad plants are dedicated manufacturing units.

ANCHOR TENANT MODEL

1 UNIT = 1 ANCHOR CLIENT + FEW SMALL CLIENTS + FEW PRODUCTS

In this model, the manufacturing facility is not dedicated entirely to a single principal company, but the capacity is shared by various companies for a longer period of agreement.

The anchor tenant enjoys all the privileges of a principal, however there will be a few minor partners sharing the facility. This helps to spread the overheads and bring down the costs. The Goa unit of the company manufactures various extruded food products for various companies.

02. CONTRACT MANUFACTURING

1 UNIT = MANY CLIENTS + MULTIPLE PRODUCTS

Contract Manufacturing is a process of outsourcing a part or the whole manufacturing process of a product to a third party.

For the company under this model, the manufacturing units are utilized for various client companies in order to manufacture part of their requirements. These contracts are typically for seasonal clients, product testing and smaller companies without

manufacturing capabilities. The contracts are not long-term and are flexible in nature, in terms of volume, product categories and size. Competitive products are made in the same facility.



03. PRIVATE LABELS

YOUR CONCEPT + OUR EXPERTISE



Private label is the process of taking a manufacturer's formulation and designing and adding the brand's name and logo to it.



This model offers several customizable options and requirement levels at competitive prices and is based on extensive research and testing methods. HFL is responsible right from the procurement of raw materials, development to the packaging of the products. Under this model, HFL owns the product formula made for these private labels and the focus is to ensure that customers are provided with complete turnkey private labeling solutions. The company has expertise in developing foods, beverages, leather products and pest control products for private labels by utilizing its skilled team of designers in conceptualizing the product's unique corporate identity.





GEOGRAPHICAL FOOTPRINT



MUMBAI

Company Headquarters



GOA

Extruded Cereals & Snacks



JAMMU

Pest Control



PUDUCHERRY

Leather Shoes & Accessories



MUMBAI

Leather Shoes & Sandals



COIMBATORE

Hot Beverages



MYSORE*

Carbonated Soft Drinks & Energy Drinks

(*Strategic partnership)



HYDERABAD*

Detergent Powders and Liquids

(* On-going merger)

MANUFACTURING

Goa

Extruded Cereals & Snacks

This is the very first facility of the company, located in Ponda, Goa and it addresses a range of extruded food needs and manufactures healthy and nutritional food products like Farex, Easum and First Food for Danone and snacks like Kurkure Puffcorn for PepsiCo and Marico. This facility operates on Anchor Tenant OEM Model. The company confirms to all standards at this facility like Factory BIS, ISO 9001 and ISO 22000:2005-certified and follows all food safety requirements as well.



Jammu

Pest Control

The unit is located at Jammu and manufactures pest control products like coils, aerosols and vaporisers. The company is the sole manufacturer of Vaporizers and Aerosols for Reckitt Benckiser's Mortein brand in India. This facility operates on Dedicated OEM Model and confirms to ISO 9001 Quality Management System, ISO 14001 Environment Management System standards and is an ISO 18001 OHSAS certified facility.

FACILITIES



Puducherry

Leather Shoes & Accessories

Products manufactured are exported to international brands like Gabor, Richter and Jomos, domestic brands like Steve Madden, Hush Puppies, Arrow and US Polo. The facility has a unique advantage due to integration into leather processing by contracted tanneries. Additionally, there is a comprehensive product development studio that is capable of developing any shoe style with the best fit and comfort. This facility operates on a plain vanilla contract manufacturing model. The company now also supports the design needs of brands such as Steve Madden and US Polo.

Mumbai

Leather Shoes & Sandals

This unit is located on the outskirts of Mumbai and manufactures leather footwear for women, men and juniors such as slippers, sandals, open toe, high heels, huarache and mules. This facility operates on Plain vanilla contract manufacturing model and caters to brands like Esprit, Saks 5th Avenue, Dune, etc. and has also signed up new orders for shoes from various customers like Flipkart, Myntra, Lollipop and Dune which is ramping up gradually.





Coimbatore

Hot Beverages

This is a Greenfield expansion undertaken by the company to cater to Hindustan Unilever Ltd.'s hot beverages need and has commenced production in December 2018. The company is involved in processing, blending and packaging tea, coffee & soups. This facility operates on Dedicated OEM model.



Hyderabad*

Fabric care

This facility is engaged in the manufacturing of detergents for Hindustan Unilever. The company will be merging this unit on an on-going concern basis from the group company which is in line with the long-term plan to consolidate the business. The unit also boasts of a fully automated end-to-end material handling system where they manufacture 75,000 tons of detergent powder for Hindustan Unilever Ltd.'s brands like Rin, Wheel and Surf. This facility operates on Dedicated OEM model. The process of acquisition has progressed and shareholder's approval has been sought with the directions of the NCLT.

* On-going Merger



Mysore*

Beverages

In January 2019, the company acquired 40% stake in ATC Beverages Pvt. Ltd. in Mysore and is engaged in the business of contract manufacturing for PepsiCo and O'cean Beverages and is also involved in manufacturing and distribution of beverages like Carbonated Soft Drinks, Energy Drinks, Active Water and Fruit drinks. The facility has a fully automated filling and packing lines.

*Strategic partnership



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

The Financial Year 2018-19 saw another year of record financial performance and I am proud to inform you that this year we have clocked a revenue of INR 237 Cr marking a year-on-year growth of 70% with a profit after tax of INR 10 Cr, a growth of 60% over the last year. Also, the Earnings Per Share for this financial year grew by nearly 60% to INR 7.65. Your company had taken various steps in the last couple of years to be able to **Leap** ahead and these efforts are beginning to show some results. While we, the entire management team, are very happy about the past year, we are even more excited about the future. We are confident that we should be able to march strongly towards our goal of becoming an INR 1,000 Cr company by FY20 and break some more records in the next couple of years with an aim to achieve a turnover of INR 2,000 Cr by FY22.

This growth comes with the addition of new clients, new capacities, and new product categories. The successful integration of our acquisitions (Jammu and the Pondicherry businesses) combined with the successful commercialization of the new factory at Coimbatore has given us the confidence to **Soar** ahead! This confidence was further boosted by the largest investment in our company's history by three marquee investors. This infusion of new capital will help us further strengthen our balance sheet and sustain the pace of future expansion.

Hindustan Foods today is one of the largest diversified contract manufacturers in India and this is just the beginning. Our mission of being able to provide manufacturing and other solutions for the FMCG industry is beginning to find traction with our customers. We are being repeatedly trusted by our existing customers while we continue to develop new customers and new product categories. We are continuously building up more capabilities to justify the tag of being **"The Brawn Behind Your Brands"**. We want our customers to concentrate on brand building and marketing activities while we do

the "grunt work" of manufacturing the product and in some cases, even developing the product.

Some of the operational highlights in the past year included the setting up of a greenfield project for packing Tea at Coimbatore which commenced operations in December 2018. The second being the merger of the Hyderabad facility into Hindustan Foods, where we manufacture detergents. Both these factories are dedicated OEM facilities for the same client, which is a testament of the trust of our client. We also initiated the process to acquire a stake in ATC Beverages Private Limited, Mysore that does bottling of cold beverages for one of the leading global brands and others. In my previous year's message, I had referred to our experiment with acquiring a brand in the sauces segment and I am disappointed to inform you that the experiment was not successful and we dropped our plan to acquire the brand.

Your Board and the management team decided that we should continue to concentrate on our strengths and deliver manufacturing solutions to our customers rather than allocate time and resources to experiment

with brands. This renewed focus is now captured in this year's theme of your annual report – **The Brawn Behind Your Brands!** We have realised that your company has the chance of establishing itself as the preferred partner for the FMCG players when it comes to their manufacturing requirements. The two main themes leading to this are the GST regime and the change in the distribution landscape of the FMCG industry.

As I had discussed last year, GST is becoming a game changer for the industry and leading to a decentralization of manufacturing units. This is opening up huge opportunities for the contract manufacturing industry in general, and the company in particular as brands look at setting up manufacturing facilities closest to the market. This has led to the company's greenfield project at Coimbatore and also a large expansion in Hyderabad which will soon become its largest facility with a turnover of nearly INR 600-INR 700 Cr, once it has been fully integrated into your company.

In addition to the GST, we strongly believe that with e-commerce and modern retail achieving critical mass, new companies with innovative products will continue to enter the market. The need for organized contract manufacturers who can assume the manufacturing responsibilities and enable the brands to focus on marketing initiatives will increase, thereby giving them the

freedom to experiment and innovate products, without having to worry about hefty manufacturing setup costs. This has been the rationale for the company's proposed acquisition of the 40% stake in ATC Beverages Private Limited which we believe will be able to cater to new age beverage brands.

To seize these opportunities, we will need to have technical competencies, financial wherewithal and a flexibility that allows us to deliver solutions to a myriad of needs. This would mean built-to-suit manufacturing facilities that deliver a good quality product at an economically viable price. Towards this end, your company has in this past year, strengthened its financial position and also its ability to attract and retain talent. Your company successfully raised INR 100 crores by issuing warrants in order to build the financial ability.

Your company's team of nearly 450 people have not only the domain knowledge to be able to manufacture any FMCG products but also the ability to cater to any demands that the customers may place before us – whether ramping up a greenfield production facility within 7 months (Coimbatore) or integrating a large facility without disrupting production even for a day (Jammu and Pondicherry).

Any organization is only as good or as bad as the people working there. We do not boast of the state-of-the-

art facilities that we have built but are proud of our team. They are the ones who truly deserve the credit for the company's growth. I am honoured to be given an opportunity to lead such an awesome bunch of people!

Our journey for excellence does not stop there. It extends to the society which enables us to thrive. Therefore the team has taken up the cause of promoting better women's hygiene facilities and all your factories are actively working with local government schools/ primary educational centres to build clean and usable toilets in these schools. Going ahead, we will continue to take on greater responsibilities in this area and are thankful for the guidance of our CSR committee head, Mr. Shashi Kalathil.

With India being one of the fastest growing FMCG markets in the world, we believe that the industry has tremendous growth potential and the relevance of contract manufacturers like us will only continue to rise. With that, I would like to conclude that your company will continue on its growth path and thank all our stakeholders, employees, customers and partners for their confidence and support in us. Together we will soar new heights!

Regards,

Sameer R. Kothari

BOARD OF DIRECTORS



Shrinivas V. Dempo - Chairman [Non-Executive]

Mr. Shrinivas V. Dempo is the third-generation entrepreneur and chairman of Goa's Leading business house, Dempo. He received a postgraduate management education in industrial administration at Carnegie Mellon University, USA.

Sameer R. Kothari - Managing Director

Mr. Kothari is a professional with over 20 years of manufacturing experience and is the Promoter of the Vanity Case Group. He is a Chartered Accountant and holds an MBA from Cornell University (USA).



Ganesh T. Argekar - Executive Director

Mr. Ganesh T. Argekar is B.Sc. (Chemistry) and PGDMM IIMM and is Head - Supply Chain of Vanity Case Group of Companies. He has about 22 years of overall work experience, during which he has held various managerial positions.

Nikhil K. Vora - Non-Executive Director

Nikhil Vora is the founder and CEO of Sixth Sense Ventures; India's first domestic consumer-centric venture fund. Nikhil was earlier the Managing Director and Head of Research at IDFC Securities. Nikhil has been invited by leading consumer brands namely Nestle, Hindustan Unilever, Aditya Birla Group, Marico and Godrej for coming up with strategic roadmaps.



Honey Vazirani - Independent Director

Ms. Honey Vazirani served as the Vice President of Labels & International Business Division at Huhtamaki PPL Limited (Also known as The Paper Products Limited). She has over 27 years of working experience. She holds an MBA in Marketing from Chetana College.

Neeraj Chandra - Additional Director [Independent]

Mr. Neeraj Chandra was previously associated with Emami Limited as the CEO of their Consumer Care Division and has earlier worked with Britannia and HUL. He has 30 years of invaluable experience and is an alumnus of IIM Ahmedabad and IIT Kanpur.



Shashi Kalathil - Independent Director

Shashi K. Kalathil has over 28 years of operating experience across consumer products, telecom, media and entertainment industries. He has an M.B.A from the Indian Institute of Management, Bangalore, India and has a Bachelor of Engineering from Delhi College of Engineering.

Sudin Usgaonkar - Independent Director

Sudin Usgaonkar has been an Independent Non-Executive Director for Hindustan Foods Limited since October 31, 2002. He holds BA, LLB degree and is a Senior Advocate in the Bombay High Court.



Sarvjit Singh Bedi - Additional Director [Non-Executive, Non-Independent]

Sarvjit Singh Bedi has over 16 years of experience in India and US across audit and financial diligence, consulting, investment banking, corporate mergers and acquisitions and private equity. He has an MBA from Johnson Graduate School of Business, Cornell University and is a Member of the Institute of Chartered Accountants of India (all India 39th rank).

Sandeep Mehta - Additional Director [Independent]

Sandeep Mehta is a solicitor with a rich legal experience of over 24 years and has expertise in foreign investments, M&A, PE, JVs, collaborations, technology transfers, inbound and outbound investments, corporate restructuring and infrastructure projects. He has been a partner of J Sagar and Associates since 2008 and was a partner with Little & Co, Advocates and Solicitors for over 6 years. He is also a member of Bar Council of Maharashtra and Goa and Bombay Incorporated Law Society.



KEY MANAGEMENT



Mayank Samdani - Group CFO

A Chartered Accountant with expertise in the areas of Finance, Accounts, Audit, Legal and Compliance. Been with Future group and Ashok Piramal group in his earlier assignments.

M R Pragatheeswaran - GM, Operations [South]

A Chemical Engineer with 27 years of manufacturing experience in India and abroad in Fine chemicals, FMCG, Food, Medical devices and nutraceuticals. Earlier worked with RB-TTK and Wyeth, Singapore.



Suryakant Mishra - GM, Quality Assurance & R&D

A hard-core QA and Regulatory Affairs professional with 27 years of experience in Food, Cosmetics and Pharmaceuticals in India and abroad. Earlier assignments with GSK and Reckitt Benckiser, familiar with BRC, RSA, MHRA, TGA, MCC, Ayush, BIS, WHO, and ISO (QMS) standards.

Ravinder Rathie - GM, Operations [North]

An Operations and Manufacturing expert with more than 22 years of vast industry experience. An expert in developing new set-ups and restructuring operations. Previously worked with ITC Ltd. and Moser Baer.



Govind Rawat - GM, Goa & Nasik

A Mechanical Engineer with 30 years of extensive experience in Operations, Projects and Strategic Planning. Has been with reputed organizations like PepsiCo, Parle Agro, Dukes and the Indian Navy.

Rajiv Bahadur - President, Leather Business

A Footwear Specialist with 32 years of experience in Footwear Operations, Buying, Product Development & Sales. Been with Bata, Tata Exports & AU Thomas amongst many and has undergone 3 years offshore assignment with Yanko/Pielsen in Spain.



Prasad Kali - AGM, Projects

A Chemical Engineer with 23+ years of rich experience in Manufacturing Operations, Maintenance, Business strategy, Project Execution, Erection, Commissioning Safety, Quality and WCM/TPM. Earlier worked with Hindustan Unilever.

Robin D'Souza - AGM, Business Development

A Commerce graduate with 25 years of professional experience in new product and packaging development. Drives sales and business development in contract manufacturing and private labels.



Ashish Vyawahare - AGM, Projects

An accomplished professional with expertise in Project Management, Supply Chain, R&D, QA and 3P Management across F&B domain in India and abroad. Earlier associated with HUL.

Vimal Solanki - AGM, Emerging Businesses and Corporate Communications

A Management graduate with comprehensive business experience of launching and managing FMCG brands in India and abroad. Worked with Shoppers Stop and Reliance Retail.



MANAGEMENT DISCUSSION AND ANALYSIS



GLOBAL ECONOMIC OVERVIEW

The global economy is expected to grow by approximately 2.7% in 2020. As per the World Bank, growth among emerging and developing the economy is forecasted to fall to a 4 year low of 4% in 2019. The growth is constrained by sluggish investment and risks including rising trade barriers, renewed financial stress and sharper than expected slowdowns in several major economies. Current economic momentum remains weak while

heightened debt levels and subdued investment growth in developing economies are holding countries back from achieving their potential. With the growth in advanced economies projected to gradually decline to about 1.7% once economic slack is eliminated, the further pickup in global activity will entirely be driven by emerging markets and developing economies.

The ongoing US-China trade war is snowballing fears about damage to global economic growth. The repercussions can be more volatile in both commodity prices and currencies. However, India is amongst the few economies that stand to benefit from the trade tensions as it can tap export opportunities for sectors like chemicals, textiles, agriculture, and the overall manufacturing sector.

INDIAN ECONOMIC OVERVIEW

The Indian GDP has grown by 6.8% in the financial year 2019. The decline in GDP growth rate is on account of multiple factors like the fallout of NBFCs, low credit growth, tight liquidity conditions, dismal growth in wages and flat exports owing to a global slowdown. Indian manufacturing continued its downtrend growing at 3.1%.

However, the GDP growth rate is expected to bottom out in the coming quarters. RBI has cut key policy rates for the third time in a row this calendar year, for improving liquidity scenarios. With the government continuing to roll out policies focusing on the rural population, there could be some relief to the ongoing distress and signs of recovery should be visible in the second half of the financial year.

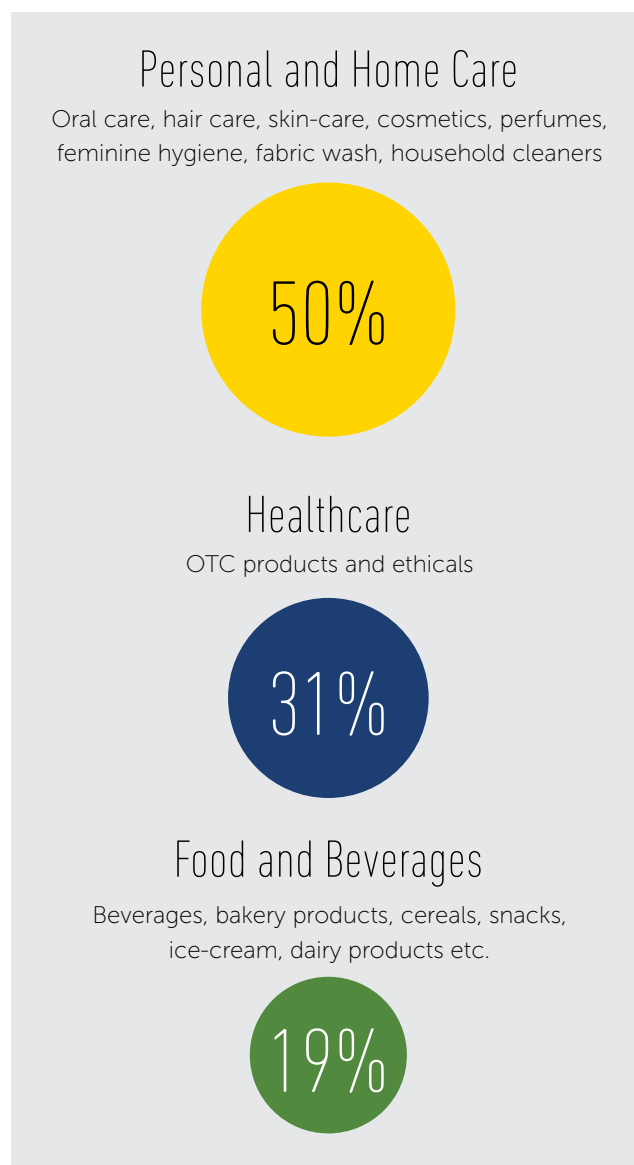
For the long-term, the government has publicly announced its ambitious plans of becoming a 5 trillion USD economy by 2025 and the 3rd largest consumer market in the World by 2025. The government plans to make this dream come true through continued infrastructure spending, job creations, a rural focused approach and greater use of technology. We believe that the long-term consumption story of the country is intact in spite of the short-term blips.

FMCG SECTOR

OVERVIEW

India's FMCG segment, pegged at USD 53 bn in 2018, is expected to touch USD 104bn by 2020. The segment is broadly segregated into urban and rural markets. Rural

segment, growing at a rapid pace owing to improved distribution channels and quality products, contributes around 45% to revenues.



Source: IBEF

OUTLOOK

The signposts for consumer demand are explicit with India reporting a population growth of 1.13% and possibly the world's most populous country by 2024. More than half of

India's population is under the age of 25 and two-thirds are less than 35.

India's strong economic growth and rising household incomes are expected to increase consumer spending to USD 3.6 TN by 2020. The leading avenues of consumer spending would be in food, housing, consumer durables, and transport and communication sectors.

The Indian rural growth story is intact with 65% of India's population residing in rural areas and spending mostly on daily necessities. Government initiatives of regular hikes in MSP for crops and maintaining MSPs at least 1.5x of cost of agricultural produce to achieve doubling of farm income by 2022 are momentous for growth in rural demand. Also, programmes like direct transfer of subsidies and payments into the beneficiary bank accounts, support the rural community.

Recent statistics confirm a shift in FMCG space. Even though *kirana* stores (general trade) continue to dominate and are the largest sales channel for overall sales, growth through modern trade especially e-commerce is gradually outpacing it.

HEMOCARE AND PERSONAL CARE SECTOR

OVERVIEW

Laundry care (detergent), toilet care, surface care, air care (air purifiers and room spray), dishwashing, insecticides, polishes are products of the homecare segment. The personal care industry includes products in the skin-care, hair care and colour, oral care, sun care, make-up, and toiletries sectors.

The sector continues to record stable growth as consumers are increasingly becoming aware of the importance of hygiene and the rise in disposable income. They are searching for convenience owing to their busy lifestyles. Premiumisation and increasing product penetration are the predominant trends for home and personal care in India. With the expansion of organized retail, in recent times, consumers have added exposure to products by display thereby increasing awareness.

OUTLOOK

The Indian detergent market is expected to grow at a CAGR of ~5% during 2018-2023 due to an increase in consumer demand. Based on the type of detergents, the hand wash detergents constitutes ~82% of the market share while the machine wash detergents holds the remaining. The demand for hand wash detergents is high as only ~33% of the population uses washing machines and require the machine-wash detergents and the rest of them use hand-wash detergents for washing the clothes.

Demand for washing machines in India has increased considerably which in turn has increased the demand for detergent powders. Also, the purchasing power of Indians has increased, boosting many detergent manufacturers in India to expand their network and increase product penetration.

BEVERAGES SECTOR

OVERVIEW

The beverage sector mainly comprises of hot beverages such as Tea and Coffee. The revenues in the Hot Drinks segment amounts to USD 12,987 Mn in 2019 and the market is expected to grow annually by 7.1% till 2023. India has majorly been a Tea Drinking country. Revenues in the Tea segment amounts to USD 12,434 Mn in 2019 while the revenues in the Coffee segment amounts to USD 420 Mn in 2019. The Coffee market is expected to grow at a CAGR of 7.9% by the year 2023.

OUTLOOK

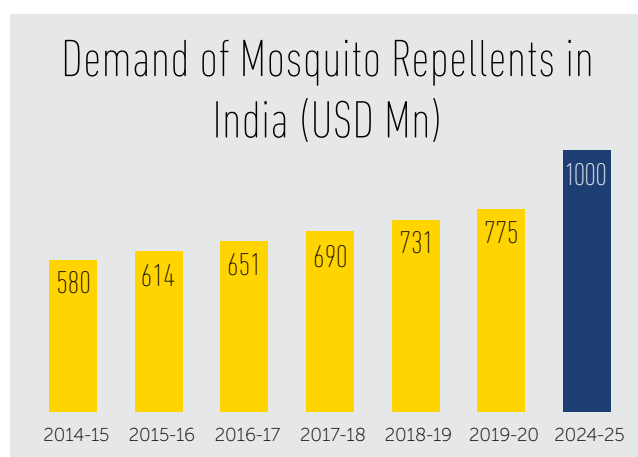
Indian Consumers are becoming more health conscious and are looking for health benefits such as weight loss, mental relaxation and immune boosters from the beverages they consume on a daily basis.

MOSQUITO REPELLENT SECTOR

Indian mosquito repellent market was USD 670 Mn in 2018 and is estimated to grow to USD 900 Mn by 2024.

This growth is mainly due to the rising cases of vector borne diseases in rural as well as urban areas. Some of the diseases spread by mosquitoes include malaria, dengue fever and yellow fever. Mosquito repellents sales generally take place in urban areas but due to government initiatives, awareness about mosquito repellent products is spreading and hence demand in rural areas is expected to increase over the next five years. Besides, the increase in penetration of modern mosquito repellent products such as vaporizers, sprays, creams, repellent fabrics, etc. is expected to trigger the growth in the mosquito repellent sector.

OUTLOOK



Source: Wikibizpedia

LEATHER SECTOR

OVERVIEW

Leather is one of the most common commodities traded globally. The Leather industry in India accounts for around 12.9% of the world's leather production of hides/skins and handles a robust annual production of about 3 bn sq. ft. of leather. India accounts for 9% of the world's footwear production and is the second

The leather industry is a labour intensive industry employing more than 4 Mn people. Women employment is prominent in the Leather products industry with about 30% share and is one of the youngest workforces with 55% of the workforce below 35 years of age.

The Indian leather industry has grown significantly, transforming from a sheer raw material supplier to a value-added product exporter.



OUTLOOK

The ongoing trade war between the U.S and China indicates a positive move for India as the U.S market has started looking for other sources to import footwear since the U.S was highly dependent on China. The production capacity in Vietnam is full and Indonesia has capacity constraints, hence the only other option for the U.S is India. A simple 5% shift to India would bring in huge volumes amounting to USD 1.5 Bn.

BABY FOOD SECTOR

OVERVIEW

Baby food and infant formula are food products specifically made for babies till the age of two years. Infant formula serves as a replacement of mother's milk as it exhibits similar nutritional attributes. Increasing awareness among people about the various health benefits of feeding baby foods to infants and young babies is fuelling the demand for baby foods across the globe.

OUTLOOK

The global baby food market is expected to register a CAGR of 6.7%, from 2018 to 2023. Health conscious parents are

now preferring organic baby foods over traditional baby foods. There has been substantial growth in the baby food market over the past few years mainly due to an increase in working women, a rise in the organised retail marketing and the major focus is on nutrition for babies. Moreover, there are strict health and safety standards in manufacturing baby food which has resulted in the required nutrition for babies.

The baby food market in India is a niche as compared to other developing countries across Asia. This market is highly dominated by unorganised and non-organic baby food segments. Nestle India is the market leader in this segment operating with 6 baby food brands and there has been low penetration in the organic baby food category from other players.

GROWTH DRIVERS AND OPPORTUNITIES FOR THE COMPANY

Increased consumption: As India continues to reap the advantage of the demographic dividend, the consumption story will unfold. In spite of the short-term blips and the resultant fall in consumption, the long-term story is intact. GDP growth of around 6% should translate into a volume growth of around 7-8% for the FMCG volumes in the country. Given the supply side constraints, a 7-8% volume growth will necessitate increased capacities across the product categories. Within this, some categories will grow disproportionately and require greater capacities – like liquid detergents.

Sales from modern trade channel driven by e-commerce and digitization growing rapidly: Changes in the distribution landscape of the country is opening up new fields for existing players and also encouraging new players to launch brands in the FMCG industry. The presence of modern-trade only or digital only brands will increase in the coming years and as a result the demand for outsourced manufacturing will increase as well.

Shift in Global sourcing as a result of Trade tensions: India is well poised to leverage the on-going trade wars between China and India. Appropriate investment in infrastructure and the ability to scale up production will be the key to leveraging this windfall opportunity.

Decentralised manufacturing: India is a large country in terms of geographical area with a population spread

all across. Though the investment in Roads and the doing away of Sale-tax borders has led to improved cost of transportation, FMCG companies are actively re-drawing their manufacturing foot prints to set up factories closer to the centres of consumption. This will lead to a decentralization of manufacturing and demand for multiple factories across the country.

Make in India: The government continues to encourage investments in the manufacturing and has announced a slew of packages for the food processing industry. Changing labour laws will also make it easier to set up larger factories in the country.

RISKS AND CONCERNS

Legal & Regulatory Risk

The Company has to comply with extant laws and regulations prevailing in the country of its operations. These regulations can affect the development, manufacturing, approval, marketing and distribution of its products. Changes in the country's laws or regulations also throw new challenges of vast compliance.

Mitigation: Your Company has established a strong quality assurance mechanism and compliance monitoring network to ensure compliance across all plants. It also organises regular training for its employees to update them on new developments and requirements of various statutes and Laws of our Country and train them for timely compliance of the applicable laws.

Talent & Industrial Relations risk

People continue to remain the backbone of the manufacturing industry. Obtaining and retaining a skilled workforce is essential for continued success of our business. The loss of management or other key personnel could make it difficult to manage the business and could adversely affect operations and financial results. Loss in labour productivity and labour disputes could result in strikes, work stoppages and affect production. The competency development of our employees continues to be a key area of strategic focus for us.

Mitigation: We launched new programs for our employees in keeping with the changes in the use of technology in work life. Your Company's HR team identifies the young talented

youth and recruit as a part of your dynamic Company. We recruit the combinations of the talented qualified Post-graduates, Management Trainee's and Senior experienced personnel in various fields, who have consistently shown high levels of achievement in their expertise fields. We rely on a rigorous selection process involving aptitude tests and interviews to identify the best applicants. This selection process is continually assessed and refined based on the performance tracking of past recruits. To further augment people's capabilities, we are imbibing industry-best HR practices to inspire our team towards excellence. As part of our teambuilding efforts, we undertake regular activities to promote their mental and physical wellness.

Quality & Safety risk

HFL manufactures products for leading FMCG brands. The company needs to adhere to strict guidelines with respect to product quality and practices. Failure to adhere to these could expose your Company to legal consequences and damage corporate reputation. The risk that raw materials may be contaminated through the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded. In addition to quality, the business faces risks associated to the safety of personnel, material and equipment such as the possibility of accidents, theft, labour injuries, equipment damage, etc.

Mitigation: Your Company organises regular safety training for all the manufacturing units and ensures that safety equipment is maintained as required. It is committed to complying with all applicable external standards and safety inspection process across all manufacturing and warehousing locations. All materials used in the production process go through Quality Control before use. The processes are reviewed annually and controls regularly monitored through performance indicators that drive improvement activities.

Competition risk

Increased competition from peers in the industry can drag down profit margins

Mitigation: Your Company invested in robust research and development to innovate around the existing product portfolio and offer something new. It has systems in place to ensure that production costs are in control to provide better prices to our customers.

Raw material risk

Inability to procure raw materials on time may disrupt the manufacturing process

Mitigation: Your Company enjoys longstanding sectoral experience and has established a strong network with the suppliers that ensure all raw material reach the Company when required. It procures major raw materials from states which offer the maximum cost advantage.

Policy risk

Any sudden change in food security policy and other regulations may hit the profit margins badly

Mitigation: Your Company abides by food security policies published by the government to ensure safety was per food quality standards. The products are moved through adequate quality checking procedures.

Operational risk

Inconsistency in operational efficiency may affect revenues.

Mitigation: Your Company has a strong internal control system in place that ensures the business complies with consistent processes and standards. The human resources of the company were also dedicated to improving performance and remaining competitive.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has laid down Internal Financial Controls within the meaning of the explanation to section 134 (5) (e) ("IFC") of the Companies Act, 2013. The Board believes that your Company has sound IFC, commensurate with the nature and size of its business. Business is however dynamic. Your Board is seized of the fact that IFC is not static and is in fact a fluid set of tools, which evolves over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions. Therefore, there will be gaps in the IFC as the business evolves. Your Company has a process in place to continuously identify such gaps and

implement newer and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

HUMAN RESOURCE INITIATIVES

Companies with an engaged workforce can successfully surpass companies that are without. The company believes in two-way communication, to ensure that employees

have all the resources they need to complete their work successfully, give appropriate training to increase their knowledge and skill and build a distinctive corporate culture that encourages hard work. Your Company believes in the potential of young professionals and challenges them to accept and deliver additional responsibilities. Your Company reinforces the capabilities of its workforce with numerous in-house training programmes and job-specific training drills. As of 31st March 2019, the Company had over 281 employees on its payroll.

FINANCIAL REVIEW

Results

(INR Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue from Operations	23,660.12	13,885.50
EBITDA	2,036.64	1,005.48
Profit Before Tax	1,391.00	865.33
Profit for the Year	1,020.03	627.53

Summarised Profit and Loss Account

(INR Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue from contracts with customers	23,132.69	13,074.36
Other operational income	527.43	811.14
REVENUE FROM OPERATIONS	23,660.12	13,885.50
Operating Costs	21,623.48	12,880.02
Profit Before Depreciation, Interest, Tax (PBDIT)	2,036.64	1,005.48
Depreciation	313.24	121.68
Profit Before Interest & Tax (PBIT)	1,723.40	883.80
Other Income (net of Finance Costs)	-332.40	-18.47
Profit Before Tax (PBT)	1,391.00	865.33
Taxation	370.97	237.80
Profit for the Year	1,020.03	627.53
Basic EPS (INR)	7.65	4.81

Key Financial Ratios

Particulars	Units	2018-19	2017-2018	% Change
Return on Net Worth	%	20.03%	17.79%	12.60%
Return on Capital Employed	%	19.31%	16.82%	14.78%
Basic EPS	INR	7.65	4.81	59.08%
Debtors Turnover	times	7.17	6.54	9.63%
Inventory Turnover	times	7.82	8.64	-9.50%
Interest Coverage ratio	times	4.37	6.73	-35.17%
Current ratio	times	1.39	1.46	-5.07%
Debt Equity ratio	times	1.91	2.06	-7.47%
Operating Profit margin	%	7.28%	6.36%	14.44%
Net Profit margin	%	4.31%	4.52%	-4.60%

Detailed Explanation for Ratios

Particulars	Explanation
Return on Net Worth	Return on Net Worth (RONW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing Total Comprehensive Income for the year by average Net Worth for the year.
Return on Capital Employed	Return on Capital Employed (ROCE) is a financial ratio that measures a Company's profitability and the efficiency with which its capital is used. It is calculated by dividing Profit Before Interest and Tax (PBIT) by average Capital Employed during the year.
Basic EPS	Earnings Per Share (EPS) is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing Profit for the Year by weighted average number of shares outstanding during the year.
Debtors Turnover	Debtors Turnover ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing Revenue from Contracts with Customers by average Trade Receivables.
Inventory Turnover	Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing Revenue from Contracts with Customers by average Inventory.
Interest Coverage ratio	The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by Finance Costs.
Current ratio	The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the Current Assets by Current Liabilities.
Debt Equity ratio	The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's Total Liabilities by its Shareholder's Equity.
Operating Profit margin	Operating Profit margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the PBIT by Revenue from Operations.
Net Profit margin	Net Profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the Profit for the Year by Revenue from Operations.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this annual document, we have disclosed forward-looking information to allow traders to be aware of our potentialities and take informed investment decisions. This document and different statements - written and oral- that we periodically make comprise forward-looking statements that set out anticipated effects based totally on the management's plans and assumptions. We have tried any place viable to perceive such statements by way of using words such as 'anticipate', 'estimate', 'expect',

'project', 'intend', 'plan', 'believe' and words of comparable substance in connection with any discussion of future performance. We cannot assure that these forward-looking statements will be realized; though we agree with we have been prudent in our assumptions. The achievement of consequences is subject to risks, uncertainties and even inaccurate assumptions. Should regarded or unknown dangers or uncertainties materialize, or should underlying assumptions prove inaccurate, authentic outcomes should range materially from those anticipated, estimated or projected. We undertake no responsibility to publicly replace any forward looking statements, whether as a result of new information, future activities or otherwise.

Notice

Notice is hereby given that the Thirty-fourth Annual General Meeting of the Members of Hindustan Foods Limited ("the Company") will be held on Thursday, the 26th September, 2019 at 11.30 a.m., at Hrezza, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar Society, Vidyavihar, Mumbai - 400 086, to transact the following business:-

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 and the reports of the Board of Directors and Auditors thereon and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, including the Audited Balance Sheet as at 31st March, 2019, Statement of Profit & Loss and Cash Flow Statements for the year ended on that date and the Reports of the Board of Directors and Auditors thereon be and are hereby considered, approved and adopted."

2. To appoint Mr. Nikhil Vora (DIN: 05014606), who retires by rotation as a Director and being eligible offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Nikhil Vora (DIN: 05014606), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **Appointment of Mr. Neeraj Chandra (DIN: 00444694) as an Independent Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Neeraj Chandra (DIN: 00444694), who was appointed as an Additional Director of the Company with effect from 25th January, 2019, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided under the Act, and the Listing Regulations and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent

Director, not liable to retire by rotation and to hold office for a term of five consecutive years from the date of his appointment i.e. from 25th January, 2019 to 24th January, 2024;

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. **Appointment of Mr. Sarvjit Singh Bedi (DIN: 07710419) as a Non-executive Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Sarvjit Singh Bedi (DIN: 07710419), who was appointed by the Board of Directors as an Additional Director, of the Company with effect from 18th April, 2019 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Rules framed thereunder, including any statutory modification or re-enactment thereof for the time being in force and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and who is eligible for appointment and in respect of whom a notice in writing under Section 160 of the Act has been received by the Company from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as Non-Executive Director of the Company, whose office is liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **Appointment of Mr. Sandeep Mehta (DIN: 00031380) as an Independent Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Sandeep Mehta (DIN: 00031380), who was appointed as an Additional Director of the Company with effect from 9th August, 2019, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided under the Act, and the Listing Regulations and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation and to hold office for a term

of five consecutive years from the date of his appointment i.e. from 9th August, 2019 to 8th August, 2024;
RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **Remuneration payable to Mr. Sameer R Kothari (DIN: 01361343) Managing Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modifications or re-enactments thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and Nomination and Remuneration Committee and the Board of Directors, the consent of the Members of the Company be and is hereby accorded for remuneration payable to Mr. Sameer R Kothari (DIN:01361343), Managing Director of the Company, with effect from 1st June, 2019 upto remaining his tenure of the present term as a Managing Director i.e. upto 21st May, 2022, the remuneration of Rs.5,00,000/- (Rupees Five Lakhs Only) per month, whether paid as salary, allowance(s), perquisites or a combination there of and on the terms and conditions as per the Explanatory Statement attached to this notice, with liberty to the Board of Directors (herein after referred to as the "Board", which term shall be deemed to include the Nomination and Remuneration Committee of the Board of Directors) to add, alter and vary the terms and conditions of the said appointment/ remuneration and/or Agreement, remuneration within the maximum ceiling in accordance with the provisions of the Act, and as may be agreed to between the Board of Directors and Mr. Sameer R Kothari.

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorised with liberty to alter or vary the terms and conditions of the said remuneration, so long as it does not exceed the overall limits of ten percent of the net profits of the Company computed in the manner set out in Section 198 read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED FURTHER THAT the Board (including the Committees of Directors) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any director(s) and/or officer(s) of the Company to give effect to this resolution."

7. **To ratify and revise the Remuneration payable to Mr. Ganesh T Argekar (DIN:06865379), Whole-time Director designated as Executive Director**

To consider and if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modifications or re-enactments thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and Nomination and Remuneration Committee and the Board of Directors, the consent of the Members of the Company be and is hereby accorded to ratify and revise the remuneration payable to Mr. Ganesh T Argekar (DIN:06865379), Whole-time Director of the Company designated as "Executive Director", with effect from 14th November, 2018 upto remaining his tenure of the present term as a Whole-time Director i.e. upto 18th May, 2020, the remuneration be revised from existing Rs.12,00,000/- (Rupees Twelve Lakhs Only) per annum to Rs.24,00,000/- (Rupees Twenty Four Lakhs only) per annum, whether paid as salary, allowance(s), perquisites or a combination there of and on the terms and conditions as per the Explanatory Statement attached to this notice, with liberty to the Board of Directors (herein after referred to as the "Board", which term shall be deemed to include the Nomination and Remuneration Committee of the Board of Directors) to add, alter and vary the terms and conditions of the said appointment/ remuneration and/or Agreement, remuneration within the maximum ceiling in accordance with the provisions of the Act, and as may be agreed to between the Board of Directors and Mr. Ganesh T Argekar.

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorised with liberty to alter or vary the terms and conditions of the said remuneration, so long as it does not exceed the overall limits of ten percent of the net profits of the Company computed in the manner set out in Section 198 read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED FURTHER THAT the Board (including the Committees of Directors) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any director(s) and/or officer(s) of the Company to give effect to this resolution."

8. **Increase in borrowing power in terms of Section 180 (1) (c) of the Companies Act, 2013 and authorizing the Board to borrow moneys in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company upto Rs. 500 Crores;**

To consider and if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed by the Members through the Postal Ballot on 15th November, 2016 and pursuant to the provisions of Sections 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, the Board of Directors of the Company (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) be and are hereby authorised to borrow any sum or sums of money, from time to time from any one or more persons, Bank/s, firms, bodies corporate, foreign lender/s or financial institutions from any other source in India or outside India whomsoever on such terms and conditions and with or without security as the Board of Directors may think fit notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the paid-up capital and free reserves and securities premium of the Company, provided that the total principal amount upto which such monies may be raised or borrowed or already borrowed by the Board of Directors shall not exceed the aggregate of the paid up capital and free reserves and securities premium of the Company or by more than Rs. 500 Crores (Rupees Five Hundred Crores only) at any point of time whichever is higher.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (including any Committee which the Board may have constituted or may hereinafter constitute to exercise the power conferred by this Resolution), be and are hereby authorised to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution."

9. **Authorizing the Board under Section 180 (1) (a) of the Companies Act, 2013 to create/ modify charge on the movable/ immovable assets including undertakings of the Company, both present and future, to secure borrowings.**

To consider and if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed by the Members through the Postal Ballot on 15th November, 2016 and pursuant to the provisions of Sections 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge all or any of the movable and / or immovable properties of the Company (both present and future) wheresoever situated and /or any other assets including tangible and intangible assets or properties of the Company and / or the whole or part of any of the undertaking of the

Company together with or without the power to take over the management of the business or any undertaking of the Company in case of events of defaults, in favour of the Banks, Financial Institutions, any other Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/or Secured/ Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the Borrowing limits approved or as may be approved by the shareholders, from time to time, under Section 180(1)(c) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, default interest, further interest, principal amounts, premia on prepayment, liquidated charges, commitment charges or costs, expenses, any fees and all other monies whatsoever stipulated in or payable under the respective financing documents and any other agreements and amendments thereto that have or may be entered into by the Company in respect of such borrowings.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (including any Committee which the Board may have constituted or may hereinafter constitute to exercise the power conferred by this Resolution), be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements/ undertakings as may be required and to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/ charge/ pledge / hypothecation as mentioned aforesaid."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE 'MEETING') IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**

Proxy/Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) members and holding in the aggregate not more than ten (10) per cent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten (10) percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

2. Only registered Members of the Company or any proxy appointed by such registered Member may attend and vote at the Meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/she can participate in the Meeting but not vote.

3. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 / Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.
4. Relevant Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013, in respect of Special Business i.e. item nos. 3 to 9 as set out above is annexed hereto.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, read with Rule 10 Companies (Management and Administration) Rules, 2014, and pursuant to Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 20th September, 2019 to Thursday, the 26th September, 2019 (both days inclusive).
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or the Company's RTA.
7. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.
8. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to Link Intime Private Limited / Investor Service Department of the Company immediately.
9. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination), to the Company or the Company's RTA.
10. The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the Shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.
11. Details as required in Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting forms integral part of this Report. Requisite declarations have been received from the Directors seeking appointment / re-appointment.
12. Notice of the thirty fourth Annual General Meeting of the Company inter alia indicating the process and manner of remote e-voting along with Attendance Slip & Proxy Form is being sent in the permitted mode.
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' available on the website of the Company www.hindustanfoodslimited.com or to Linkintime or Investor Service Department of the Company.
- Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.
14. The route map showing directions to reach the venue of the 34th Annual General Meeting is annexed.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days, up to and including the date of the AGM.
16. **Instructions for e-voting**
 - i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Listing Regulations, the Company is pleased to provide e-voting facility to members to cast their vote on all resolutions set forth in the notice convening the thirty-fourth Annual General Meeting (AGM). The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM is termed as 'remote e-voting'.

- ii. The facility for voting through ballot or polling paper shall be made available for the members at the Meeting who have not been able to vote electronically and who are attending the Meeting. The members who have cast their vote electronically would be entitled to attend the Meeting but would not be permitted to cast their vote again at the Meeting. The facility to vote by electronic voting system will not be provided at the Meeting.
- iii. The remote e-voting period commences on Monday, 23rd September, 2019 (9:00 a.m. IST) and ends on Wednesday, 25th September, 2019 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on Friday, 20th September, 2019 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Wednesday, 25th September, 2019 after 5.00 p.m. IST. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently.
- iv. The details of the process and manner for remote e-voting are explained herein below :

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

Details on Step 1 is mentioned below:

How to Log-into NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is :
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

GENERAL GUIDELINES FOR SHAREHOLDERS

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to vivek.gaggar@nvrando.co.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
- v. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the Cut-off Date.

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the closing working hours of Cut-off Date and not casting their vote electronically, may cast their vote at the Meeting.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- vi. CA Mr, Vivek Gaggar, Practicing Chartered Accountant, Mumbai, who has consented to act as the Scrutinizer and is available for the purpose of ascertaining the requisite majority, has been appointed

as the scrutinizer to scrutinize the remote e-voting process/ ballot/ poll in a fair and transparent manner.

- vii. The Chairman shall, at the Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot or polling paper for all those Members who are present at the Meeting but have not cast their votes by availing the remote e-voting facility.
- viii. The Scrutinizer shall, immediately after the conclusion of the Meeting, will first count the votes cast at the meeting and thereafter unblock the votes in the presence of at least two witnesses not in the employment of the Company and within a period of not exceeding 48 hours from the conclusion of the Meeting make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman of the Company or any other person authorized by him in writing, who shall countersign the same and declare the result of the voting forth with.
- ix. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.hindustanfoodslimited.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to BSE Limited, Mumbai.

- x. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
- xi. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

By Order of the Board of Directors

BANKIM PUROHIT
Company Secretary
ACS : 21865

Place : Mumbai
Date : 9th August, 2019

Registered Office:
Office No.3, Level-2, Centrium,
Phoenix Market City, 15, LBS Road,
Kurla (West), Mumbai 400 070
CIN: L15139MH1984PLC316003
Website: www.hindustanfoodslimited.com
Email: investorrelations@thevanitycase.com

Annexure to the Notice

The statement of Material Facts pursuant to Section 102 (1) of the Companies Act, 2013 ("Act") relating to business mentioned under the Items 3 to 9 of the accompanying Notice.

IN RESPECT OF ITEM NO. 3

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company, Mr. Neeraj Chandra (DIN: 00444694) as an Additional Director, to hold office as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from 25th January, 2019. Mr. Neeraj Chandra would cease to hold office at the ensuing Annual General Meeting, but would be eligible for appointment as an Independent Director.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of the members. Mr. Neeraj Chandra is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as a director. Notice under section 160 of the Act has been received from a member signifying his intention to propose Mr. Neeraj Chandra's appointment as an Independent Director and the members approval is sought for the said proposal given in Resolution no. 3.

The Company has also received declaration from Mr. Neeraj Chandra that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

In the opinion of the Board, Mr. Neeraj Chandra fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Neeraj Chandra is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Mr. Neeraj Chandra are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board.

Copy of the letter of appointment of Mr. Neeraj Chandra setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Mr. Neeraj Chandra is interested in the resolution set out at Item No. 3 of the Notice with regard to his appointment. Relatives of Mr. Neeraj Chandra may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

IN RESPECT OF ITEM NO. 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in their respective meetings held on 18th April, 2019 appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company appointed Mr. Sarvjit Singh Bedi, as an Additional Director in the category of Non-Executive Director. Mr. Sarvjit Singh Bedi would cease to hold office at the ensuing Annual General Meeting, but would be eligible for appointment as a Director.

Notice under section 160 of the Act has been received from a member signifying his intention to propose Mr. Sarvjit Singh Bedi's appointment as a Non-Executive Director and the member's approval is sought for the said proposal given in Resolution no. 4.

Details of Mr. Sarvjit Singh Bedi are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mr. Sarvjit Singh Bedi is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. Relatives of Mr. Sarvjit Singh Bedi may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

IN RESPECT OF ITEM NO. 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company, Mr. Sandeep Mehta (DIN: 00031380) as an Additional Director, to hold office as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from 9th August, 2019. Mr. Sandeep Mehta would cease to hold office at the ensuing Annual General Meeting, but would be eligible for appointment as an Independent Director.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of the members. Mr. Sandeep Mehta is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as a director. Notice under section 160 of the Act has been received from a member signifying his intention to propose Mr. Sandeep Mehta's appointment as an Independent Director and the members approval is sought for the said proposal given in Resolution no. 5.

The Company has also received declaration from Mr. Sandeep Mehta that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

In the opinion of the Board, Mr. Sandeep Mehta fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Sandeep Mehta is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Mr. Sandeep Mehta are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board.

Copy of the letter of appointment of Mr. Sandeep Mehta setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Mr. Sandeep Mehta is interested in the resolution set out at Item No. 5 of the Notice with regard to his appointment. Relatives of Mr. Sandeep Mehta may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

IN RESPECT OF ITEM NO. 6

Mr. Sameer Kothari was appointed as Executive Director and designated as Managing Director of the Company w.e.f. 22nd May, 2017, for a period of 5 years. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 22nd May, 2017 and the shareholders in their Annual General Meeting held on 27th September, 2017 had given their approval for appointment of Mr. Sameer Kothari w.e.f. 22nd May, 2017 for period of 5 years as a Managing Director of the Company without any remuneration.

The Nomination and Remuneration Committee at their meeting held on 22nd May, 2019, recommended payment of remuneration w.e.f. 1st June, 2019 till the remaining period of his tenure i.e. upto 21st May, 2022, irrespective of adequacy of the profits of the Company. The recommendation was approved by the Board of Directors at their

meeting held on 22nd May, 2019. The remuneration is subject to the approval/ Ratification of members by way of special resolution at this Annual General Meeting.

In consideration of the duties and obligations undertaken by the Managing Director herein above, the Company shall pay him the remuneration as per the terms and conditions detailed w.e.f. 1st June, 2019 upto the remaining period of his tenure of the present term as a Managing Director i.e. upto 21st May, 2022 subject to the approval of shareholders.

The proposed remuneration to be ratified w.e.f. 1st June, 2019 is as follows:

- 1) Term of Payment of Remuneration: with effect from 1st June, 2019 to 21st May, 2022
- 2) Remuneration: a) Salary of Rs. 5,00,000/- (Rupees Five Lakhs only) per month with increments as may be decided by the Board from time to time; b) Perquisites and allowance: In addition to the salary, Mr. Sameer Kothari shall also be entitled to the perquisites and allowances as decided by the Board from time to time.
- 3) In case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites shall be paid to Mr. Sameer Kothari as minimum remuneration.
- 4) The terms and conditions of appointment of Managing Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within overall limits of 10% of net profits as set out in Section 198 of the Companies Act, 2013 and Schedule V of the Act.
- 5) The Managing Director shall not be paid any sitting fee for attending the Board or any other Committee meetings.
- 6) The Managing Director is not liable to retire by rotation.
- 7) The above may be treated as an abstract as required under Section 190 of the Act. Draft Agreement proposed to be entered into by the Company and Mr. Sameer Kothari is open for inspection by Members at the Registered Office during the working days.
- 8) The details of Mr. Sameer R. Kothari as required to be given pursuant to the Listing Regulations and Secretarial Standards is attached to this Notice.

The Board considers that his association as Managing Director will be beneficial and in the interest of the Company. The Board recommends passing of the resolution set out at Item No. 6 of the accompanying notice as a special resolution.

Mr. Sameer Kothari is interested in the resolution set out at Item No. 6 of the Notice with regard to his remuneration. Relatives of Mr. Sameer Kothari may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

A copy of the agreement dated 22nd May, 2019 between Mr. Sameer Kothari and the Company would be available for inspection for the Members at the registered office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m.

IN RESPECT OF ITEM NO. 7

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 22nd May, 2017 and the shareholders in their Annual General Meeting held on 27th September, 2017 had given their approval for re-appointment of Mr. Ganesh T Argekar w.e.f. 19th May, 2017 for period of 3 years as a Whole-time Director of the Company designated as Executive Director at a Remuneration of Rs.12,00,000/- (Rupees Twelve Lakhs only) per annum by way of Salary and allowances.

The Nomination and Remuneration Committee at their meeting held on 14th November, 2018, recommended revision in the remuneration payable to Mr. Ganesh T Argekar w.e.f. 14th November, 2018 till the remaining period of his tenure i.e. upto 18th May, 2020, irrespective of adequacy of the profits of the Company. The recommendation was approved by the Board of Directors at their meeting held on 14th November, 2018. The revision in remuneration is subject to the approval/ratification of members by way of special resolution at this Annual General Meeting.

In consideration of the duties and obligations undertaken by the Executive Director herein above, the Company has paid him the revised remuneration as per the terms and conditions detailed w.e.f. 14th November, 2018, upto the remaining his tenure of the present term as an Executive Director i.e. upto 18th May, 2020 subject to the ratification/approval of shareholders.

The proposed remuneration to be ratified from 14th November, 2018 is as follows:

- 1) Term of revision in Payment of Remuneration: with effect from 14th November, 2018 to 18th May, 2020.
- 2) Remuneration: a) Salary of Rs. 24,00,000/- (Rupees Twenty Four Lakhs Only) per annum with increments as may be decided by the board from time to time; b) Perquisites and allowance: In addition to the salary, Mr. Ganesh T Argekar shall also be entitled to the perquisites and allowances as decided by the Board from time to time.
- 3) In case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites shall be paid to Mr. Ganesh T Argekar as minimum remuneration.
- 4) The terms and conditions of appointment of Executive Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within overall limits of 10% of net profits as set

out in Section 198 of the Companies Act, 2013 and Schedule V of the Act.

- 5) The Whole-time Director, designated as Executive Director shall not be paid any sitting fees for attending the Board or any other Committee meetings.
- 6) The Whole-time Director, designated as Executive Director is not liable to retire by rotation.
- 7) The above may be treated as an abstract as required under Section 190 of the Act. Draft Agreement proposed to be entered into by the Company and Mr. Ganesh T Argekar is open for inspection by Members at the Registered Office during the working days.
- 8) The details of Mr. Ganesh T Argekar as required to be given pursuant to the Listing Regulations and Secretarial Standards is attached to the Notice.

The Board considers that his association as an Executive Director, will be beneficial and in the interest of the Company. The Board recommends passing of the resolution set out at Item No. 7 of the accompanying notice as a special resolution.

Mr. Ganesh T Argekar is interested in the resolution set out at Item No. 7 of the Notice with regard to his remuneration. Relatives of Mr. Ganesh T Argekar may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

A copy of the agreement dated 14th November, 2018 between Mr. Ganesh T Argekar and the Company would be available for inspection for the Members at the registered office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m.

IN RESPECT OF ITEM NO. 8

As per Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up share capital of the Company and its free reserve and securities premium requires the approval from the shareholders of the Company.

The members of the Company had vide resolution passed through Postal Ballot on 15th November, 2016, authorized the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding Rs.100 crores (Rupees one Hundred crores), for the business of the Company.

However, keeping in view Company's requirements to fund its growing activities and operations, the Board of Directors of the Company at its meeting held on 22nd May, 2019, proposed to raise the existing borrowing limit from Rs.100 Crores (Rupees One Hundred crores only) to Rs.500 Crores (Rupees Five Hundred crores only), which is subject to the

approval of the Shareholders of the Company under the provisions of Section 180 (1) (c) of the Companies Act, 2013 (the "Act"). Your consent is required under the provisions of Sections 180(1)(c) of the Act, to increase the borrowing limits.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financial or otherwise, in this resolution except to the extent of their shareholding in the Company, if any.

IN RESPECT OF ITEM NO. 9

The members of the Company had vide earlier resolutions passed through Postal Ballot on 15th November, 2016, authorized the Board of Directors to create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures, to secure the repayment of monies borrowed by the Company.

Under the provisions of Section 180(1)(a) of the Companies Act, 2013 the above powers can be exercised by the Board only with the consent of the shareholders obtained by way of a Special Resolution.

Accordingly, the Board of Directors at its meeting held on 22nd May, 2019, proposed to obtain fresh approval of the shareholders by way of a Special Resolution under Section 180(1)(a) of the Companies Act, 2013, to create charge/ mortgage/ hypothecation /pledge on the Company's assets including tangible and intangible, both present and future, in favour of the Banks, Financial Institutions, any other Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/or Secured/ Unsecured Non Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time up to the limits approved or as may be approved by the shareholders from time to time under Section 180(1)(c) of the Companies Act, 2013.

Accordingly, the Board of Directors recommends the Special Resolution at Item no.9 of the accompanying Notice for the approval of members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financial or otherwise, in this resolution except to the extent of their shareholding in the Company, if any.

By Order of the Board of Directors

BANKIM PUROHIT
Company Secretary
ACS : 21865

Place : Mumbai
Date : 9th August, 2019

Registered Office:

Office No.3, Level-2, Centrium,
Phoenix Market City, 15, LBS Road,
Kurla (West), Mumbai 400 070
CIN: L15139MH1984PLC316003
Website: www.hindustanfoodslimited.com
Email: investorrelations@thevanitycase.com

Annexure to the Notice

- Particulars and additional information of the directors seeking appointment / re-appointment pursuant to Regulation 36(3) of the Listing Regulations and in terms of Secretarial Standards on General Meetings (SS-2):

Name of the Director	Mr. Nikhil Vora	Mr. Neeraj Chandra	Mr. Sarvjit Singh Bedi	Mr. Sandeep Mehta	Mr. Sameer R. Kothari	Mr. Ganesh T. Argekar
Category	Non-Executive, Non-Independent Director	Non-Executive, Independent Director	Non-Executive, Non-Independent Director	Non-Executive, Independent Director	Managing Director, Executive, Non-Independent	Executive Director
Age	47 years	60 years	41 years	49 Years	46 years	46 years
DIN	05014606	00444694	07710419	00031380	01361343	06865379
Date of first appointment	22/05/2017	25/01/2019	18/04/2019	09/08/2019	22/05/2017	19/05/2014
Profile of the Director	Mr. Nikhil Vora is the founder and CEO of Sixth Sense Ventures, India's first domestic consumer-centric venture fund. Mr. Nikhil was earlier the Managing Director and Head of Research at IDFC Securities. Mr. Nikhil has been invited by leading consumer brands namely Nestle, Hindustan Unilever, Aditya Birla Group, Marico and Godrej for coming up with strategic roadmaps. Mr. Nikhil was rated by Asiamoney as the best analytical mind in the country as per a 2012 poll. He has also the rare distinction of being voted 'Asia's Best Analyst' by the Wall Street Journal in the same year. Along with advising clients, he also has been a venture capital investor and on the board of a few of his investee companies. A management postgraduate. Mr. Vora was a member participant at the Future Leaders Programme at the Said Business School, University of Oxford, London. He was also bestowed with the "Thought Leadership" award by IDFC Limited.	Mr. Neeraj Chandra is an alumnus of IIM Ahmedabad and IIT Kanpur. He started his career with Unilever in India, where over 20 plus years he held senior marketing positions in brands and category management across India, Middle East and Asia. In his last role at Unilever, he was responsible for mega brands Lux and Lifebuoy as Regional Brand Director for Asia. Mr. Chandra then joined Britannia as Chief Operations Officer where he successfully tripled the businesses over a 8 year period, to a billion dollars. Thereafter, he moved to Emami as the CEO – Consumer Care Division. He is currently based at Bengaluru where he consults across a range of businesses.	Mr. Sarvjit Singh Bedi is a co-founding partner at Convergent with 16 years of experience in India and US across audit and financial diligence, consulting, investment banking, corporate mergers and acquisitions and private equity. Prior to co-founding Convergent, Sarvjit worked with Fairbridge Capital and served as a board member of Bangalore International Airport, Bangalore Airport Hotel and Saurashtra Freight. Mr. Sarvjit previously spent four years with Vedanta Resources, one of the largest diversified natural resource Companies in the world prior to which he spent four years with Credit Suisse in the global Mergers & Acquisitions team in New York. At Convergent, Mr. Sarvjit leads financial due diligence and overall transaction services.	Mr. Sandeep Mehta, currently partner of J. Sagar Associates, a leading national Law Firm in India. He is Commerce and Law graduate and Solicitor. He is also a member of Bar Council of Maharashtra and Goa and Bombay Incorporated Law Society. Mr. Mehta has a rich legal experience of over 24 years and has been partner of J Sagar and Associates since 2008. Prior to joining J. Sagar & Associates he was a partner with Little & Co, Advocates and Solicitors for over six years Mr. Sandeep specializes in foreign investments, mergers and acquisitions, private equity, joint ventures, collaborations, technology transfers, inbound and outbound investments, takeovers, business transfers, corporate restructuring, reconstruction and infrastructure projects. He has been advising Indian and foreign clients on corporate, commercial, employment and real estate laws and related legislations and his areas of practise are Mergers & Acquisitions, foreign Investment –inbound & outbound, corporate & Commercial projects, Employment & Real Estate.	Mr. Sameer Kothari is a professional with over 21 years of manufacturing experience and is the Promoter of the Vanity Case Group. He is a Chartered Accountant and holds an MBA from Cornell University (USA).	Mr. Ganesh T. Argekar is B.Sc. (Chemistry) and PGDMM-IIMM and is Head-Supply Chain of Vanity Case Group of Companies having about 23 years of overall work experience, during which time he has held various managerial positions.

Name of the Director	Mr. Nikhil Vora	Mr. Neeraj Chandra	Mr. Sarvjit Singh Bedi	Mr. Sandeep Mehta	Mr. Sameer R. Kothari	Mr. Ganesh T. Argekar
Expertise in specific functional area	Strategic Guidance and Business Management.	Marketing, Operations & Executive Officer for Consumer Care Products	Audit and financial diligence, consulting, investment banking, corporate mergers and acquisitions and private equity.	Legal, Corporate Law, Mergers & Amalgamations, Foreign Investments, corporate and Commercial projects	Leadership and Business Management	Production expert.
Qualification	PGDM	IIM from Ahmedabad and IIT from Kanpur	CA, MBA (Cornell University, New York), Bachelors in Economics, (University of Delhi)	Bcom, LLB, Solicitors	CA and MBA from Cornell University (USA).	B.Sc. (Chemistry), PGDMM – IIMM
Directorship held in other companies (including foreign and private companies)	1) Leap India Private Limited; 2) JHS Svendgaard Laboratories Limited; 3) Saucery Foods Private Limited; 4) Fullife Healthcare Private Limited; 5) JHS Svendgaard Brands Limited; 6) Saffron Studios Private Limited; 7) Proficiency Learning Solutions Private Limited; 8) Soothe Healthcare Private Limited; 9) Smaassh Entertainment Private Limited	Medica Synergie Private Limited	Nil	Praj Hipurity Systems Limited	1) Ashmin Holding and Leasing Pvt. Ltd. 2) Glamoor Cosmetics Pvt. Ltd. 3) Mahak Cosmetics and Credit Pvt. Ltd. 4) The Vanitycase.com (India) Private Limited 5) Valin Cosmetics Private Limited 6) Vanity Case India Private Limited 7) Adena Cosmetics Private Limited 8) Avalon Cosmetics Private Limited 9) Insignia Cosmetics Private Limited 10) Adonia Cosmetics Private Limited 11) Christine Valmy Institute Private Limited 12) Allies Logistics Private Limited	Nil
Membership of the Committees of the Board of other companies	Nil	Nil	Nil	Nil	Member of Audit Committee, CSR Committee and Nomination and Remuneration Committee in Praj Hipurity Systems Limited.	Nil
Number of shares held in the Company	7 and 5,50,000 held by relative	Nil	Nil	Nil	Nil	50,000
No. of Board meetings attended during the year 2018-19	6 of 7	1 of 1	N.A.	N.A.	7 of 7	7 of 7
None of the Directors have relationship inter-se with other Directors						

2. Statement of information pursuant to Section II of Part II of Schedule V of the Companies Act, 2013 with reference to the resolutions at Item no. 6 and 7 of the Notice:

I. General Information

1.	Nature of Industry	The Company is engaged in the manufacture of Milk & Cereal bases Baby food, Extruded Snacks, Instant Porridge and Extruded Cereal products.
2.	Date or expected date of commencement of commercial production	The Company is already into commercial production of above products.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus	Not Applicable
3.	Financial performance based on given indicators	(Rs. in Lakhs)
	Financial Parameters	FY 2018-19 FY 2017-18 FY 2016-17
	Total Income	23,722.52 13,998.28 3,890.07
	Profit/(Loss) before Tax	1,391.00 865.33 82.94
	Profit/(Loss) after Tax	1,020.03 627.53 66.56
	Dividend paid / recommended (including Corporate Dividend Tax)	Nil Nil Nil
	Dividend Rate %	N.A. N.A. N.A.

II. Information about Mr. Sameer Kothari and Mr. Ganesh T. Argekar

1.	Background details	Mr. Kothari is a professional with over 21 years of manufacturing experience and is the Promoter of the Vanity Case Group. He is a Chartered Accountant and holds an MBA from Cornell University (USA).	Mr. Ganesh T. Argekar is B.Sc. (Chemistry) and PGDMM-IMM and is Head-Supply Chain of Vanity Case Group of Companies, having about 23 years of overall work experience, during which time he has held various managerial positions.
2.	Past remuneration	The remuneration received by Mr. Kothari during the year ended 31st March, 2019 : Nil	The remuneration received by Mr. Argekar 31st March, 2019 : Rs.17,00,000/-
3.	Recognition or Awards	Nil	Nil
4.	Job profile and suitability	Mr. Sameer R. Kothari is the Managing Director and is in-charge of the overall management of the affairs of the Company, business development and sales and marketing activities in India & overseas. He is also shouldering the additional responsibilities of the Chief Executive Officer of the Company. His past experience in managing overall business as well as expertise in business development is considered relevant and valuable for his responsibilities as the Managing Director of the Company.	Mr. Ganesh T. Argekar is the whole-time Director designated as an Executive Director and is responsible for all the day to day operations of the Company subject to the superintendence and control of the Board of Directors of the Company. He has been assigned with the responsibility for implementing the expansion plans of the Company. His past experience in managing overall business as well as expertise in marketing is considered relevant and valuable for his responsibilities as the Executive Director of the Company.

5.	Remuneration proposed	As set out in the resolution at Item no. 6 of the Notice of the 34th Annual General Meeting.	As set out in the resolution at Item no. 7 of the Notice of the 34th Annual General Meeting.
6.	Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and the person (in case of expatriates the relevant details would be with respect to the country of his origin)	The proposed remuneration (duly recommended by the Nomination and Remuneration Committee and approved by the Board) is in line with the trends in the industry and is befitting Mr. Sameer R Kothari's experience and competence	The proposed remuneration (duly recommended by the Nomination and Remuneration Committee and approved by the Board) is in line with the trends in the industry and is befitting Mr. Ganesh T Argekar's experience and competence.
7.	Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any	Except to the extent of employment relationship, no relationship exists between Mr. Sameer Kothari and the Company or any managerial personnel of the Company. Mr. Sameer Kothari does not hold any equity shares in the Company	Except to the extent of employment relationship, no relationship exists between Mr. Ganesh Argekar and the Company or any managerial personnel of the Company. Mr. Ganesh Argekar holds 50,000 equity shares in the Company

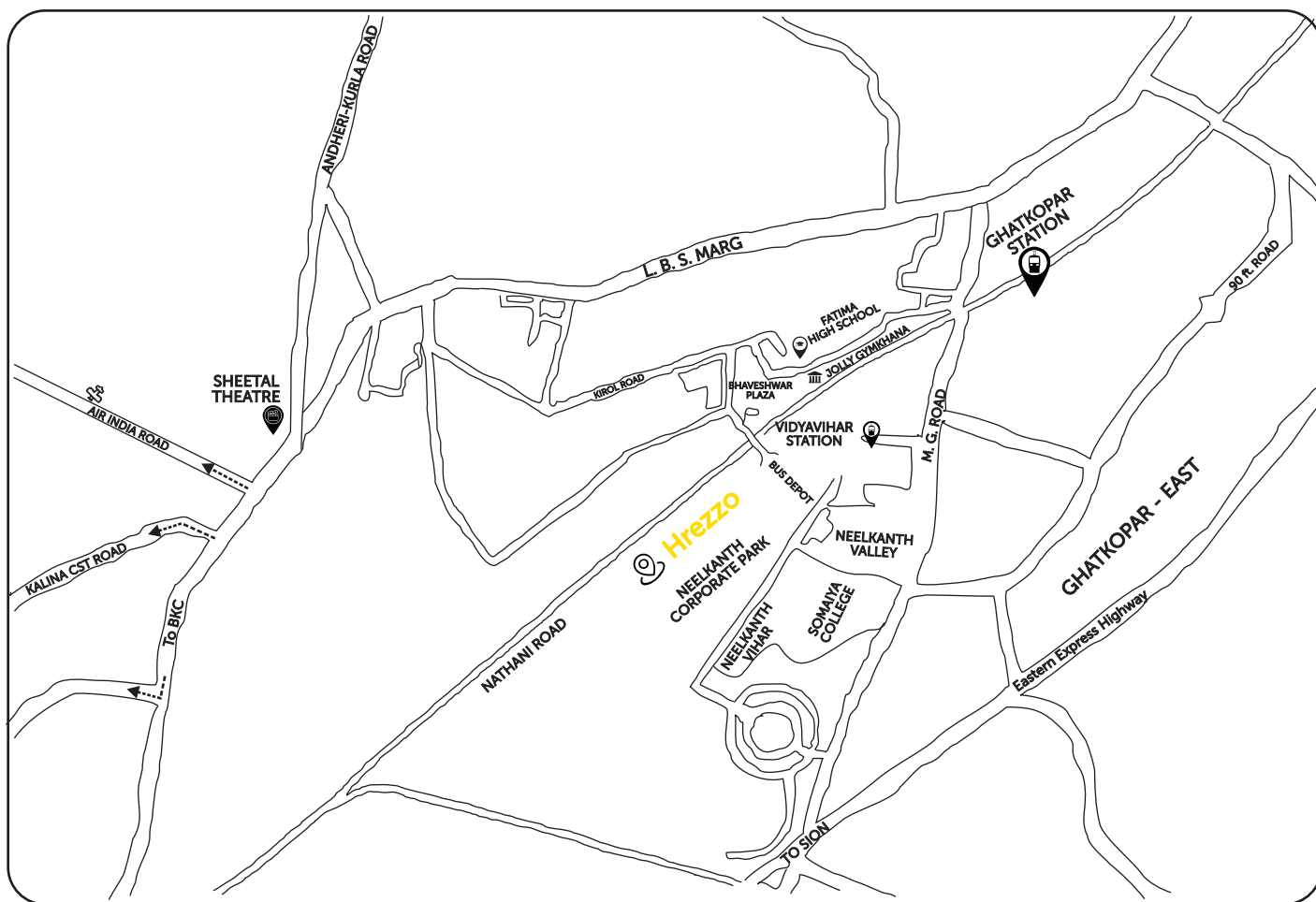
III. Other Information

1.	Reasons of loss or inadequate profits	The Company has not incurred losses and has had adequate profits over the past 3 years, however this is an enabling provision in the event the proposed remuneration were to breach the limit set under the Companies Act, 2013
2.	Steps taken or proposed to be taken for improvement	The Company is on a growth path and is expected to make higher profits in future.
3.	Expected increase in productivity and profits in measurable terms	Management expects to have higher productivity and profits in line with the estimated budget.

IV. Disclosures

1.	The shareholders of the Company shall be informed of the remuneration package of the managerial person	Disclosure of the remuneration package is part of this notice being sent to Shareholders.
2.	<p>The following disclosures shall be mentioned in the Board of Directors' Report under the heading "Corporate Governance", if any, attached to the Annual Report :-</p> <p>i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors</p> <p>ii. Details of fixed component and performance linked incentives along with the performance criteria</p> <p>iii. Service contracts, notice period, severance fees</p> <p>iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable</p>	<p>This has been fully covered under the Corporate Governance Report.</p> <p>Not Applicable</p>

IN TERMS OF THE REQUIREMENT OF THE SECRETARIAL STANDARD ON GENERAL MEETING (SS-2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA, ROUTE MAP FOR THE LOCATION OF THE VENUE OF THE 34TH ANNUAL GENERAL MEETING TO BE HELD AT AT HREZZO, NEELKANTH CORPORATE PARK, 1, NATHANI ROAD, VIDYAVIHAR SOCIETY, VIDYAVIHAR, MUMBAI-400 086 IS GIVEN BELOW:



Directors' Report

TO THE MEMBERS OF HINDUSTAN FOODS LIMITED

Your Directors are pleased to present Thirty Fourth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL RESULTS

	Rs. in Lacs	
	2018-19	2017-18
Total Revenue	23772.52	13998.28
Profit for the year before Finance charges and depreciation	2099.03	1118.26
Less: Finance charges	394.79	131.25
Profit before depreciation	1704.24	987.01
Less: Depreciation	313.24	121.68
Profit/(Loss) for the year after Finance charges and depreciation / before tax for the year	1391.00	865.33
Less: Provision for Tax -	-	-
Current Tax	258.42	55.30
Deferred Tax	112.55	213.39
Mat Credit Entitlement of earlier year	-	(30.89)
Profit for the year after Tax	1020.03	627.53
Other Comprehensive Income	(8.09)	(2.74)
Total Comprehensive Income	1011.94	624.79

The Company did not transfer any amounts to the general reserve during the year.

YEAR IN RETROSPECT

The financial year 2018-19 saw your Company strengthening its existing businesses and customers while building new capabilities and new relationships. The year under review saw a record financial performance with your Company reporting a turnover of Rs.237.72 crores for the year under review as compared to Rs. 139.98 crores during the previous year, a growth of nearly 70%. Its profit after tax of Rs.10.20 crores for the year under review was also 60% more than the Rs. 6.27 crores in the previous year.

In this year, your Company decided to venture into the beverages segment and through the strategic partnership with ATC Beverages, Mysuru, which manufactures a variety of juices and carbonated drinks. Your Directors are confident that this will be an exciting venture which will add substantially to your Company's growth in the coming years.

The merger of the Hyderabad unit has enabled your Company to deepen its ties with HUL through a dedicated unit to manufacture detergents powders and has also given an opportunity to kick start a Rs. 150 crore expansion at Hyderabad which is expected to start commercial production from November, 2019. Your directors have ensured that this acquisition was EPS accretive to your Company and given the massive expansion are confident that this unit will become the largest factory for your company.

The first phase of the Coimbatore project was executed without any budget over-runs. Your Company has successfully ramped up the production at its green-field project in Coimbatore for packing of tea and other beverages. Your directors are confident that with the current round of expansion underway at this site, this factory will be one of the largest tea packing facilities in the country.

Your directors are pleased to inform you that your Company has been able to build a robust pipeline of projects in this past year, which will ensure continued growth of your Company for the next couple of years.

SHARE CAPITAL

During the year, the Shareholders by way of postal Ballot had passed the necessary Resolutions for giving effect for Increasing the Authorized Share Capital of the Company from Rs. 15,00,00,000 (Rupees Fifteen Crores Only) to Rs. 21,50,00,000/- (Rupees Twenty One Crores Fifty Lacs Only) divided into 1,95,00,000 (One Crores Ninety Five Lacs) Equity Shares of Rs. 10/- each and 2,00,000 (Two Lakhs) 9% Redeemable Preference shares of Rs. 100/- each and to issue and allot 5,00,000 (Five Lacs) Equity shares of Rs.10/- each to the promoters on a preferential basis on 17th July, 2018.

Your Company has allotted 5,00,000 (Five Lacs) Equity shares of Rs.10/- each at a premium of Rs.290/- to the promoters/promoter group on preferential basis on 27th July, 2018. Consequently, the Issued, Subscribed and Paid-up Share Capital of your Company as on 31st March, 2019 stands increased to Rs. 13,49,25,000/- divided into 1,34,92,500 (One Crores Thirty Four lacs Ninety Two Thousand Five Hundred) Equity Shares of Rs.10/- each. The equity shares issued during the year rank pari-passu with the existing Equity Shares of your Company.

Your Company's Board in its meeting held on 27th February, 2019 further proposed to increase the Authorised Share Capital of the Company from Rs. 21,50,00,000/- (Rupees Twenty One Crores Fifty Lacs only) to Rs. 24,00,00,000/- (Rupees Twenty Four Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs) Equity Shares of Rs. 10/- each and 2,00,000 (Two Lakhs) 9% Redeemable Preference shares of Rs. 100/- each and Issue and allotment of Warrants convertible into Equity Shares

on Preferential Basis to Non-Promoters on Private Placement basis.

Your Company has obtained the necessary approvals from the Shareholders of the Company by way passing of the Resolution by way of postal Ballot on 5th April, 2019. Subsequently on 18th April, 2019, your Board of Directors has allotted 27,77,779 Convertible warrants on Private Placement basis to Non-Promoters. The Share warrants are convertible into Equity Shares of Rs. 10/- each at a premium of Rs.350/- per equity. The tenure of the warrants is for 18 months from the date of its allotment. Rs.25,00,00,110/- has been raised which is 25% of the consideration, has been collected upfront from the holders of the warrants in accordance with the provisions of Regulation 164 (1) of Chapter V of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, payable against each Warrants.

SHIFTING OF REGISTERED OFFICE

Your Company's Registered Office is shifted from the State of Goa to the State of Maharashtra i.e from Dempo House, Campal, Panaji, Goa 403001 to Office No. 03, Level 2, Centrium, Phoenix Market City, 15, Lal Bahadur Shastri Road, Kurla, Mumbai, Maharashtra 400070.

Your Company has received the approval and a Certificate of Registration of Regional Director's order for change of state from Ministry of Corporate Affairs on 20th October, 2018.

SCHEME OF ARRANGEMENT

Your Company, by an order dated 1st February, 2019 of the Hon'ble National Company Law Tribunal, Mumbai, Maharashtra Bench, on 14th March, 2019 had convened the Meeting of the Equity Shareholders and the Preference Shareholders for the approval of the Scheme of arrangement where under the Contract Manufacturing (Hyderabad) Business of Avalon Cosmetics Private Limited will be demerged into the Company. The final order of the Hon'ble National Company Law Tribunal, Mumbai, Maharashtra Bench is awaited in the said Scheme of Arrangement.

DIVIDEND

To conserve resources and in order to strengthen the Company's financials, your Directors do not recommend any dividend for the year under review.

LISTING INFORMATION

The equity shares of your Company are listed on BSE Limited (BSE). The listing fees for the year 2018-2019 have been paid to BSE.

ACCREDITATION

The Company continues to enjoy Food Safety System Certification 22000 accreditation made by SGS United Kingdom Ltd.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from public / members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. Your Company does not have any unpaid/ unclaimed deposits as on 31st March, 2019.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Your Company does not have any subsidiary, Associate and Joint Venture Companies during the financial year ended 31st March, 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and based on the information and representations received from the operating management, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (b) that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;
- (e) that proper internal financial controls are in place and that the internal financial controls are adequate and are operating effectively;
- (f) that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

MANAGEMENT AND KEY MANAGERIAL PERSONNEL

DIRECTORS

Change in Directorate

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Nikhil Vora (DIN: 05014606) retires by rotation at the forthcoming Annual General Meeting. Being eligible, Mr. Nikhil Vora offers himself for re-appointment. Your Board has recommended his re-appointment.

Your Board, in its meetings held on 25th January, 2019 and 18th April, 2019, based on the recommendation of Nomination and Remuneration Committee of your Company, appointed Mr. Neeraj Chandra (DIN: 00444694) as an Additional Director, Independent Director with effect from 25th January, 2019 and Mr. Sarjit Singh Bedi (DIN: 07710419), as an Additional Director, Non-Executive with effect from 18th April, 2019. Your Board also noted the Resignation of Mr. Rajesh Dempo, Non-Executive Director, from the Board with effect from 16th April, 2019.

Your Board, in its meeting held on 09th August, 2019, based on the recommendation of Nomination and Remuneration Committee of your Company, appointed Mr. Sandeep Mehta (DIN: 00031380) as an Additional Director, Independent Director with effect from 9th August, 2019.

Pursuant to Section 161 of the Companies Act, 2013 all the Additional Directors will vacate the office at the ensuing Annual General Meeting of your Company. Your Board has recommended for their reappointment. Being eligible, all the Directors have offered themselves to be appointed as the Directors of your Company.

Mr. Sudin Usgaonkar (DIN: 00326964), Independent Director of your Company, who was appointed on 27th September, 2014 for a term of 5 years upto the conclusion of the ensuing Annual General Meeting to be held in 2019, did not offer his candidature for re-appointment by the Shareholders for 2nd Term in the ensuing Annual General Meeting. Consequently he will ceased to be the Director with effect from the ensuing Annual General Meeting to be held on 26th September, 2019. The Board appreciates on record for Mr. Sudin Usgaonkar's contribution in the guidance and expertise knowledge towards the goal of the Company, during his tenure as an Independent Director.

Brief resume of the directors proposed for re-appointment together with other relevant details form part of the Notice of the ensuing Annual General Meeting.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Sameer R. Kothari, Managing Director, Mrs. Beena M. Mahambrey, Company Secretary and Mr. Kedarnath Swain, Chief Financial Officer, are the Key Managerial Personnel of the Company.

Your Board appointed Mr. Bankim Purohit as a Company Secretary and Compliance Officer and Key Managerial Personnel w.e.f. 19th April, 2019, at their meeting held on 18th April, 2019 in place of Mrs. Beena M. Mahambrey, who resigned as a Company Secretary of your Company w.e.f. 18th April, 2019.

INDEPENDENT DIRECTORS' DECLARATION

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013, from the Independent Directors of the Company viz., Mr. Shashi Kumar Kalathil, Adv. Sudin M. Usgaonkar, Ms. Honey Vazirani, Mr. Neeraj Chandra and Mr. Sandeep Mehta, confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations in respect of their position as an "Independent Director" of Hindustan Foods Limited.

MEETINGS OF THE BOARD OF DIRECTORS

A minimum of four Board meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

During the year under review, seven Board meetings were held, the details of which are given in the Corporate Governance Report which forms part of this Annual Report.

The intervening gap between two consecutive meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors of your Company met on 22nd May, 2019. All the independent directors were present for the meeting.

AUDIT COMMITTEE

During the year under review, the Audit Committee comprised of Mr. Shashi K. Kalathil who serves as the Chairman of the Committee, Mr. Ganesh T. Argekar and Ms. Honey Vazirani as the other members. The terms of reference etc., number of meetings of the Audit Committee is provided in Corporate Governance Report which forms part of this Annual Report.

All the recommendations made by the Audit Committee during the financial year under review were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The composition, terms of reference etc. of the Nomination and Remuneration Committee is provided in Corporate Governance Report which forms part of this Annual Report.

The Committee has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at www.hindustanfoodslimited.com.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition, terms of reference etc of the Stakeholders Relationship Committee is provided in Corporate Governance Report which forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As required under the Companies Act, 2013 a CSR committee of the Board was constituted on 24th May, 2018 to formulate and recommend to the Board CSR Policy indicating Company's CSR activities which need to be undertaken. The Committee has discussed formulated the CSR Policy and recommended to the Board and the same has been uploaded on the Company's website www.hindustanfoodslimited.com.

Composition of CSR Committee is as under:

Sr.No.	Name of the Director	Chairman/Member
1.	Mr. Sameer Kothari	Chairman
2.	Mr. Ganesh Argekar	Member
3.	Mr. Shashi Kalathil	Member

One meeting of the Committee was held during the financial year ended 31st March, 2019 on 24th May, 2018.

Based on the recommendation of the CSR Committee for the amount of expenditure to be incurred on the CSR activities, your Board and the Management of your Company had contributed towards the activities and the report on the activities undertaken during the year is annexed to the Board's Report as Annexure IV.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of the Listing Regulations, your Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Statutory Committees.

Based on various criteria, the performance of the Board, various Board Committees, Chairman and Individual Directors (including Independent Directors) was found to be satisfactory.

INTERNAL CONTROL SYSTEM

The Board has laid down Internal Financial Controls within the meaning of the explanation to section 134 (5) (e) ("IFC") of the Companies Act, 2013. The Board believes the Company has sound IFC commensurate with the nature and size of its business. Business is however dynamic. The Board is seized of the fact that IFC are not static and are in fact a fluid set of tools which evolve over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions. There will therefore be gaps in the IFC as Business evolves. The Company has a process in place to continuously identify such gaps and implement newer and or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

STATUTORY AUDITORS

As per the requirements of Section 139(2) of the Companies Act, 2013 ('the Act'), M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W) were appointed as statutory auditors for a period of 5 years at the 32nd Annual General Meeting held on 27th September, 2017.

As per notification issued by the Ministry of Corporate Affairs dated 7th May, 2018, ratification of the statutory auditors at the Annual General Meeting is not required.

STATUTORY AUDITORS' OBSERVATIONS

The notes on financial statements referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further explanations or comments.

There are no qualifications, reservations or adverse remarks or disclaimer made in the Auditors' Report which requires any clarification or explanation.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules thereunder, the Board of Directors of Your Company has appointed CS Sadashiv V. Shet, Practicing Company Secretary to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year

ended 31st March, 2019 forms a part of this Annual Report as Annexure V. The same is self explanatory and requires no comments.

ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to Regulation 24 (A) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Independent Secretarial Auditor had undertaken an audit for the Financial Year 2018-19 for the SEBI compliances. The Annual Secretarial Compliance Report has been submitted to the Stock Exchange within 60 days of the end of the Financial Year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has established a Vigil Mechanism / Whistle blower Policy for the employees to report their genuine concerns or grievances and the same has been posted on the Company's website www.hindustanfoodslimited.com.

The Audit Committee of the Company oversees the Vigil Mechanism.

RISK MANAGEMENT

Your Company follows well-established and detailed risk assessment and minimization procedures, which are periodically reviewed by the Board. Your Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

The Senior Management assists the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There were no loans, guarantees and investments made by your Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

RELATED PARTY TRANSACTIONS

The transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. All the transactions with Related Parties are placed before the Audit Committee as also the Board for approval. Prior Omnibus approval of the Audit Committee and Board is obtained for the transactions which are foreseeable and a repetitive of nature. The transactions entered into pursuant to the approvals so granted are subjected to audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. Accordingly, no transactions are required to be reported in Form No. AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014.

As required under Regulation 23(1) of the Listing Regulations, 2015, your Company has formulated a policy on dealing with Related Party Transactions. The Policy has been uploaded on the Company's website: www.hindustanfoodslimited.com.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of your Company and its future operations.

MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR:

There have been no material changes and commitments, if any, affecting the financial position of your Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2019 is given in a separate Annexure to this Report as Annexure III.

The Annexure in pursuance to the Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014, is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 34th Annual General Meeting and up to the date of the ensuing Annual General Meeting during the business hours on working days.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, required to be disclosed by Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in the Annexure – II to this Report.

ANNUAL RETURN

Annual Return of the Company has been placed on the Company's website www.hindustanfoodslimited.com.

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under, your Company has formulated an internal Policy on Sexual Harassment at Workplace (Prevention, Prohibition and Redressal).

The policy aims at educating employees on conduct that constitutes sexual harassment, ways and means to prevent occurrence of any such incident, and the mechanism for dealing with such incident in the unlikely event of its occurrence.

The ICC is responsible for redressal of complaints related to sexual harassment of women at the workplace in accordance with procedures, regulations and guidelines provided in the Policy.

During the year under review there were no complaints referred to the ICC.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with the applicable Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 (10) of the Companies Act, 2013.

CORPORATE GOVERNANCE

It has been the endeavour of your Company to follow and implement best practices in corporate governance, in letter and spirit. The following forms part of this Annual Report:

- (i) Declaration regarding compliance of Code of Conduct by Board Members and Senior Management Personnel;
- (ii) Management Discussion and Analysis;
- (iii) Report on Corporate Governance and;
- (iv) Practicing Company Secretary Certificate regarding compliance of conditions of corporate governance.

APPRECIATION AND ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the Government authorities, banks, customers, business associates and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board of Directors

SAMEER R. KOTHARI
Managing Director
DIN : 01361343

GANESH T. ARGEKAR
Executive Director
DIN : 06865379

Mumbai
9th August, 2019

Annexure - I to the Directors' Report

SALIENT FEATURES OF THE NOMINATION AND REMUNERATION POLICY

Policy for appointment and removal of Director, KMP and Senior Management

Appointment criteria and qualifications :

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 - b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
 - c) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/ Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION:

The Committee shall carry out evaluation of performance of every Director (on yearly basis).

The Committee shall identify evaluation criteria which will evaluate Directors based on the attendance / preparedness / participation / performance at board meetings, professional conduct and independence etc. The appointment / re-appointment/ continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

TERM / TENURE:

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he / she shall be eligible for appointment for one more term of 5 years only.

REMOVAL:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

RETIREMENT:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company as the case may be. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY ON BOARD DIVERSITY:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like Process / Projects, Production, Management, Finance, Legal, Sales and Marketing, Research and Development, Human Resources etc. or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least two members who are financially literate.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

- a) The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.
- b) As and when familiarization programme is conducted, the same will be disclosed on the website of the Company. A web link of the disclosure shall also be given in the Annual Report of the Company.

Policy relating to the remuneration for the Managing Director/ Whole-time Director/Manager, KMP and Senior Management Personnel:

1 General:

- a) The remuneration / commission etc. to the Managing Director/Whole-time Director/Manager and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / commission etc. shall be in accordance with Companies Act, 2013 and the rules made there under for the time being in force and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration of KMP and Senior Management Personnel, shall be determined by way of a presentation before the Committee by the Head (Personnel/HR) or by the Chief Financial Officer, which would have requisite details. The Committee shall peruse the same and approve accordingly.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/Whole-time Director/Manager. Increments will be effective from 1st April.
- d) Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Manager, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

REMUNERATION TO MANAGING DIRECTOR / WHOLE-TIME DIRECTOR / MANAGER, KMP AND SENIOR MANAGEMENT PERSONNEL:

REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTOR/MANAGER:

a) Remuneration:

The Managing Director/Whole-time Director/Manager shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the

Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole-time Director/Manager in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director/Whole-time Director/Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR:

a) Sitting Fees:

The Non-Executive/Independent Director shall be paid sitting fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Profit-linked Commission:

The profit-linked commission may be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.

c) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

REMUNERATION TO KMP AND SENIOR MANAGERIAL PERSONNEL:

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension

scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

In case of any proposed performance based increments or incentives in any financial year, the Head (Personnel/HR) or the Chief Financial Officer of the Company, shall make an annual presentation before the Committee which would have requisite details setting out the proposed performance based payouts for the financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and/ or Shareholders of the Company.

This Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Policy shall be of guidance for the Board. Any deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

The remuneration for KMP and Senior Managerial Personnel of the Company shall be approved by the Committee based on the recommendation / presentation by the Head (Personnel/ HR) or the Chief Financial Officer of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors then such approval will be accordingly procured.

Loans and advances to employees of the Company:

The employees of the Company, on an application in writing to the CEO of the Company, be granted loan or advance at an interest rate to be decided by the KMP's of the Company with consideration to the income / financial status or position of the requesting employee / any other criteria or as per the Company's HR policies.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has laid down Internal Financial Controls within the meaning of the explanation to section 134 (5) (e) ("IFC") of the Companies Act, 2013. The Board believes that the Company has sound IFC, commensurate with the nature and size of its business. Business is however dynamic. The Board is seized of the fact that IFC is not static and is in fact a fluid set of tools, which evolves over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions. Therefore, there will be gaps in the IFC as the business evolves. The Company has a process in place to continuously identify such gaps and implement newer and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

HUMAN RESOURCE INITIATIVES

Companies with an engaged workforce can successfully surpass companies that are without. The company believes in a two-way communication, to ensure that employees have all the resources they need in order to complete their work successfully, give appropriate training to increase their knowledge and skill and build a distinctive corporate culture that encourages hard work. The Company believes in the potential of young professionals and challenges them to accept and deliver additional responsibilities. The Company reinforces the capabilities of its workforce with numerous in-house training programmes and job-specific training drills. As of 31st March, 2019, the Company had over 280 employees on its payroll.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this annual document, we have disclosed forward-looking information to allow traders to be aware of our potentialities and take informed investment decisions. This document and different statements - written and oral- that we periodically make comprise forward-looking statements that set out anticipated effects based totally on the management's plans and assumptions. We have tried any place viable to perceive such statements by way of using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of comparable substance in connection with any discussion of future performance. We cannot assure that these forward-looking statements will be realized; though we agree with we have been prudent in our assumptions. The achievement of consequences is subject to risks, uncertainties and even inaccurate assumptions. Should regarded or unknown dangers or uncertainties materialize, or should underlying assumptions prove inaccurate, authentic outcomes should range materially from these anticipated, estimated or projected.

We undertake no responsibility to publicly replace any forward looking statements, whether as an end result of new information, future activities or otherwise.

Annexure - II to the Directors' Report

Particulars with Respect to Conservation of Energy Etc. As per Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy

1. Energy consumption : Energy consumption has been higher per unit of production due to increase in production and higher plant utilisation.
2. Total energy consumption and energy consumption per unit of production are as under :

A. POWER AND FUEL CONSUMPTION

(Amount in Rs.)

	Particulars	Units	Current Year
1	Electricity		
a)	Purchased Units	Kwh	5370302
	Total amount	Rs	25396298
	* Rate/ unit	Rs	4.73
b)	Own Generation	Kwh	285598
	Through Diesel Generator		
	Units	Kwh	2.56
	Units per Ltr. of Diesel Oil	Ltr	111420
	Total cost of diesel	Rs	7623700
	Cost/Unit	Rs	26.69
2	Furnace Oil (H.S.D. for Brand Drier)		
	Quantity	L	55538
	Total amount	Rs	3313408
	Average Rate	Rs	60
3	Briquettes – For Boiler		
	Quantity	Kgs	6991158
	Total Amount	Rs	28914905
	Average Rate	Rs	4.136

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Particulars	Units	Current Year	Standard if Any
a)	(Products with details - Units)			
	Cereal based food products (tonnes)	Ton	1258	-
	Electricity (Units)	Units / Ton	507	-
	H.S.D. Oil (Qty)	Ltr / Ton	36	-
b)	Pest Control Products	CLD	1334311	-
	Electricity (Units)	Units / CLD	3.5	-
	Briquettes	Kgs / CLD	5.2	-
c)	Full Shoes	Pairs	20797	-
	Electricity (Units)	Units/ Pairs	1.4	-
d)	Tea Dust (tonnes)	Ton	697	-
	Electricity (Units)	Units/ Ton	129	-

(B)	Technology Absorption	
	(i) the efforts made towards technology absorption.	
	(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	The Company continues to keep abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields.
	(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not Applicable
	(iv) The expenditure incurred on Research and Development.	Nil
(C)	Foreign Exchange Earnings and Outgo	
	The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows	Foreign Exchange used for importing Raw Material, commission, Purchase of Fixed Assets and travel expenses of employees for official work etc. were equivalent to Rs. 222.05 lacs. Foreign Exchange earned during the year by exporting finished products was equivalent to Rs.5790.67 lacs.

Annexure - III to the Directors' Report

INFORMATION PURSUANT TO SECTION 197 (12) READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- 1) Ratio of Remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the year 2019.

Median Remuneration of all the employees of the Company (Rs. in lakhs)	3.31
Percentage increase in Median Remuneration of all the employees	7.6
Number of permanent employees on the rolls of the Company	281

Name of Directors and KMP	Remuneration in lakhs		% increase in remuneration in financial year	Ratio to median Remuneration of all employees
	2018-2019	2017-2018		
Executive Director				
Mr. Ganesh T Argekar	17.00	12.00	41.67	5.14
Other KMPs				
Mr. Kedar Swain Chief Financial Officer	10.78	9.69	11.25	3.26
Ms. Beena Mahambrey Company Secretary	12.20	11.23	8.64	3.68

2. The average percentile increase in the salaries of the employees other than the Managerial Person (i.e. ED) is 7.6%. While increase in the Managerial remuneration is 41.67%. The average increase in remuneration of employees other than the managerial person is in line with the industry practice and is in within normal range.
3. We affirm that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the Remuneration Policy of the Company.

Annexure - IV to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

Sr. No	Particulars	Remark								
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Promotion of education, Promoting gender equality, Promoting social business projects, Ensuring environmental sustainability, ecological balance protection of flora and fauna animal welfare, conservation of natural resources, Promoting, Health, Hygiene of Female.								
2.	The Composition of the CSR Committee.	1) Mr. Sameer Kothari – Chairman 2) Mr. Ganesh Argekar – Member 3) Mr. Shashi Kalathil – Member								
3.	Average net profit of the company for the last three financial years	<div>Rs. In lacs</div> <table><thead><tr><th></th><th>31st March 2018</th><th>31st March 2017</th><th>31st March 2016</th></tr></thead><tbody><tr><td>Net profit as per Section 198 of the Act</td><td>861.33</td><td>82.94</td><td>(5.26)</td></tr></tbody></table> <div>The average net profit of the company for the last three financial years – Rs.313.00.</div>		31st March 2018	31st March 2017	31st March 2016	Net profit as per Section 198 of the Act	861.33	82.94	(5.26)
	31st March 2018	31st March 2017	31st March 2016							
Net profit as per Section 198 of the Act	861.33	82.94	(5.26)							
4.	Prescribed CSR expenditure (two per cent, of the amount as in item 3 above)	Rs. 6.26								
5.	Details of CSR spent during the financial year. (a) Total amount to be spent for the financial year: (b) Amount unspent, if any: (c) Manner in which the amount spent during the financial year is detailed below:	Rs. 6.41								

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr.No	CSR project or activity identified	Sector in which the project is covered Sector (Schedule VII)	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount out-lay (budget) project or programs wise (Amount in Rs.)	Amount spent on the projects or programs Sub –heads: (1) Direct expenditure on projects or programs (2) Over-heads (Amount in Rs.)	Cumulative expenditure upto to the reporting period (Amount in Rs.)	Amount spent : Direct or through implementing agency*
1.	Supported Umang foundation in WSHEP (Provided with Sanitary Napkins). Also Supporting education to the needy through Umang Foundation	Promoting Health and Education	WHSEP (Woman Hygiene and Sanitation Educational Program) Teacher's Fee	37,500 70,000	37,500 70,000	37,500 70,000	Through agency: Umang Foundation
2.	Kerala relief Fund	Contributed to State Relief Fund		1,52,689	1,52,689	1,52,689	To Kerala State Government

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3.	Repaired & Renovated the School Toilet of Government Primary School, Par, Usgao, Goa	Sanitation facility		49,945	49,945	49,945	Construction of Asset
4.	Appanaickenpatti, Cbe Handover of ready made toilet for Government schools - Girls	Sanitation facility		1,56,500	1,56,500	1,56,500	Construction of Asset
5.	St Jude India Children (Education)	Promotion of Education		1,75,000	1,75,000	1,75,000	Paid Directly
	Total			6,41,634	6,41,634	6,41,634	

*Give details of implementing agency.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof the company shall provide the reasons for not spending the amount in its Board report. - Nil
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

		Not Applicable
Mr. Ganesh Argekar & Mr. Shashi Kalathil (Members of the CSR Committee)	Mr. Sameer Kothari (Chairman CSR Committee)	[Person specified under clause ;d of sub-section (1) of section 380 of the Act] (wherever applicable)

Annexure - V to the Boards' Report Secretarial Audit Report

FORM NO. MR- 3

[PURSUANT TO SECTION 204 (1) OF THE COMPANIES ACT, 2013 AND RULE NO. 9 OF THE COMPANIES
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019.

To,

The Members,
Hindustan Foods Limited
Office No. 03, Level 2, Centrium,
Phoenix Market City, 15,
Lal Bahadur Shastri Rd,
Kurla Mumbai, Maharashtra, 400070

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HINDUSTAN FOODS LIMITED**, (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **HINDUSTAN FOODS LIMITED'S** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not applicable during the period under review.**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008;..... **Not applicable during the period under review.**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;..... **Not applicable during the period under review.**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;..... **Not applicable during the period under review.**

- (vi) Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. **Not applicable during the period under review.**

The other laws as may be applicable specifically to the Company are:-

A. Food items and related business:

1. Food Safety Standards Act, 2006 and Food Safety and Standards Rules, 2011;
2. Prevention of Food Adulteration Act 1954;
3. Bureau of Indian Standards (BIS) Act, 1986;
4. Export of Milk Products (Quality control, Inspection and Monitoring) Rules 2000

B. Footwear business:

To the best of my knowledge and believe and as confirmed by the Management of the Company there is no sector specific law applicable to the Company, with reference to the Footwear business.

C. Tea Business:

The Company is into the business of packing of tea. Hence there is no sector specific law applicable to the Company such as The Tea Board Guidelines and Orders and The Tea Act, 1953 and Tea Warehouse (Licensing) Order 1989. The laws applicable

The Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 (SWMA).

The Prevention of Food Adulteration Act, 1954 and the Prevention of Food Adulteration Rules, 1955 and its first amendment, 2003 (PFA).

D. Pest repellents and other related items:

The Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 (SWMA).

I further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Managing Director taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor compliance with applicable other laws.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Board duly recorded and signed by Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has:

- (i) Increased its Authorised share Capital from 15,00,00,000/- to Rs. 21,50,00,000/- and subsequently allotted 4,00,000 Equity Shares by Private Placement to the Promoter and 1,00,000 equity shares to the promoter group.
- (ii) the company is in the process of entering into scheme of arrangement (composite) of demerger of contract manufacturing (Hyderabad) business of Avalon Cosmetics Private Limited.
- (iii) shifted its Registered Office from the State of Goa to the State of Maharashtra.

SADASHIV V SHET
Practicing Company Secretary
FCS No. 2477
C P No.: 2540

Date: 9th August, 2019

Place: Panaji-Goa

Report On Corporate Governance

For The Year 2018-19

Your Directors are pleased to present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the year ended 31st March, 2019. Corporate Governance is the interaction of the Management, Members and the Board of Directors to ensure that all stakeholders are protected in their sole interest.

1. Company's philosophy on code of governance

Your Company's philosophy on the code of governance is to observe the highest level of ethics in all its dealings, to ensure efficient conduct of your Company and help your Company to achieve its goal in maximizing value for all its stakeholders as well as in achieving the objectives of the principles as mentioned in Regulation 4(2) of the Listing Regulations.

2. Board of Directors ("Board")

2.1 Composition and category of directors

Your Company's Board comprises of an optimum combination of Executive and Non-Executive Directors. As on 31st March, 2019 the Board comprises of Nine members. The Board is headed by a Non-Executive, Non-Independent Chairman, a Managing Director and one Executive Director/Whole time Director (ED), six Non-Executive Directors (NED) including a Woman Independent Director and other three Independent Directors (ID). The number of IDs is one third of the total number of directors.

Name	DIN	Category	Number of shares held as at 31. 03. 2019
Mr. Shrinivas V. Dempo (Chairman)	00043413	Non-Independent Non-Executive	4,00,000
Mr. Sameer R. Kothari	01361343	Managing Director	Nil
Mr. Ganesh T. Argekar	06865379	Executive Director	50,000
Mr. Rajesh S. Dempo	05143106	Non-Independent Non-Executive	Nil
Mr. Nikhil K. Vora	05014606	Non-Independent Non-Executive	7
Adv. Sudin M. Usgaonkar	00326964	Independent Non-Executive	Nil
Mr. Shashi K. Kalathil	02829333	Independent Non-Executive	Nil
Ms. Honey Vazirani	07508803	Independent Non-Executive	Nil
Mr. Neeraj Chandra*	00444694	Independent Non-Executive	Nil

* Mr. Neeraj Chandra appointed as an Additional Director (Non-executive, Independent) of the Company effective 25th January, 2019.

2.2 Attendance of the directors at the board meetings, annual general meeting and number of other board of directors or committees in which a director is a member or chairperson.

Attendance of each director at the board meetings and the last annual general meeting (AGM) held during the year and the number of directorships and committee memberships/chairpersonships held by them in other companies is given below:

Name	No. of board meetings attended during 2018p-19	Whether attended last AGM held on 21.09.2018	No. of directorships in other companies ⁹	No. of committee positions he in other companies	
				Chairperson	Member
Mr. Shrinivas V. Dempo Chairman	3 of 7	Yes	14	-	-
Mr. Sameer R. Kothari Managing Director	7 of 7	Yes	12	-	-
Mr. Nikhil K. Vora	6 of 7	Yes	9	-	-
Mr. Rajesh S. Dempo	2 of 7	Yes	6	-	1
Adv. Sudin M. Usgaonkar	1 of 7	Yes	5	-	1
Mr. Shashi K. Kalathil	7 of 7	Yes	1	-	-
Ms. Honey Vazirani	7 of 7	Yes	2	-	-
Mr. Neeraj Chandra *	1 of 1	NA	1	-	-
Mr. Ganesh T. Argekar Executive Director	7 of 7	Yes	-	-	-

⁹ Includes directorships held in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

* Mr. Neeraj Chandra appointed as an Additional Director (Non-executive, Independent) of your Company effective 25th January, 2019

Notes:

None of the Independent Directors of your Company serves as an Independent Director in more than seven listed companies and the Executive Director does not serve as Independent Director on any listed company.

None of the directors of your Company is a member of more than ten committees nor is a chairperson of more than 5 committees across all the public limited companies, whether listed or not, in which he/she is a director. The committees considered for the above purpose are those specified in Regulation 26(1)(b) of the Listing Regulations i.e. the Audit Committee and the Stakeholders' Relationship Committee.

Mr. Shrinivas V. Dempo is the 'Cousin' of Mr. Rajesh S. Dempo. None of the other Directors have any relationships inter-se.

2.3 Names of the other listed entities where the Directors of your Company are the Directors in the other listed Company:

Name	Name of the other listed Companies & Category of the Directorships
Mr. Shrinivas V. Dempo Chairman	1. Goa Carbon Limited – Chairman (Non-executive, Non-Independent); 2. Automobile Corporation of Goa Limited – Chairman (Non-Executive, Independent)
Mr. Sameer R. Kothari Managing Director	--
Mr. Nikhil K. Vora	1. JHS Svendgaard Laboratories Limited – Nominee Director (Non-Executive)
Mr. Rajesh S. Dempo	1. Goa Carbon Limited – Non-Executive, Non-Independent
Adv. Sudin M. Usgaonkar	1. Govind Poy Oxygen Limited – Non-Executive, Independent
Mr. Shashi K. Kalathil	–
Ms. Honey Vazirani	–
Mr. Neeraj Chandra	–
Mr. Ganesh T. Argekar Executive Director	–

2.4 Meetings of the Board of Directors

The information as required in Part A of Schedule II of the Listing Regulations is made available to your Board. The Board periodically reviews compliance reports of all laws applicable to the Company. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting of the shareholders. Additional meetings are held, when necessary.

The intervening period between two board meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations, 2015.

Seven Board meetings were held during the financial year ended 31st March, 2019 on 24th May, 2018, 13th August, 2018, 21st September, 2018, 14th November, 2018, 25th January, 2019, 12th February, 2019 and 27th February, 2019. The gap between no two meetings exceeded one hundred and twenty days.

Your Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors of your Company during the year ended financial 31st March, 2019, except for payment of the sitting fees.

2.5 Remuneration of each director on the Board

The details of remuneration to each of the directors on the Board during the financial year 2018-19 are as follows:

(Amount in Rs.)

Name	Fixed Salary			Commis- sion	Sitting fees	Total Remunera- tion	Service Contract / Notice Period / Severance
	Basic	Perquisites / Allowances	Total				
Mr. Shrinivas V. Dempo (Chairman)	-	-	-	-	49,000	49,000	Non rotational
Mr. Sameer R. Kothari Managing Director	-	-	-	-	1,05,000	1,05,000	5 years with effect from 22.05.2017
Mr. Nikhil K. Vora	-	-	-	-	90,000	90,000	Retirement by Rotation
Mr. Rajesh S. Dempo	-	-	-	-	34,000	34,000	Retirement by Rotation
Adv. Sudin M. Usgaonkar	-	-	-	-	18,000	18,000	5 years up to the AGM of 2019
Mr. Shashi K. Kalathil	-	-	-	-	1,16,500	1,16,500	5 years up to the AGM of 2021
Ms. Honey Vazirani	-	-	-	-	1,16,500	1,16,500	5 years up to the AGM of 2022
Mr. Neeraj Chandra	-	-	-	-	15,000	15,000	Upto the AGM of 2019
Mr. Ganesh T. Argekar Executive Director*	17,00,000	-	17,00,000	-	--	17,00,000	3 years with effect from 19.05.2017

Notes:

None of your directors hold stock options as on 31st March, 2019. The ED is not eligible for payment of severance fees and the contract with the ED may be terminated by either party giving the other party 6 months' notice.

None of the Directors of your Company have any pecuniary relationship with your Company.

2.6 Independent Directors Meeting

The Independent Directors of your Company met on 22nd May, 2019 without the presence of non-independent directors and members of the management. At this meeting, the IDs inter alia reviewed the performance of the non-independent directors and the board of directors as a whole, reviewed the performance of the Chairman of your board and assessed the quality, quantity and timeliness of flow of information between the management and the board of directors.

2.7 Familiarization Programme for Independent Directors

The Executive Director of your Company provides a brief of the industry and business of the Company to the new Independent Directors and also has a discussion to familiarize the Independent Directors with the Company's operations. At the time of regularization of the appointment of an Independent Director, the appointment is formalized by issuing a letter to the director, which inter alia explains the role, function, duties and responsibilities expected of him/her as a director of the Company. The Company also from time to time familiarizes the Independent Directors about the Company, its product, business and the on-going events relating to the Company through presentations.

The details on the Company's Familiarisation Programme for Independent Directors can be accessed at : www.hindustanfoodslimited.com

2.8 Skill matrix for the Board of Directors

The Board of Directors are collectively responsible for selection of a Member on the Board of your Company.

The Nomination and Remuneration Committee of your Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board.

In terms of the requirement of the Listing Regulations, the Board has identified the following core skills/ expertise / competencies of the Directors in the context of the Company's business for effective functioning as given below:

- Leadership experience
Experience in leading well-governed large organisations, with an understanding of organisational systems and processes complex business and regulatory environment, strategic planning and risk management, understanding of emerging local and global trends and management of accountability and performance.
- Experience of crafting Business Strategies
Experience in developing long-term strategies to grow consumer / FMCG business, consistently, profitably, competitively and in a sustainable manner in diverse business environments and changing economic conditions.
- Understanding of customer insights in diverse environment and conditions –
Experience of having managed organization's with large consumer / customer interface in diverse business environments and economic conditions which helps in leveraging consumer insights for business benefits.
- Finance and Accounting Experience
Leadership experience in handling financial management of a large organization along with an understanding of accounting and financial statements
- Understanding use of Digital / Information Technology across the FMCG value chain
Understanding the use of digital / Information Technology across the value chain, ability to anticipate technological driven changes and disruption impacting business and appreciation of the need of cyber security and controls across the organization.
- Experience of Corporate Governance and understanding of the changing regulatory landscape
Experience of having served in public companies in diverse industries to provide Board oversight to all dimensions of business and Board accountability, high governance standards with an understanding of changing regulatory framework.

2.9 Confirmation as regards independence of Independent Directors

In the opinion of your Board, both the existing Independent Directors and those who are proposed to be appointed at the ensuing Annual General Meeting, fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management.

3. Audit Committee

3.1 Details of the composition of the Audit Committee, meetings and attendance of the members are as follows:

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18(1) of the Listing Regulations read with Section 177 of the Companies Act, 2013.

The Company Secretary of your Company acts as the Secretary to the Committee. The Committee meets at least once a quarter. The terms of reference of the Audit Committee are as per the guidelines set out in Part C of Schedule II of the Listing Regulations. The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial process, to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, the internal auditor and the statutory auditor and notes the processes and safeguards employed by each of them.

Five meetings of the Committee were held during the financial year ended 31st March, 2019 on 24th May, 2018, 13th August, 2018, 14th November, 2018, 25th January, 2019 and 11th February, 2019. The gap between no two meetings exceeded one hundred and twenty days. The quorum was present for all the above five meetings.

The composition of the Committee and the attendance details of the members are given below:

	Category	No. of meetings attended
Mr. Shashi K. Kalathil – Chairman	ID	5 of 5
Ms. Honey Vazirani	ID	5 of 5
Mr. Ganesh T. Argekar	ED	5 of 5

ID – Independent Director; NED – Non Executive Director; ED- Executive Director

4. Nomination and Remuneration Committee

4.1 Details of the composition of the Nomination and Remuneration Committee, meetings and attendance of the members are as follows:

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19(1) & (2) of the Listing Regulations read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are as per the guidelines set out in Part D(A) of Schedule II of the Listing Regulations.

The Nomination and Remuneration Committee of the Company comprises of three Independent Directors namely Adv. Sudin M. Usgaonkar (Chairman) and Mr. Shashi K. Kalathil and Ms. Honey Vazirani.

Four meetings of the Committee were held during the financial year ended 31st March, 2019 on 24th May, 2018, 14th November, 2018, 25th January, 2019 and 12th February, 2019.

The composition of the Committee and the attendance details of the members are given below:

Names of Members	Category	No. of meetings attended
Adv. Sudin M. Usgaonkar – Chairman	ID	-
Mr. Shashi K. Kalathil	ID	4 of 4
Ms. Honey Vazirani	ID	4 of 4

ID – Independent Director

4.2 Nomination and Remuneration Policy

The Company has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at www.hindustanfoodslimited.com

5. Share Transfer, Investors' Grievance and Stakeholders Relationship Committee

5.1 Details of the composition of the Stakeholders Relationship Committee, meetings and attendance of the members are as follows:

The Stakeholders Relationship Committee of the Company is headed by a Non-Executive Director.

Four meetings of the Committee were held during the financial year ended 31st March, 2019, on 19th May, 2018, 10th August, 2018, 8th November, 2018 and 8th February, 2019.

The composition of the Committee and the attendance details of the members are given below:

Names of Members	Category	No. of meetings attended
Mr. Shrinivas V. Dempo – Chairman	NED	4 of 4
Adv. Sudin M. Usgaonkar	ID	3 of 4
Mr. Rajesh S. Dempo	NED	4 of 4

ID – Independent Director; NED – Non-Executive Director

5.2 Terms of reference

The Committee is empowered to consider and approve the physical transfer/transmission/transposition of shares, issue of new/duplicate share certificates and oversees and reviews all matters connected with securities transfer. The Committee also specifically looks into the redressal of shareholders' and investors' complaints/grievances pertaining to transfer/transmission of shares, non-receipt of share certificates, non-receipt of annual, etc.

5.3 Details of Shareholders' complaints

During the year under review, your Company had received three complaints and all the three complaints were resolved. No complaints remained pending as on 31st March, 2019.

5.4 Compliance Officer

Name, designation and address of Compliance Officer under Regulation 6(1) of the Listing Regulations:

Mrs. Beena M. Mahambrey, Company Secretary Upto 18th April, 2019
Hindustan Foods Limited
Dempo House, Campal, Panaji, Goa 403001
Tel.: (0832) 2441381 Fax: (0832) 2225098
Email: hfl@dempos.com

Mr. Bankim Purohit, Company Secretary w.e.f. 19th April, 2019
Hindustan Foods Limited
Office No. 3, Level-2, Centrium,
Phoenix Market City, 15, LBS Marg, Kurla (West) Mumbai 400 070
Tel: 022 2261801700
Email: bankim.purohit@thevanitycase.com

6. Corporate Social Responsibility (CSR) Committee – Mandatory Committee

As required under the Companies Act, 2013 a committee of the Board was constituted on 24th May, 2018 to oversee and give direction to the Company's CSR Activities. The Company has formulated CSR Policy and the same has been uploaded on the Company's website www.hindustanfoodslimited.com

6.1 Terms of reference

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.*

6.2 Details of the composition of the CSR Committee, meetings and attendance of the members are as follows:

The CSR Committee of the Company is headed by Mr. Sameer Kothari, Managing Director of the Company.

One meeting of the Committee was held during the financial year ended 31st March, 2019, on 24th May, 2018.

The composition of the Committee and the attendance details of the members are given below:

Names of Members	Category	No. of meetings attended
Mr. Sameer Kothari – Chairman	Managing Director	1 of 1
Mr. Ganesh Argekar	Executive Director	1 of 1
Mr. Sashi Kalathil	Independent Director	1 of 1

7. General Meetings and Postal Ballot

7.1 Location and time, where last three AGMs were held:

Financial Year Ended	Date & Time	Venue
31st March, 2016	10th August, 2016 at 10:30 am	
31st March, 2017	27th September, 2017 at 10:30 am	Dempo House, Campal,
31st March, 2018	21st September, 2018 at 10:30 am	Panaji – Goa.

The following is/are the special resolution(s) passed at the previous three AGMs:

AGM held on	Special Resolution passed	Summary
10th August, 2016	No	--
27th September, 2017	Yes	1. Appointment of Mr. Sameer R. Kothari as Managing Director 2. Re-appointment of Mr. Ganesh T. Argekar, as Whole-time Director, designated as Executive Director, and payment of remuneration.
21st September, 2018	No	--

During the year under review one special resolution was passed by the Equity Shareholders and Preference Shareholders of your Company in the Extra Ordinary General Meeting held on 28th March, 2019, convened pursuant to the directions of the Hon'ble National Company Law Tribunal, Mumbai Bench for approval of the Scheme of Arrangement between your company i.e. Hindustan Foods Limited ('the Resulting Company or HFL') and Avalon Cosmetics Private Limited ('the Demerged Company or ACPL').

7.2 Resolutions passed through Postal Ballot

During the year under review three special resolutions and one ordinary resolution was passed through the postal ballot on 24th July, 2018.

Mr. Sadashiv V. Shet, Practicing Company Secretary was appointed as the Scrutinizer for conducting the postal ballot process in fair and transparent manner. Upon completion of the scrutiny of Ballot Forms and electronic responses, the Scrutinizer had submitted his report to the Chairman of the Company. The results of the Postal Ballot were declared on 24th July, 2018. The said results along with the Scrutinizer's Report was displayed on the website of the Company i.e. www.hindustanfoods.com and intimated to the Stock Exchange where the shares of the Company are listed.

Details of voting pattern for the Postal Ballot are as given below:

Sr. No.	Particulars	Voted in favour of the resolution			Voted against the resolution		
		No. of members voted through e-voting/ postal ballot	No. of votes cast (No. of Shares)	% of total no. of votes cast	No. of members voted through e-voting/ postal ballot	No. of votes cast (No. of Shares)	% of total no. of votes cast
1	Ordinary Resolution: Increase in Authorized Share Capital and Alteration of Memorandum of Association	99	52962	99.39	4	325	0.61
2	Special Resolution: Alteration of Articles of Association	99	52862	99.20	4	425	0.80
3	Special Resolution: Shifting of Registered Office of the Company.	100	53094	99.64	3	193	0.36
4	Special Resolution: Issue of Equity Shares on Preferential Basis	96	52362	98.26	7	925	1.74

During the year under review, your Board had also proposed seeking the consent of the members by way of ordinary/ special resolutions by way of Postal Ballot/ e-voting and the same was concluded after 31st March, 2019 i.e. on 5th April, 2019 and hence the details are not forming part of this Corporate Governance Report. The results of the said Postal Ballot were declared on 8th April, 2019. The said results along with the Scrutinizer's Report was displayed on the website of the Company i.e. www.hindustanfoods.com and intimated to the Stock Exchange where the shares of the Company are listed.

Proposed Postal Ballot

There is no immediate proposal for passing any resolution through postal ballot.

8. Means of Communication

The quarterly unaudited financial results were published in the Financial Express / Navhind Times (English Dailies) and Navprabha (Marathi Daily). The results were also displayed on the Company's web-site www.hindustanfoodslimited.com. The shareholders can access the Company's website for financial information, shareholding information etc.

All price sensitive information and matters which are material and relevant to shareholders are intimated to the Stock Exchange where the securities of the Company are listed and are also displayed on the Company's website.

The Company submits to the BSE Limited (BSE) all compliances, disclosures and communications through BSE's Listing Centre portal.

No presentations have been made to institutional investors/analysts during the financial year.

The Management Discussion and Analysis report is provided separately as a part of this Annual Report.

9. Disclosures

9.1 Related Party Transactions / Materially significant related party transactions

In terms of Regulation 23(1) of the Listing Regulations, the Board of Directors has approved and adopted a policy on Related Party Transactions and the same has been uploaded on the website of the Company and can be accessed at: www.hindustanfoodslimited.com

During the year under review, there were no transactions between the Company and the Promoters, Directors or Management, or their relatives, etc. that had a potential conflict with the interests of your Company at large. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly.

9.2 Indian Accounting Standards (IND AS)

The Company has followed the relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.

9.3 Confirmation by the Board of Directors acceptance of Recommendation of Mandatory Committees

In terms of the amendments made to the SEBI Listing Regulations, The Board of Directors confirm during the year, it has accepted all recommendations received from its mandatory committees.

9.4 Prevention of Insider Trading

Pursuant to SEBI Listing Regulations, the Company has formulated the "Code of Conduct and Code of Fair Disclosures for prohibition of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information" (HFL Code) which allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed. The Company Secretary is responsible for implementation of the HFL Code.

In Line with the amendments in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 the code has been amended suitably to align with the amendments which is made effective from 1st April, 2019.

9.5 Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In terms of the recent amendment of Listing regulations, the following are the details of the complaints during the year:

a.	Number of complaints filed during the financial year	-	Nil
b.	Number of complaints disposed of during the financial year	-	Nil
c.	Number of complaints pending as on end of the financial year	-	Nil

9.6 Statutory Compliance, Penalties and Strictures

There were no instances of non-compliance or penalties, strictures imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets, during the last three years.

9.7 Compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company confirms that it has complied with all mandatory requirements prescribed in the Listing Regulations.

The Company has partially adopted the non-mandatory requirements. Disclosures of the extent to which the discretionary requirements have been adopted are given elsewhere in this report.

9.8 Policy for Determining Material Subsidiaries

The Company does not have any subsidiaries hence the same is not applicable to the Company.

9.9 Commodity price risks or foreign exchange risks and hedging activities

This has been discussed in the Management Discussion and Analysis, which forms part of the Directors' Report.

9.10 Details of utilization of Funds raised through preferential allotment

The Company has issued on preferential basis, Private Placement and allotted, 5,00,000 (Five Lacs) Equity Shares of Rs.10/- (Rupees Ten) each at a premium of Rs.290/- per share, to the Promoters/ Promoter group during the financial year 2018-19. The funds raised through issuance of equity Shares on preferential basis have been utilised towards meeting the Capital expenditure for expansion of current business operations, repayment of unsecured loans and to meet long term working capital requirements and capital expenditure in expanding the operational capacity of the existing units and for other general corporate purposes.

9.11 Code of Conduct

In terms of Regulation 17(5) of the Listing Regulations, the Company has adopted the Code of Conduct for the Board Members and Senior Management of the Company which has been posted on the Company's website www.hindustanfoodslimited.com. Requisite annual affirmations of compliance with the code have been made by the Directors and Senior Management of the Company.

The declaration of the Managing Director is given below:

I, Sameer R. Kothari, Managing Director of Hindustan Foods Limited, declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year ended 31st March, 2019.

Mumbai.
09th August, 2019

SAMEER R. KOTHARI
Managing Director

9.12 Compliance Certificate from CEO / CFO

As required by Regulation 17(8) of the Listing Regulations, the CEO and CFO of the Company have furnished the Compliance Certificate of the financial statements for the year to the Board of Directors. The same is enclosed at the end of the report.

9.13 Whistle Blower Policy

Your Company has in place a Vigil Mechanism / Whistleblower Policy. The policy provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct policy. The mechanism provides for adequate safeguards against victimization of employees to avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

9.14 Details of non-compliance with requirements of corporate governance report

The Company has complied with all the requirements of the corporate governance report as specified in sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

9.15 Details of compliance with corporate governance requirements

The Company has complied with the corporate governance requirements as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

9.16 Practicing Company Secretary Certificate on Corporate Governance

As required by the Listing Regulations, the compliance certificate from the Practicing Company Secretary regarding compliance of conditions of corporate governance is annexed to the Corporate Governance report.

The Company has also obtained a Certificate from Mr. Sadashiv Seth, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this Corporate Governance report.

10 General Shareholder Information:

10.1 Annual General Meeting

Date and Time : Thursday, 26th September, 2019 at 11.30 a.m.

Venue : Hrezzo, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar Society, Vidyavihar, Mumbai- 400 086.

10.2 Financial Year Dates (2019-2020)

(Tentative and subject to change)

Results for quarter ending 30th June, 2019

By 14th August, 2019

Results for quarter ending 30th September, 2019

By 14th November, 2019

Results for quarter ending 31st December, 2019

By 14th February, 2020

Results for quarter ending 31st March, 2020

By 28th May, 2020

Annual General Meeting for the year ending 31st March, 2020

By 30th September, 2020

10.3 Book Closure Date

Your Company's Share Transfer Books and Register of Members of equity shall remain closed from Friday 20th September, 2019 to Thursday 26th September, 2019 (both days inclusive) for the purpose of Annual General Meeting.

10.4 Listing of Equity Shares

Your Company's shares are listed on the BSE Limited (BSE).

The address of BSE is as follows:

Name of Stock Exchange	Address & Contact details
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 Tel.: (022) 22721233; Fax: (022) 22721919; Website: www.bseindia.com

The Listing fees for the year 2018-19 have been paid to the BSE Limited.

10.5 Stock Codes

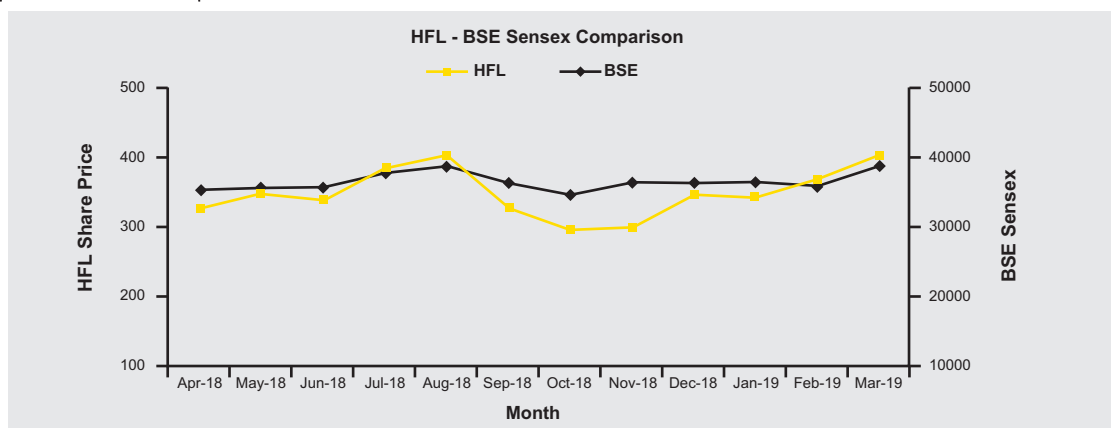
Name of Stock Exchange	Scrip Code	Demat ISIN Number in NSDL & CDSL
BSE Limited	519126	INE254N01018

10.6 Market Price Data (In Rs.)

Month	BSE Limited (BSE)		
	High	Low	Volume
April 2018	365.00	281.50	111270
May 2018	379.15	307.00	274393
June 2018	384.90	312.00	100537
July 2018	389.00	321.10	128022
August 2018	484.00	352.30	261205
September 2018	420.80	319.00	93650
October 2018	339.00	252.85	180914
November 2018	342.00	274.05	62528
December 2018	365.00	253.00	70318
January 2019	369.90	340.00	75771
February 2019	369.90	298.40	138604
March 2019	429.00	330.00	1812574

(Source: The information is compiled from the data available on the BSE website)

10.7 Share price performance in comparison to broad based indices – BSE Sensex



10.8 Registrar and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400083.
Ph.: (022) 49186270 Fax: (022) 49186060
Email: rnt.helpdesk@linkintime.co.in

10.9 Share Transfer System

Your Board of Directors have delegated powers to the Registrar and Share Transfer Agents for effecting share transfers, splits, consolidation, sub-division, issue of duplicate share certificates, re-materialization and dematerialization etc., as and when such requests are received. Shares held in dematerialized form are traded electronically in the Depositories. As at 31st March, 2019 no equity shares were pending for transfer.

As per the requirement of Regulation 40(9) of the Listing Regulations, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

The Company conducts a Reconciliation of Share Capital Audit on a quarterly basis in accordance with the Securities and Exchange Board of India (SEBI) requirements. The audit reports for the financial year under report have been filed with the stock exchanges within one month of the end of each quarter.

Trading in equity shares of the Company is permitted only in dematerialized form. SEBI has mandated that securities of all listed companies can be transferred only in dematerialized form w.e.f. April 1, 2019. Accordingly your Company / its RTA has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialization.

10.10 Distribution of Shareholding

Distribution Schedule as on 31st March, 2019

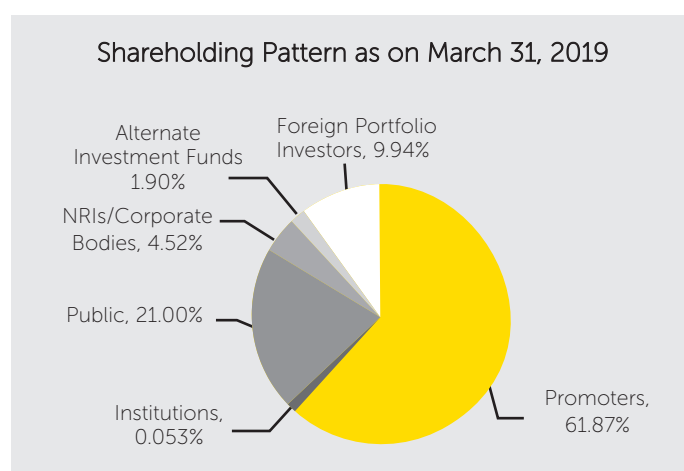
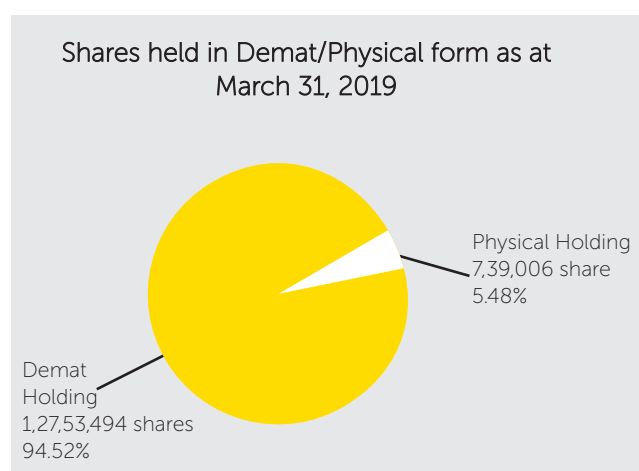
No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	6,544	92.4033	8,95,075	6.6339
501 to 1000	248	3.5018	1,90,742	1.4137
1001 to 2000	116	1.6380	1,69,366	1.2553
2001 to 3000	56	0.7907	1,36,970	1.0152
3001 to 4000	23	0.3248	79,415	0.5886
4001 to 5000	16	0.2259	77,501	0.5744
5001 to 10000	36	0.5083	2,75,946	2.0452
10001 and above	43	0.6072	1,16,67,485	86.4739
TOTAL	7,082	100.0000	1,34,92,500	100.0000

Distribution of Shareholding (Categorywise) as on 31st March, 2019

Category	No. of Shareholders	No. of Shares Held	% of Shareholding
Promoters	3	83,47,294	61.8662
Directors & their relatives	4	6,25,007	4.6323
Financial Institutions / Banks	2	7,200	0.0534
Bodies Corporate	62	4,97,237	3.6853
Non-Resident Indians (NRI's)	318	1,11,427	0.8258
Resident Individuals / Trusts	6,589	22,07,413	16.3603
Clearing Members	37	21,728	0.1610
HUF	63	78,609	0.5826
Alternate Investment Funds	2	2,55,995	1.8973
Foreign Portfolio Investors (Corporate)	2	13,40,590	9.9358
TOTAL	7,082	1,34,92,500	100.0000

10.11 Dematerialization of shares and liquidity

As on 31st March, 2019, 94.52% of your Company's paid-up capital representing 1,27,53,494 shares were held in dematerialized form as compared to 93.74% of your Company's paid-up capital representing 1,21,78,744 shares as on 31st March, 2018.



Shareholders who continue to hold their shares in physical form are requested to dematerialize their shares at the earliest and avail the benefits of dealing in shares in demat form. SEBI has amended Regulation 40 of the Listing Regulations wherein it is intimated that the transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository with effect from April 1, 2019.

10.12 Outstanding GCRs/ADRs/Warrants or any Convertible instruments

- Nil -

10.13 Plant Location

- i) Usgaon, Ponda, Goa 403406.
- ii) R S No:254/01-13, Gorimedu, Poothurai Revenue Village, Villapuram Dist., Tamil Nadu 605111.
- iii) Sidco Industrial Area, Phase 2, District Samba, Jammu, Jammu and Kashmir – 184121
- iv) SF No. 195/2A, Appanaickenpatti, Sulthanpet Road, Sulur, Coimbatore 641 402
- v) Industrial Gala Nos. 7 to 13, Survey No. 34 & 35, Rajprabha Landmark Industrial Estate Road, Gokhivare, Vasai (East), Palghar Mumbai 401208.

10.14 Address for correspondence

Investor correspondence for transfer / dematerialization of shares and any other query relating to the shares of the Company should be addressed to -

Link Intime India Pvt. Ltd.
C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai-400083.
Ph.: (022) 49186000 Fax: (022) 49186060
Email: rnt.helpdesk@linkintime.co.in

Investor complaints, if any, may be addressed to -

Mr. Bankim Purohit, Company Secretary
Hindustan Foods Limited
Office No.3, Level-2, Centrium, Phoenix Market City,
15, Lal Bahadur Shastri Road, Kurla, Mumbai – 400070.
Tel.: (022) 61801700 Email: investorrelations@thevanitycase.com

Service of documents through electronic mode

As a part of Green initiative, the members who wish to receive the notices/documents through e-mail, may kindly intimate their e-mail addresses to the Company's Registrar and Transfer Agents M/s. Link Intime Pvt. Ltd. i.e. rnt.helpdesk@linkintime.co.in or to the Company to its dedicated e-mail id i.e. investorrelations@thevanitycase.com

10.15 Status of compliance with discretionary requirements

The Listing Regulations requires disclosures of adoption by the Company of discretionary requirements as specified in Part E of Schedule II of the said regulations, which as the name suggests, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of the discretionary requirements is given below:-

(a) The Board:

An office with required facilities for the non-executive Chairman is not provided and maintained by your Company. Your Company also does not reimburse the expenses incurred by the non-executive Chairman in the performance of his duties.

(b) Shareholders Rights:

Since the quarterly, half yearly and annual financial results of your Company are posted on the Company's website, these are not sent individually to the shareholders of your Company. Further, significant events are informed to the Stock Exchange from time to time and then the same is also posted on the website of your Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company.

(c) Modified opinion(s) in audit report:

There is no audit qualification in the Company's Financial Statements for the financial year ended 31st March, 2019.

(d) Separate posts of Chairperson and Chief Executive Officer:

Mr. Shrinivas V. Dempo is the Chairman of your Company and Mr. Sameer R. Kothari is the Managing Director of your Company.

(e) Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

**COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) & AS SPECIFIED IN PART B OF SCHEDULE II
OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We, Sameer R. Kothari, Managing Director and Kedarnath Swain, Chief Financial Officer of Hindustan Foods Limited, ("company") hereby certify that:-

- (a) We have reviewed financial statement and the cash flow statement of the company for the financial year ended 31st March, 2019 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee that there is no:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

SAMEER R. KOTHARI
Managing Director
DIN: 01361343

KEDARNATH SWAIN
Chief Financial Officer

Place: Mumbai.
Date: 09th August, 2019

PRACTICING COMPANY SECRETARY'S CERTIFICATE UNDER SUB-PARA 10(i) OF PART C OF SCHEDULE V OF SEBI (LODR), REGULATIONS, 2015

To,

The Members
Hindustan Foods Limited

I, Sadashiv V Shet, Practicing Company Secretary, hereby certify that I have examined and verified the records, books and papers of the Company HINDUSTAN FOODS LIMITED as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder, as regards the Directors of the Company for the Financial Year ended on 31st March, 2019.

I further certify that based on the examinations carried out by me and the explanations and representations furnished to me by the said Company, its officers and agents, none of the following Directors of the Company:

Sr.No.	Name of the Director	DIN	Category
1	Mr. Shrinivas Dempo	00043413	Chairman, Non-Independent Non-Executive
2	Mr. Sameer Ramanlal Kothari	01361343	Managing Director
3	Mr. Sudin Manohar Sinai Usgaokar	00326964	Independent, Non-Executive
4	Mr. Rajesh S. Dempo	05143106	Non-Independent, Non-Executive
5	Mr. Neeraj Chandra	00444694	Independent, Non-Executive
6	Mr. Shashi Kumar Kalathil	02829333	Independent, Non-Executive
7	Mr. Nikhil Kishorchandra Vora	05014606	Non-Independent, Non-Executive
8	Mr. Ganesh Tukaram Argekar	06865379	Executive Director
9	Ms. Honey Hiranand Vazirani	07508803	Woman director, Independent Non-Executive

***Mr. Neeraj Chandra appointed as Additional Director w.e.f. 25.01.2019.**

have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI or Ministry of Corporate Affairs or any such statutory authority as on 31st March, 2019.

SADASHIV V. SHET
Practicing Company Secretary
CP No.: 2540; Membership No.: 2477

Date: 9th August, 2019
Place: Panaji, Goa

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members
Hindustan Foods Limited

I have examined the compliance of conditions of Corporate Governance by HINDUSTAN FOODS LIMITED (the Company), for the financial year ended on 31st March, 2019, as stipulated under the relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors & the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

SADASHIV V. SHET

Practicing Company Secretary
CP No.: 2540; Mem. No.: 2477

Date: 9th August, 2019
Place: Panaji, Goa

Independent Auditor's Report

To the Members of Hindustan Foods Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Hindustan Foods Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, profit, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. M/s G Shoe Exports acquisition accounting including identification and valuation of acquisition of intangibles and fair value adjustments

Refer to Note 5(b) – Intangible assets and Note 37(a) – Business combination.

On August 14, 2018 the Company completed its acquisition of the M/s G Shoe Exports operations for a total consideration of Rs. 349.42 Lakhs. The risk arises because of the level of judgement required by management in determining the fair value of net assets acquired of Rs. 349.42 Lakhs, which includes the identification and measurement of intangible assets (brand) of Rs. 200 Lakhs.

Our audit procedures in respect of this matter included:

- We have read the Business Purchase agreement entered into by the Company with M/s G Shoe Exports and in our audit of the accounting of the acquisition, we considered whether the appropriate accounting treatment had been applied.
- We reviewed the appropriateness of recognition of the identified intangible assets in accordance with Ind AS 38 Intangible Assets. We agreed with management's assessment that the intangible assets are separately identifiable and the Company has control over the future economic benefits flowing from the intangible assets.
- Obtained understanding and evaluated Management's input into assessment of assumptions such as projected future revenue growth based on the historical performance of G Shoe Exports, relevant economic and industry indicators, fair royalty rate, current tax rates and discount rates.
- We assessed the adequacy of disclosures within the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc. 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 will 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 SAs 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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report 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 purposes of our audit.
 - (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 balance sheet, the statement of profit and loss, the statement of changes in equity and the cash flow statement

dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- (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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

AMRISH VAIDYA
Partner
Membership No. 101739

Date: May 22, 2019
Place: Mumbai

Annexure A to the Independent Auditor's Report

On even date on the Financial Statements Of Hindustan Foods Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has 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.
- 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

AMRISH VAIDYA
Partner
Membership No. 101739

Date: May 22, 2019
Place: Mumbai

Annexure B to the Independent Auditor's Report

Of even date on the Financial Statements of Hindustan Foods Limited for the year ended March 31, 2019

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory, including stock with third parties, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

There were no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, customs duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution or bank as at the balance sheet date. The Company does not have any loans or borrowings from the Government, nor has it issued any debentures at the balance sheet date.
- ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment during the year and the requirements of Section 42 of the Act have been complied with. The amount raised has been used for the purposes for which they were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

AMRISH VAIDYA
Partner
Membership No. 101739

Date: May 22, 2019
Place: Mumbai

Annexure C to the Independent Auditor's Report

Of even date on the Financial Statements Of Hindustan Foods Limited

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to financial statements of Hindustan Foods Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

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 Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

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

A Company's internal financial control 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 control with reference to financial statements includes 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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 control 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

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

AMRISH VAIDYA
Partner
Membership No. 101739

Date: May 22, 2019
Place: Mumbai

Balance Sheet

As at 31st March, 2019

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5 (a)	7,249.11	3,892.24
Capital work-in-progress		34.05	303.22
Intangible assets	5 (b)	176.34	10.91
Financial assets			
Loans	6	40.06	24.04
Other financial assets	7	23.47	13.56
Deferred tax asset (net)	32	-	23.73
Non-current tax assets	8	31.70	59.93
Other non-current assets	9	1,036.41	270.51
Total non-current assets		8,591.14	4,598.14
Current assets			
Inventories	10	3,482.88	2,436.30
Financial assets			
Trade receivables	11	3,545.80	2,905.93
Cash and cash equivalents	12	425.19	650.16
Bank balances other than cash and cash equivalent	13	13.95	10.56
Loans	6	125.00	-
Other financial assets	7	371.27	450.20
Other current assets	9	1,744.16	703.67
Total current assets		9,708.25	7,156.82
Total assets		18,299.39	11,754.96
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	1,349.25	1,299.25
Other equity	15	4,929.57	2,525.13
Total equity		6,278.82	3,824.38
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	4,779.97	2,970.13
Other financial liabilities	17	81.52	29.33
Employee benefits obligation	18	40.75	44.58
Deferred tax liabilities (net)	32	50.89	-
Other non current liabilities	19	84.67	-
Total non-current liabilities		5,037.80	3,044.04
Current liabilities			
Financial liabilities			
Borrowings	16	1,520.09	313.30
Trade payables	20		
i) outstanding dues of micro enterprises and small enterprises		0.17	-
ii) outstanding dues of creditors other than micro enterprise and small enterprise		4,428.82	4,152.83
Other financial liabilities	17	709.07	117.40
Other current liabilities	21	114.14	144.56
Employee benefits obligation	18	65.38	16.53
Current tax liabilities (net)	22	145.10	141.92
Total current liabilities		6,982.77	4,886.54
Total liabilities		12,020.57	7,930.58
Total equity and liabilities		18,299.39	11,754.96

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date: 22 May 2019

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139MH1984PLC316003

Sameer R. Kothari
Managing Director
DIN: 01361343

Kedarnath Swain
Chief Financial Officer
Place : Mumbai
Date: 22 May 2019

Ganesh T. Argekar
Executive Director
DIN: 06865379

Bankim Purohit
Company Secretary
Membership No:ACS21865

Statement of Profit & Loss

For the year ended 31st March 2019

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	23	23,660.12	13,885.50
Other income	24	62.40	112.78
Total income		23,722.52	13,998.28
Expenses			
Cost of material consumed	25	14,901.18	8,194.68
Purchase of stock-in-trade		37.09	55.93
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(796.63)	(406.31)
Employee benefits expense	27	1,377.25	795.79
Finance costs	28	394.79	131.25
Depreciation and amortization expense	29	313.24	121.68
Manufacturing and operating costs	30	4,632.20	3,179.33
Other expenses	31	1,472.40	1,060.60
Total expenses		22,331.52	13,132.95
Profit before tax		1,391.00	865.33
Tax expense			
Current tax	32	293.04	157.12
MAT credit entitlement	32	(34.62)	(101.82)
Deferred tax	32	112.55	213.39
MAT credit entitlement for earlier year		-	(30.89)
Total income tax expense		370.97	237.80
Profit for the year		1,020.03	627.53
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of net defined benefit liability		(11.41)	(3.71)
- Income tax effect		3.32	0.97
Other comprehensive income for the year, net of tax		(8.09)	(2.74)
Total comprehensive income for the year		1,011.94	624.79
Earnings per share (face value Rs 10 each)			
Basic earnings per share (Rs)	33	7.65	4.81
Diluted earnings per share (Rs)	33	7.65	4.81

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date: 22 May 2019

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Place : Mumbai
Date: 22 May 2019

Ganesh T. Argekar
Executive Director
DIN: 06865379

Bankim Purohit
Company Secretary
Membership No:ACS21865

Statement of Cash Flows

For the year ended 31st March 2019

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,391.00	865.33
Adjustments for:		
Depreciation and amortization expenses	313.24	121.68
Interest on borrowing	386.29	127.12
Interest on redeemable non cumulative non convertible preference shares	4.50	4.13
Other finance charge	4.00	-
Interest income	(19.90)	(56.16)
Bad debts written-off	-	0.11
Gain on sale of property, plant and equipment	(4.00)	-
Provision for doubtful debts	7.48	-
Other receivable written off	119.00	-
Re-measurement gains on defined benefit plans reclassified to OCI	(11.41)	(3.71)
Unrealised foreign exchange translation (gain)/loss	2.98	116.74
Operating profit before working capital changes	2,193.18	1,175.24
CHANGES IN WORKING CAPITAL		
(Increase) in inventories	(970.27)	(1,102.60)
(Increase) in trade receivables	(650.33)	(2,338.21)
(Increase) in other assets	(1,040.49)	(369.73)
(Increase) in financial assets	(185.60)	(333.62)
Increase in trade payables	276.16	2,590.93
(Decrease)/ increase in other liabilities	54.25	(3.36)
Increase in financial liabilities	240.10	121.84
(Decrease)/ increase in provisions	45.01	(164.26)
Cash (used in) operations	(37.99)	(423.77)
Income tax paid	(263.00)	(75.92)
Net cash flows from operating activities (A)	(300.99)	(499.69)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	19.93	56.16
Payment for property, plant and equipment and intangible assets (net)	(4,059.18)	(324.81)
Bank balances other than cash and cash equivalent	(3.39)	1,133.72
Payment for acquisition of business (note 38)	(349.42)	(2,789.88)
Net cash flow from investing activities (B)	(4,392.06)	(1,924.81)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	1,500.00	-
Share issues expenses paid	(57.51)	-
Proceeds from long-term borrowings	2,148.47	2,420.23
Proceeds from short-term borrowings	1,206.79	309.93
Interest paid	(329.68)	(127.14)
Net cash flow from financing activities (C)	4,468.07	2,603.02

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(224.97)	178.52
Cash and cash equivalents at the beginning of the year	650.16	471.65
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	425.19	650.16
Cash And Cash Equivalents Comprise (refer Note 12)		
Balances with banks		
On current accounts	407.92	576.35
Fixed deposits with maturity of less than 3 months	13.24	71.41
Cash on hand	4.03	2.40
Total cash and bank balances at end of the year	425.19	650.16

(i) Figures in brackets represent cash outflow.

(ii) The above Cash Flow Statement has been prepared under indirect method as set out in Ind AS-7-Cash Flow Statement notified under

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date: 22 May 2019

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139MH1984PLC316003

Sameer R. Kothari
Managing Director
DIN: 01361343

Kedarnath Swain
Chief Financial Officer
Place : Mumbai
Date: 22 May 2019

Ganesh T. Argekar
Executive Director
DIN: 06865379

Bankim Purohit
Company Secretary
Membership No:ACS21865

Statement of Changes in Equity

For the year ended 31st March 2019

(All amounts in Rs. lakhs, unless otherwise stated)

	As at 31 March 2019		As at 31 March 2018		
	No. of shares	Amount	No. of shares	Amount	
(A) EQUITY SHARE CAPITAL					
Equity shares of Rs. 10/- each issued, subscribed and fully paid					
Opening	12,992,500	1,299.25	12,992,500	1,299.25	
Add: issue during the year [refer note 14 (f)]	500,000	50.00	-	-	
Closing	13,492,500	1,349.25	12,992,500	1,299.25	
(B) OTHER EQUITY					
	Equity component of redeemable non cumulative non convertible preference shares	Securities premium	Capital reserve	Retained earnings	Total
Balance as at 1 April 2017	86.29	2,362.46	0.05	(548.45)	1,900.35
Profit for the year	-	-	-	627.53	627.53
Other comprehensive income	-	-	-	(2.74)	(2.74)
Total comprehensive income for the year	-	-	-	624.79	624.79
Balance as at 31 March 2018	86.29	2,362.46	0.05	76.34	2,525.13
Balance as at 1 April 2018	86.29	2,362.46	0.05	76.34	2,525.13
Profit for the year	-	-	-	1,020.03	1,020.03
Other comprehensive income	-	-	-	(8.09)	(8.09)
Total comprehensive income for the year	-	-	-	1,011.94	1,011.94
Transaction with owners in their capacity as owners					
Security premium on shares issue	-	1,450.00	-	-	1,450.00
Share issues expenses	-	(57.51)	-	-	(57.51)
Balance as at 31 March 2019	86.29	3,754.95	0.05	1,088.28	4,929.57

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date: 22 May 2019

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139MH1984PLC316003

Sameer R. Kothari
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Chief Financial Officer
Place : Mumbai
Date: 22 May 2019

Ganesh T. Argekar
Executive Director
DIN: 06865379

Bankim Purohit
Company Secretary
Membership No:ACS21865

Notes forming part of the Financial Statements

For the year ended 31st March, 2019

1. GENERAL INFORMATION

Hindustan Foods Limited (the "Company") is a public company domiciled in India and was incorporated in the year 1984 under the provisions of the Companies Act, 1956 applicable in India. It's registered and principal office of business is located at office No. 03, Level 2, Centrium, Phoenix Market City, Kurla, Mumbai- 400070. The Company is primarily engaged in the business of contract manufacturing of FMCG products comprising primarily of Home Care, Personal Care, Foods & Refreshments and Job Working of Shoes.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are as under:

2.1 Basis of preparation of financial statements

a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards "(Ind AS)" notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Financial statements have been prepared on accrual & going concern basis. Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for defined benefit plans -plan assets measured at fair value.

c) Current / non-current classification

The Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities. The Company presents its assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the balance sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

e) Rounding off of amounts

The Financial statements are reported in Indian Rupee which is functional currency of the Company and all the values are rounded to the nearest lakhs (INR 00,000).

2.2 Property, plant and equipment

Freehold land is carried at acquisition cost and is not depreciated. All other items of property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Acquisition cost includes expenditure that is directly attributable to the acquisition of the items.

Spare parts are recognised when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets which are not ready for intended use before such date are disclosed under 'Capital work-in-progress'.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives prescribed under Schedule II of Companies Act, 2013 using the straight-line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Estimated useful life
Leasehold improvement*	Lease period
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Office Equipment	10 years
Electrical equipment	10 years
Computers	3 years
Vehicles	2 to 15 years

* Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.

Leasehold land is depreciated over the lease period.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date when assets are ready for intended use. Depreciation on sale from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, if any, as appropriate.

2.3 Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under 'Intangible assets under development'.

Amortisation method and periods

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

The Company amortized intangible assets over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated useful life
Brand	4 years
Computer software	6 years

2.4 Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

For non financial assets, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimation of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimations used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, or had no impairment loss been recognised for the asset in prior years.

2.5 Foreign currency transactions

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (Rs), which is the Company's functional and presentation currency.

b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

2.6 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 accessible to the Company.

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. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

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.

2.7 Revenue Recognition

With effect from 1 April 2018 on adoption of Ind-AS 115:

The Company recognise revenue when (or as) the Company satisfies the performance obligation by transferring promised goods or services to a customer. For sale of goods, the Company recognizes revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Company's premises. For sale of services, the Company recognises revenue as or when the performance obligation in relation to the service is satisfied by the Company based on terms of the agreement with customers. Revenue is reported net of taxes and duties as applicable.

Receivable is recognized when the goods are dispatched from Company's premises as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Revenue in excess of invoices are classified as unbilled revenue, while invoicing in excess of revenue are classified income received in advance.

Insurance claims are recognised when its amount can be measured reliably, and ultimate collection is reasonably certain. Interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Other operating revenue - Export incentives

Export Incentives under various schemes are accounted in the year of export on accrual basis.

2.8 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will

pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.9 Leases

Operating lease:
As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Finance lease:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments ("MLP"). The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made on item by item basis.

2.11 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.12 Corporate social responsibility (CSR)

Provisions are recognised for all CSR activity undertaken by the Company for which an obligation has arisen during the year and are recognized in Statement of profit or loss on accrual basis. No provision is made against unspent amount, if any.

2.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.14 Borrowing costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i. Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

iii. 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 on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

iv. Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

b) Financial liabilities

i. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

iii. Non cumulative redeemable non cumulative non convertible preference shares

Redeemable non cumulative non convertible preference shares where payment of dividend is discretionary and which are mandatorily redeemable on a specific date, are classified as compounded Instruments. The fair value of the liabilities portion is determined by discounting amount repayable at maturity using market rate of interest. Difference between proceed receive and fair value of liability on initial recognition is included in shareholder equity, net off income tax effect and not subsequently remeasured. Subsequently liability component of preference share is measured at amortised cost.

iv. Derecognition

A financial liability is derecognized 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 derecognition 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 as finance costs.

c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.16 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long-term employee benefit obligations

i. Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

ii. Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

iii. Other long-term employee benefit obligations

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

2.17 Contributed equity

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as contract manufacturing and other manufacturing for sale under the Company's own brand name. Thus, as per Ind AS 108 "Operating Segments", necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

2.20 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.21 Business Combination

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss Account.

2.22 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability portion of an optionally convertible preference shares is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument since it meets Ind AS 32, Financial Instruments: Presentation, criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not subsequently re-measured.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 35.

4. STANDARDS (INCLUDING AMENDMENTS) ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(a) Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116 Leases. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Company is currently evaluating the requirements of amendments.

(b) Ind AS 12, Appendix C, Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is in the process of analysing the impact of Ind AS 12 Appendix C.

(c) Amendment to Ind AS 12 - Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating impact on financial statements.

(d) Amendment to Ind AS 19 - Plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the group on or after 1 April 2019. The Company is currently evaluating impact on financial statements.

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

5 (a) PROPERTY, PLANT AND EQUIPMENT

(All amounts in Rs. lakhs, unless otherwise stated)

	Gross Block					Accumulated depreciation				Net Block
	As at 1 April 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37 (a)]	Deductions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019
Freehold land	5.57	280.25	-	-	285.82	-	-	-	-	285.82
Leasehold land	540.42	-	-	-	540.42	1.60	6.51	-	8.11	532.31
Buildings	1,834.65	1,791.32	-	-	3,625.97	93.86	99.22	-	193.08	3,432.90
Plant and machinery	1,719.01	1,258.65	60.53	13.87	3,024.32	153.13	151.30	13.87	290.56	2,733.76
Furniture and fixtures	22.17	39.35	-	-	61.52	7.21	4.58	-	11.79	49.73
Electrical equipment	-	74.50	-	-	74.50	-	1.41	-	1.41	73.09
Computers	21.91	40.65	-	-	62.56	1.80	9.70	-	11.50	51.06
Vehicles	5.17	-	-	-	5.17	0.29	0.41	-	0.70	4.47
Office equipment's	1.26	64.83	12.57	-	78.66	0.04	4.09	-	4.13	74.53
Leasehold improvement	-	12.20	-	-	12.20	-	0.75	-	0.75	11.45
Total	4,150.16	3,561.75	73.10	13.87	7,771.14	257.92	277.97	13.87	522.03	7,249.11

(All amounts in Rs. lakhs, unless otherwise stated)

	Gross Block					Accumulated depreciation				Net Block
	As at 1 April 2017	Additions/ Adjustments	Acquisition through business purchase [refer note 37 (b)]	Deductions/ Adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	As at 31 March 2018	As at 31 March 2018
Freehold land	5.57	-	-	-	5.57	-	-	-	-	5.57
Leasehold land	-	-	540.42	-	540.42	-	1.60	-	1.60	538.82
Buildings	1,334.65	1,030.88	1,598.11	-	1,834.65	69.82	24.04	-	93.86	1,740.79
Plant and machinery	918.14	209.98	590.89	-	1,719.01	63.24	89.89	-	153.13	1,565.88
Furniture and fixtures	18.77	3.41	-	-	22.17	3.03	4.18	-	7.21	14.97
Computers	1.77	20.14	-	-	21.91	0.14	1.66	-	1.80	20.11
Vehicles	0.21	4.96	-	-	5.17	0.01	0.28	-	0.29	4.88
Office equipment's	0.56	0.71	-	-	1.26	-	0.04	-	0.04	1.23
Total	1,078.48	342.27	2,729.42	-	4,150.16	136.24	121.68	-	257.92	3,892.24

5 (b) INTANGIBLE ASSETS

(All amounts in Rs. lakhs, unless otherwise stated)

	Gross Block					Accumulated depreciation				Net Block
	As at 1 April 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37 (a)]	Deductions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019
Intangible assets										
Computer software	10.91	-	-	-	10.91	-	1.82	-	1.82	9.09
Trademark	-	0.70	-	-	0.70	-	0.11	-	0.11	0.59
Brand	-	-	200.00	-	200.00	-	33.34	-	33.34	166.66
Total	10.91	0.70	200.00	-	211.61	-	35.27	-	35.27	176.34

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

(All amounts in Rs. lakhs, unless otherwise stated)

	Gross Block					Accumulated depreciation				Net Block
	As at 1 April 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37 (a)]	Deductions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019
Intangible assets										
Computer software*	-	10.91	-	-	10.91	-	-	-	-	10.91
Total	-	10.91	-	-	10.91	-	-	-	-	10.91

* Addition to computer software made at the end of the year, hence no amortisation cost has been incurred on the same

6 FINANCIAL ASSETS - LOANS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non - Current	Current	Non - Current	Current
Unsecured, considered good				
Security deposits	40.06	-	24.04	-
Other loan, repayable on demand	-	125.00	-	-
	40.06	125.00	24.04	-

7 OTHER FINANCIAL ASSETS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non - Current	Current	Non - Current	Current
In fixed deposit accounts with original maturity for more than 12 months	23.47	-	13.56	-
Export incentive receivable	-	-	-	447.90
Interest accrued on deposits	-	2.33	-	2.30
Interest accrued on loans given	-	1.36	-	-
Unbilled revenue	-	327.48	-	-
Other receivable	-	40.10	-	-
Total other financial assets	23.47	371.27	13.56	450.20

8 NON-CURRENT TAX ASSETS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income tax (net)	31.70	59.93
Total non-current tax assets	31.70	59.93

9 OTHER ASSETS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non - Current	Current	Non - Current	Current
Capital advance	1,036.41	-	270.51	-
Export incentive receivable	-	448.35	-	-
Balance with government authorities (other than income tax)	-	1,019.45	-	580.21
Prepaid expenses	-	29.76	-	29.09
Advances to suppliers	-	245.72	-	88.48
Advances to employees	-	0.88	-	0.87
Advances to others	-	-	-	5.02
Total other assets	1,036.41	1,744.16	270.51	703.67

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

10 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw material and intermediate in stock	1,614.07	1,428.61
Work in progress in stock	499.14	170.55
Finished goods in stock	800.67	381.67
Stock in trade	53.62	4.59
Packing material	468.62	417.88
Store and spares parts including packing material	46.76	33.00
Total inventories	3,482.88	2,436.30

11 TRADE RECEIVABLES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	3,553.28	2,905.93
Receivables from related party	-	-
Less: Loss allowance	(748)	-
Total trade receivables	3,545.80	2,905.93
Current portion	3,545.80	2,905.93
Non Current	-	-

Breakup of security details

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivable considered good- secured	-	-
Trade receivable considered good- unsecured	3,553.28	2,905.93
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
Total	3,553.28	2,905.93
Loss allowance	(748)	-
Total trade receivables	3,545.80	2,905.93

12 CASH AND CASH EQUIVALENTS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks		
- On current accounts	407.92	576.35
- Fixed deposits with original maturity of less than 3 months	13.24	71.41
Cash on hand	4.03	2.40
Total cash and cash equivalents	425.19	650.16

13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
In fixed deposit with original maturity for more than 3 months but less than 12 months *	13.95	10.56
Total bank balances other than cash and cash equivalent	13.95	10.56

*Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board.

13.95 10.56

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

14 EQUITY SHARE CAPITAL

The Company has only one class of equity share capital having a par value of Rs. 10 per share, referred to herein as equity shares

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<u>Authorized</u>	215.00	2,150.00	130.00	1,300.00
Equity shares of Rs.10 each	215.00	2,150.00	130.00	1,300.00
<u>Issued, subscribed and paid up</u>				
Equity shares of Rs.10 each	134.93	1,349.25	129.93	1,299.25
Total	134.93	1,349.25	129.93	1,299.25

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

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	129.93	1,299.25	129.93	1,299.25
Add: Issued during the year	5.00	50.00	-	-
Outstanding at the end of the year	134.93	1,349.25	129.93	1,299.25

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has only one class of equity shares having par value of Rs.10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2019, the amount of per share dividend recognized as distributions to equity shareholders was Nil (31 March 2018: Nil). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company (No. of Shares in Lakhs)

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of share	% of holding in the class	Number of share	% of holding in the class
M/s. Vanity Case (India) Private Limited	78.47	58%	78.47	60%
M/s. Sixth Sense India Opportunities - 1*	-	-	20.00	15%
M/s. Jwalamukhi Investment Holdings	13.40	10%	-	-

* The equity share holding is below 5% as at 31 March 2019.

(d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

(e) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

(f) The Company has issued 5 Lakhs equity shares on preferential basis to the promoters/ promoters group of the Company.

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

15 OTHER EQUITY

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital reserve	0.05	0.05
Securities premium	3,754.95	2,362.46
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Retained earnings	1,088.28	76.34
	4,929.57	2,525.13

Nature and purpose of other reserves

Capital reserve	The Company recognizes profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.
Securities premium	Securities premium is used to record the premium on issue of shares. This is utilised in accordance with the provisions of the Act.
Equity component of redeemable non cumulative non convertible preference shares	Equity component represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax).
Retained earnings	All other net gains, losses and transactions with owners (e.g.: dividends) not recognised elsewhere.

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Capital Reserve	0.05	0.05
(B) Securities premium		
Opening balance	2,362.46	2,362.46
Add : Securities premium on share issue	1,450.00	-
Less - Share issues expenses	57.51	-
Closing balance	3,754.95	2,362.46
(C) Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
(D) Retained earnings		
Opening balance	76.34	(548.45)
Add: Net profit for the current year	1,020.03	627.53
(Less): Item of OCI for the year, net of tax	(8.09)	(2.74)
Closing balance	1,088.28	76.34
Total other equity	4,929.57	2,525.13

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

16 (a) NON-CURRENT BORROWINGS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
Term loan		
Banks	4,571.20	2,420.22
Borrowings from related party (refer note 38)	468.40	468.40
Unsecured		
Liability component of compound financial instruments		
9% redeemable non cumulative non convertible preference shares	54.53	50.03
Long term maturities of finance lease obligation		
Obligation under finance lease	35.49	31.48
Less: Current maturities of term loans (refer note 17)	(347.14)	-
Less: Current maturities of finance lease obligation (refer note 17)	(2.51)	-
Total current borrowings	4,779.97	2,970.13

A) Terms of non-current borrowing are as under

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Rate of interest	Repayment terms
Non current, secured borrowings		
V. S. Dempo Holdings Pvt. Ltd- Term Loan	9.00%	Repayable after 12 months from 31 March 2019.
Yes Bank Ltd	(MCLR + 1.5%)	Repayable in quarterly installments
Non current, unsecured borrowings		
Redeemable non cumulative non convertible preference shares*	9.00%	Redeemable not later than 19 years from the date of issue i.e 27 September 2012.
Obligation under finance lease	12.00%	Monthly installments

* The Company has authorised redeemable non cumulative non convertible preference shares of Rs.200 lakhs, of which the Company has issued preference shares amounting to Rs. 160 lakhs to V.S. Dempo Holdings Pvt Ltd

B) Nature of security :

- Loan from M/s. V S Dempo Holdings Private Limited is secured by charge on Property, plant and equipment of the Company.
- Term Loan from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Company.

C) Period and amount of default:

The Company has made no defaults in the payment of principal or interest in the current year.

16 (b) CURRENT BORROWINGS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
From banks	-	-
Bank overdraft	1,520.09	10.31
Packing credit loan	-	302.99
	1,520.09	313.30

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

A) Terms of current borrowing are as under

Particulars	Rate of interest	Repayment terms
Current, secured borrowings		
Bank of Maharashtra (cash credit)	CDR Rate+1.30%	Repayable on demand
Yes Bank (cash credit)	MCLR + 1.5%	Repayable on demand
Yes Bank Loan A/c (Packing credit loan)	5.25%	Repayable within 120 days from the date of sanction

B) Nature of security :

- Cash credit Rs. 20 Lacs from Bank of Maharashtra is secured by hypothecation of stock and book debts and cash credit of Rs. 50 Lacs from Bank of Maharashtra is secured by pledge of fixed deposits of M/s. V S Dempo Holdings Private Limited.
- Cash credit from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Company.

C) Period and amount of default:

The Company has made no defaults in the payment of principal or interest in the current year.

17 OTHER FINANCIAL LIABILITIES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non - Current	Current	Non - Current	Current
Capital creditors	81.52	-	29.33	-
Current maturities of long term loan (refer note 16 [a])	-	347.14	-	-
Current maturities of finance lease obligation (refer note 16 [a])	-	2.51	-	-
Interest accrued but not due on borrowings	-	118.56	-	61.95
Security deposit received	-	0.75	-	1.00
Employee related payable	-	24.32	-	54.45
Book overdraft	-	215.79	-	-
Total other financial liabilities	81.52	709.07	29.33	117.40

18 EMPLOYEE BENEFITS OBLIGATION

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non - Current	Current	Non - Current	Current
Provision for employee benefits (refer note 35)				
- Provision for gratuity (funded)	22.97	61.31	31.19	14.25
- Leave encashment (unfunded)	17.78	4.07	13.39	2.28
Total employee benefits obligation	40.75	65.38	44.58	16.53

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

19 OTHER NON-CURRENT LIABILITIES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposit received	84.67	-
	84.67	-

20 TRADE PAYABLES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Outstanding dues of micro enterprises and small enterprises	0.17	-
Outstanding dues of creditors other than micro enterprises and small enterprises	4,428.82	4,152.83
Total trade payables	4,428.99	4,152.83

Disclosure relating to suppliers registered under MSMED Act, 2006 based on the information available with the Company:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	0.17	-
Interest	-	-
Total	0.17	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) 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 the MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

21 OTHER CURRENT LIABILITIES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues payable	88.32	43.80
Advance from customers	25.71	93.67
Other payables	0.11	7.09
Total other current liabilities	114.14	144.56

22 CURRENT TAX LIABILITIES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Current tax payable (net)	145.10	141.92
Total current income tax liabilities	145.10	141.92

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

23 REVENUE FROM OPERATIONS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from contracts with customers:		
- Sale of products	23,031.58	12,621.02
- Trading of goods	88.63	36.95
- Sale of services	12.48	416.39
Other operating revenue (including export incentives, scrap sales etc.)	527.43	811.14
Total revenue from operations	23,660.12	13,885.50

Changes in accounting policies

Effective 1 April 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method. In accordance with the cumulative catch-up transition method, the comparatives have not been restated and continues to be reported as per Ind AS 18. On adoption of Ind AS 115, there is no impact on the financial statements of the Company.

A. Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major service lines.

(All amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Year ended 31 March 2019
- Sale of products - contract manufacturing	23,031.58
- Trading of goods	88.63
- Sale of services	12.48
Total	23,132.69

B. Trade receivables and contract balances

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

(All amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Year ended 31 March 2019
Receivables, which are included in trade receivables	3,545.80
Unbilled revenue	327.48
Advances from customers	25.71
Income received in advance	-
Total	3,898.99

C. Transaction price allocated to the remaining performance obligation

There are no unsatisfied long-term contracts / performance obligation that have impact on financial statements.

The Company applies the practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

D. Reconciliation of revenue recognised:

(All amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Year ended 31 March 2019
Gross revenue	23,699.93
Adjustment for credit notes:	(39.81)
Revenue from operations	23,660.12

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

24 OTHER INCOME

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on fixed deposits	19.90	56.16
Other interest on loans	1.36	-
Income from insurance claim	37.14	-
Gain on sale of property, plant and equipment	4.00	-
Foreign exchange gain (net)	-	56.55
Miscellaneous income	-	0.07
Total other income	62.40	112.78

25 COST OF MATERIAL CONSUMED

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Raw material		
Inventory at the beginning of the year	1,428.61	392.94
Add: Purchases	11,016.32	7,045.86
Add: Acquisition through business transfer (refer note 37)	76.32	742.47
Less: Inventory at the end of the year	1,614.07	1,428.61
Cost of raw material consumed	10,907.18	6,752.66
Packaging material		
Inventory at the beginning of the year	417.88	41.73
Add : Purchases	4,044.74	1,818.17
Less : Inventory at the end of the year	468.62	417.88
Cost of packaging material consumed	3,994.00	1,442.02
Total cost of materials consumed	14,901.18	8,194.68

26 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the year		
- Finished goods	381.66	43.03
- Stock in trade	4.59	5.16
- Work-in-progress	170.55	102.31
	556.80	150.50
Less: Inventories at the end of the year		
- Finished goods	800.67	381.67
- Stock in trade	53.62	4.59
- Work-in-progress	499.14	170.55
	1,353.43	556.81
Net decrease/(increase)	(796.63)	(406.31)

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

27 EMPLOYEE BENEFITS EXPENSE

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	1,214.76	682.69
Contribution to funds	45.04	40.18
Gratuity expense (refer note 35)	17.05	13.17
Staff welfare expenses	100.40	59.75
Total employee benefits expense	1,377.25	795.79

28 FINANCE COSTS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on borrowing	386.29	127.12
Interest on redeemable non cumulative non convertible preference shares	4.50	4.13
Other finance charge	4.00	-
Total finance costs	394.79	131.25

29 DEPRECIATION AND AMORTIZATION EXPENSE

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation [refer note 5 (a)]	277.97	121.68
Amortization [refer note 5(b)]	35.27	-
Total depreciation and amortization expense	313.24	121.68

30 MANUFACTURING AND OPERATING COSTS

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Job work expenses	1,960.25	1,978.37
Power, fuel & electricity	652.48	341.50
Repairs and maintenance - plant & machinery	302.91	83.98
Repairs and maintenance - building	2.69	12.68
Repairs and maintenance - others	72.86	63.23
Contract labour charges	1,597.99	669.16
Other manufacturing expenses	43.02	30.41
Total manufacturing and operating costs	4,632.20	3,179.33

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

31 OTHER EXPENSES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Stores and spares consumed	62.71	42.38
Insurance	20.57	9.49
Rent	98.23	121.20
Rates and taxes	47.32	25.26
Excise duty	-	19.68
Carriage and freight	340.30	353.99
Travel and conveyance	155.78	80.21
Postage and courier	32.65	22.61
Printing & stationery	28.55	18.16
Legal and professional charges	117.80	118.45
Advertisement	3.15	0.45
Commission	70.54	100.31
Business promotion	9.43	15.13
Other receivable written off	119.00	-
Provision for doubtful debts	7.48	-
Foreign exchange loss (net)	29.57	-
CSR (refer note 43)	6.42	-
Security charges	129.43	81.55
Bank charges	16.54	12.04
Audit expenses [refer note (a) below]	14.05	5.50
Bad debts	-	0.11
Director's sitting fees	5.44	5.15
Miscellaneous expenses	157.44	28.93
Total other expenses	1,472.40	1,060.60

(a) Audit expenses

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
As auditor:		
Statutory audit	9.50	4.00
In other capacity:		
Limited review fees	3.50	1.50
Other matters	1.05	-
Reimbursement of expenses	-	-
Total	14.05	5.50

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

32 INCOME TAX

A) Income tax expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<u>Current tax</u>		
Minimum alternate tax (MAT)	293.04	157.12
	293.04	157.12
<u>Deferred tax</u>		
Decrease/ (Increase) in deferred tax asset	(37.69)	165.34
(Decrease)/ Increase in deferred tax liabilities	150.24	48.05
MAT credit entitlement	(34.62)	(101.82)
MAT credit entitlement for earlier years	-	(30.89)
Income tax expense	77.93	80.68

B) Reconciliation of tax charge

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	1,391.00	865.33
Enacted income tax rate in India applicable to the Company	29.12%	26.00%
Income tax expense at tax rates applicable	405.06	224.99
Tax effects of:		
Effect of tax exempt income	(4.45)	-
Effect of non deductible expenses	(29.64)	12.81
Income tax expense	370.97	237.80
Effective tax rate	26.67%	27.48%

C) Deferred tax relates to the following:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<u>Deferred tax assets</u>		
On provision for employee benefits	30.99	15.89
On provision for doubtful debts	2.18	-
On finance lease	10.33	-
On Share issue expenses	13.40	-
	56.90	15.89
<u>Deferred tax liabilities</u>		
On property, plant and equipment	238.89	91.50
On non redeemable non cumulative non convertible preference shares	30.71	28.59
On unamortised processing cost	5.51	4.79
	275.11	124.88
Deferred tax liabilities net	(218.21)	(108.99)
Minimum alternative tax (MAT) entitlements	167.33	132.72
Deferred tax asset/(liability), net	(50.88)	23.73

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

D) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax assets/(liabilities), net	(50.88)	23.73
Less: Opening deferred tax liabilities	(23.73)	(103.44)
Deferred tax expense for the year	(74.61)	(79.71)
Tax liability recognized in Statement of Profit and Loss	(77.93)	(80.68)
Tax liability recognized in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	3.32	0.97
Total deferred tax expenses recognised in the statement of profit and loss	(74.61)	(79.71)

33 EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted EPS computations:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Profit attributable to equity holders	1,020.03	624.79
Add: Impact of dilutive potential equity shares	-	-
attributable to equity holders adjusted for the effect of dilution	1,020.03	624.79
Weighted average number of equity shares for basic and diluted EPS	133.31	129.93
Basic per share (Rs)	7.65	4.81
Diluted per share (Rs)	7.65	4.81

34 CONTINGENT LIABILITIES

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Claim for expired goods	7.13	7.13
Capital commitments		
Civil works for the project	434.50	670.76
Pre engineered building structure	1,300.00	220.70
Design engineering and project management	41.09	6.10
Automated VFFS machine model	-	307.98
Architectural services for the proposed building	-	5.36
Capital expenses for Telengana factory	4,195.10	-
Leather factory takeover	-	125.00
Capital expenses for leather factory	-	5.60
	5,970.69	1,341.50

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

35 EMPLOYEE BENEFITS

The Company has the following employee benefit plans:

- (A) Defined contribution plans
Employers' Contribution to Provident Fund and Employee State Insurance (refer note 27)
- (B) Defined benefit plans
Gratuity payable to employees
- i) Actuarial assumptions

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate (per annum)	7.15%	7.30%
Rate of increase in Salary	7.00%	7.00%
Expected average remaining working lives of employees (years)	20.93	18.41
Attrition rate	2% - 10%	2% - 10%

ii) Changes in the present value of defined benefit obligation

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Present value of obligation at the beginning of the year	85.30	69.64
Transfer in/out obligation	13.80	-
Current service cost	14.25	9.42
Past service cost	-	1.90
Interest cost	5.63	4.52
Benefits paid	(9.23)	(3.82)
Actuarial (gain)/ loss on obligations	11.08	3.64
Present value of obligation at the end of the year	120.83	85.30

iii) Change in the fair value of plan assets:

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Opening fair value of plan assets	39.85	38.11
Interest income	2.85	2.67
Contributions by employer	3.41	2.96
Benefits paid	(9.23)	(3.82)
Actuarial (losses)/ gains	(0.33)	(0.07)
Closing fair value of plan assets	36.55	39.85

iv) Expense recognized in the Statement of Profit and Loss

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Current service cost	14.25	9.42
Past service cost	-	1.90
Interest cost	2.80	1.85
Total expenses recognized in the Statement Profit and Loss	17.05	13.17

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

v) Expense recognized in the statement of other comprehensive income

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Actuarial (gain) / loss on obligations	11.08	3.64
Actuarial gain /(loss) for the year on asset	0.33	0.07
Total expenses recognized in the statement of other comprehensive Income	11.41	3.71

vi) Assets and liabilities recognized in the Balance Sheet:

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Present value of funded obligation	120.83	85.30
Less: fair value of plan assets	(36.55)	(39.85)
Net asset / (liability) recognized in Balance Sheet*	84.28	45.45
*Included in provision for employee benefits (refer note 18)		

vii) Expected contribution to the fund in the next year

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Gratuity	22.97	14.25

viii) A quantitative sensitivity analysis for significant assumption is as shown below:

(All amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Impact on defined benefit obligation		
Discount rate		
0.5% increase	117.31	83.12
0.5% decrease	124.52	87.60
Rate of increase in salary		
0.5% increase	123.94	87.45
0.5% decrease	117.89	83.21
Withdrawal rate		
110% change	120.69	85.20
90% change	120.93	85.41

ix) Maturity profile of defined benefit obligation Year

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2019	31 March 2018
Apr 2018- Mar 2019	-	16.32
Apr 2019- Mar 2020	19.18	10.81
Apr 2020- Mar 2021	14.69	12.51
Apr 2021- Mar 2022	16.87	10.88
Apr 2022 onwards	75.21	45.87

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

- (C) Other long term employee benefit obligation
Leave entitlement

The liability for leave entitlement is recognized in the same manner as gratuity aggregating Rs. 7.94 lakhs as at 31 March 2019 (31 March 2018: Rs. 16.68 lakhs).

36 LEASES

- (A) Operating leases where Company is a lessee:

The total future minimum lease rentals payable against non-cancellable leases at the Balance Sheet date are as under:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	32.99	-
After one year but not more than five years	71.02	-
More than five years	-	-

- (B) Finance lease where Company is a lessee:

The Company has finance leases for Land, which the Company has acquired through business transfer as on 27 December 2017. Future minimum lease payments under finance leases with the present value of the net minimum lease payments are, as follows:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	31 March 2019		31 March 2018	
	Minimum Lease Payments	Present value of MLP	Minimum Lease Payments	Present value of MLP
Within one year	3.75	3.36	-	-
After one year but not more than five years	13.95	9.23	13.20	8.96
More than five years	1,340.40	22.90	1,344.90	22.53
Total minimum lease payments	1,358.10	35.49	1,358.10	31.49
Less: amounts representing finance charge	(1,322.61)	-	(1,326.61)	-
Present value of minimum lease payments	35.49	35.49	31.49	31.49

The lease agreement for the land includes fixed lease payments for 90 year lease term. The agreement is non-cancellable and does not contain any further restrictions.

37 (A) ACQUISITION DURING THE YEAR

On 14 August 2018 the Company has acquired the business from M/s G Shoe Export which is engaged in the business of leather footwear and is carrying on the business under the brand name of G Shoe Export.

- I) Details of purchase consideration, assets and liabilities acquired are as follows:

(All amounts in Rs. lakhs, unless otherwise stated)

Description	Year ended 31 March 2019
Purchase consideration (A)	
Cash	349.42
Purchase consideration (A)	349.42
Net assets acquired	
Property, plant and equipments	73.10
Inventory	76.32
Brand	200.00
Total assets acquired	349.42
Less: total liabilities assumed	-
Net assets acquired (B)	349.42
Goodwill / (Bargain purchase gain) (A - B)	-

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

ii) Fair valuation of Brand:

The fair valuation is based on fair value income approach to value the brand acquired. The method used is Relief from royalty method. Fair royalty was determined based on royalty paid by various similar companies for similar intangible. This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on Relief from royalty method. The fair value measurement is categorised in level 2 fair value hierarchy.

iii) Purchase consideration - cash outflow

(All amounts in Rs. lakhs, unless otherwise stated)

Description	Year ended 31 March 2019
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	349.42
Less: Cash balance acquired	-
Net outflow of cash- investing activities	349.42

37(B) ACQUISITION IN PREVIOUS YEAR

On December 27, 2017 the Company has acquired a plant located at Jammu manufacturing Pest control products on Slump sales basis from Reckitt Benckiser India Pvt Ltd. This facility is capable of manufacturing diverse range of pest control products such as mosquito coils, vaporizers, aerosols etc.

The Company has signed a long term agreement with Reckitt Benckiser India Pvt. Ltd. to supply pest control products under the brand of Mortein. This expansion not only helped company to enlarge its operations but also enabled the Company to enter into entirely new product category and acquire a new customer.

i) Details of purchase consideration, assets and liabilities acquired are as follows:

(All amounts in Rs. lakhs, unless otherwise stated)

Description	Year ended 31 March 2018
Purchase Consideration (A)	
Cash	2,789.88
Purchase Consideration (A)	2,789.88
Net assets acquired	
Property, plant and equipment's	2,729.42
Inventory	742.47
Total assets acquired	3,471.89
Less: total liabilities assumed	
Trade payables (470.23)	
Provisions	(181.35)
Finance lease obligation	(30.42)
Net assets acquired (B)	2,789.88
Goodwill / (Bargain purchase gain) (A - B)	-

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

ii) Fair valuation of Property, plant and equipment's:

The fair valuation is based on current prices in the active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in Jammu area. This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy.

iii) Purchase consideration - cash outflow

(All amounts in Rs. lakhs, unless otherwise stated)

Description	Year ended 31 March 2018
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	2,789.88
Less: Cash balance acquired	-
Net outflow of cash- investing activities	2,789.88

iv) Acquisition related cost

Acquisition cost of Rs. 56 lakhs are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

38 RELATED PARTY DISCLOSURES:

(A) Names of related parties and description of relationship as identified and certified by the Company:

Holding Company
M/s. Vanity Case (India) Pvt. Ltd.

Entity under common control
V.S Dempo Pvt Limited
Avalon Cosmetics Pvt Limited
Motown Trading Pvt Limited
Adonia Cosmetics Pvt. Ltd.

Firm in which directors are partner
Shivom Industries
Athene Laboratories

Employee Benefit Trust
Hindustan Foods Management staff superannuation fund trust

Key Management Personnel (KMP)

Shrinivas Dempo	Chairman
Sameer Kothari	Managing Director
Ganesh Argekar	Executive Director
Kedar Swain	Chief Financial Officer
Beena Mahambrey	Company Secretary (Upto 18 April 2019)
Nikhil Vora	Additional Director
Rajesh Dempo	Non Executive Director
Honey Vazirani	Additional Director (Independent- Woman)
Sudin M S Usgaonkar	Independent Director
Shashi Kalathil	Independent Director
Neeraj Chandra	Additional Director (w.e.f 25 January 2019)
Bankim Purohit	Company Secretary (w.e.f 19 April 2019)

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

(B) Details of transactions with related party in the ordinary course of business for the year ended:

(All amounts in Rs. lakhs, unless otherwise stated)		
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) Avalon Cosmetics Pvt Limited		
Advance given of purchase of land	-	100.00
Purchase of land	280.25	-
Purchase of consumables	42.60	-
Sale of property, plant and equipment	4.00	-
Rent paid	15.00	-
(ii) Motown Trading Pvt Limited		
Sale of leather goods	7.40	51.20
Purchase of trading goods	12.06	-
(iii) Athene Laboratories		
Rent paid	19.00	-
(iv) Sitting Fees		
Shrinivas V. Dempo	0.49	0.79
Pallavi S. Dempo - Resigned (w.e.f 22 May 2017)	-	0.02
Sudin M. Usgoankar	0.18	0.55
Shashi K. Kalathil	1.17	0.82
Rajesh S. Dempo	0.34	0.83
Sameer R. Kothari	1.05	0.75
Honey Vazirani 1.17	0.65	
Nikhil K Vora	0.90	0.75
Neeraj Chandra	0.15	-

(All amounts in Rs. lakhs, unless otherwise stated)		
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(v) Compensation of key management personnel		
Ganesh Argekar	17.00	12.00
Kedar Swain	10.78	9.69
Beena Mahambrey	12.20	11.23

(C) Amount due to/from related party as on:

(All amounts in Rs. lakhs, unless otherwise stated)		
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) Avalon Cosmetics Pvt. Ltd.		
Other receivables	16.13	-
Trade payables	57.60	-
Advances to suppliers	0.85	-
(ii) Motown Trading Pvt Limited		
Trade receivables	7.40	-
Trade payable	8.06	-
(iii) Adonia Cosmetics Pvt. Ltd.		
Other receivables	2.90	-
(iv) V.S Dempo Pvt Limited		
Non-current borrowings	468.40	468.40
Interest accrued on borrowings	78.56	40.59

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for borrowings and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 SEGMENT REPORTING

The Company's operations predominantly relate to contract manufacturing and other manufacturing for sale under the Company's own brand name. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as contract manufacturing and other manufacturing for sale under the Company's own brand name. Since, the quantitative threshold as per para 13 of Ind AS 108 on Segment Reporting are not met for "other manufacturing for sale under Company's own brand name", no separate segment information has been furnished herewith.

- a) Contract Manufacturing
- b) Own Manufacturing

a) Summary of Segment information as at and for the year ended 31 March 2019 is as follows:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Contract Manufacturing	Others	Total
Segment revenue			
External revenue	23,657.84	2.28	23,660.12
Inter-segment revenue	-	-	-
Total revenue	23,657.84	2.28	23,660.12
Segment result	1,808.76	(31.06)	1,777.70
Add/ (less)			
Finance cost	(394.79)	-	(394.79)
Provision for tax	(370.97)	-	(370.97)
Net profit/ (loss)	1,043.00	(31.06)	1,011.94
Segment assets	18,132.73	166.66	18,299.39
Unallocated asset	-	-	-
Total assets	18,132.73	166.66	18,299.39
Segment liabilities	12,020.57	-	12,020.57
Unallocated liability	-	-	-
Total liabilities	12,020.57	-	12,020.57
Capital expenditure			
Segment capital expenditure	3,219.48	73.10	3,292.58
unallocated capital expenditure	-	-	-
Total capital expenditure	3,219.48	73.10	3,292.58
Significant non- cash expenditure			
Segment significant non- cash expenditure	148.57	-	148.57
Unallocated non- cash expenditure	-	-	-
Total significant non-cash expenditure	148.57	-	148.57

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

b) Revenue contribution from major customers which account for more than 10% of the total revenue are as follows:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019
Customer 1*	12,388.64
Customer 2*	2,860.75
	15,249.39

* This pertains to revenue from contract manufacturing

c) The amount of its revenue from external customers, broken down by location of its customers is shown in the table below:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from external customers		
India	15,814.61	7,221.55
Germany	5,031.05	2,741.20
France	131.48	2,216.73
Other countries	2,155.56	894.88
	23,132.70	13,074.36

d) The amount of non-current assets other than financial instruments and deferred tax assets, broken down by location of the asset is shown in the table below:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Non current assets		
Within India	8,591.14	4,537.00
Outside India	-	-

40 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The amortized cost using effective interest rate (EIR) of non-current financial assets/liabilities are not significantly different from the carrying amount and therefore the impact of fair value is not considered for above disclosure.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

The carrying value and fair value of financial instruments by categories as at March 31, 2019 were as follows

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Note	Amortised cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Security Deposits	6	40.06	-	-	-	40.06
Non current other financial assets	7	23.47	-	-	-	23.47
Current other financial assets	7	371.27	-	-	-	371.27
Trade receivable	11	3,545.80	-	-	-	3,545.80
Cash and cash equivalents	12	425.19	-	-	-	425.19
Bank balances other than cash and cash equivalents	13	13.95	-	-	-	13.95
Loan	6	125.00	-	-	-	125.00
		4,544.74	-	-	-	4,544.74
Financial liabilities						
Non current Borrowings	16	4,779.97	-	-	-	4,779.97
Current Borrowings	16	1,520.09	-	-	-	1,520.09
Other non current financial liabilities	17	81.52	-	-	-	81.52
Other current financial liabilities	17	709.07	-	-	-	709.07
Trade payables	20	4,428.99	-	-	-	4,428.99
		11,519.64	-	-	-	11,519.64

The carrying value and fair value of financial instruments by categories as at March 31, 2018 were as follows

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Note	Amortised cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Security Deposits	6	24.04	-	-	-	24.04
Non current other financial assets	7	13.56	-	-	-	13.56
Current other financial assets	7	450.20	-	-	-	450.20
Trade receivable	11	2,905.93	-	-	-	2,905.93
Cash and cash equivalents	12	650.16	-	-	-	650.16
Bank balances other than cash and cash equivalents	13	10.56	-	-	-	10.56
		4,054.45	-	-	-	4,054.45
Financial liabilities						
Non current Borrowings	16	2,970.13	-	-	-	2,970.13
Current Borrowings	16	313.30	-	-	-	313.30
Other non current financial liabilities	17	29.33	-	-	-	29.33
Other current financial liabilities	17	117.40	-	-	-	117.40
Trade payables	20	4,152.83	-	-	-	4,152.83
		7,582.99	-	-	-	7,582.99

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

41 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets / liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

(All amounts in Rs. lakhs, unless otherwise stated)		
Fair value measurement hierarchy of assets	31 March 2019	31 March 2018
Level 3		
Financial assets measured at amortized cost		
Security Deposits	40.06	24.04
Non current other financial assets	23.47	13.56
Current other financial assets	371.27	450.20
Trade receivable	3,545.80	2,905.93
Cash and cash equivalents	425.19	650.16
Bank balances other than cash and cash equivalents	13.95	10.56
Loans	125.00	-
	4,544.74	4,054.45
(All amounts in Rs. lakhs, unless otherwise stated)		
Fair value measurement hierarchy for liabilities:	31 March 2019	31 March 2018
Level 3		
Financial liabilities measured at amortized cost		
Non current Borrowings	4,779.97	2,970.13
Current Borrowings	1,520.09	313.30
Non current other financial liabilities	81.52	29.33
Current other financial liabilities	709.07	117.40
Trade payables	4,428.99	4,152.83
	11,519.64	7,582.98

The carrying amount of cash and cash equivalents, trade receivables, fixed deposits, trade payables, other payables and short-term borrowings are considered to be the same as their fair values. The fair values of borrowings, liability component of redeemable non cumulative non convertible preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counter party credit risk.

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

(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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(All amounts in Rs. lakhs, unless otherwise stated)

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2019		
Rs	+50	(21.37)
Rs	-50	21.37
2018		
Rs	+50	(13.67)
Rs	-50	13.67

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table shows foreign currency exposures receivable and payable at the end of the reporting period

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars		31 March 2019		31 March 2018	
		Foreign currnc in lakhs	Rs. in lakhs	Foreign currnc in lakhs	Rs. in lakhs
Debtors	EURO	4.04	313.79	6.39	515.52
	GBP	0.06	5.39	0.83	76.31
Cash & cash equivalents	EURO	4.53	352.18	2.38	192.24
	USD	0.73	50.48	-	-
Borrowings	EURO	-	-	3.76	302.99

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EURO and GBP exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Effect on profit - total gain / (loss)

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	5% increase in exchange rate		5% increase in exchange rate	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Debtors	15.96	29.59	(15.96)	(29.59)
Cash & cash equivalents	20.13	9.61	(20.13)	(9.61)
Borrowings	-	(15.15)	-	15.15
	36.09	24.05	(36.09)	(24.05)

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Credit risk is primarily attributable to the Company's trade and other receivables. The amounts presented in this standalone statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

(All amounts in Rs. lakhs, unless otherwise stated)		
Particulars	31 March 2019	31 March 2018
Not due	2,313.90	1,914.02
0-3 months	1,155.75	983.21
3-6 months	51.94	1.35
6 months to 12 months	30.26	7.36
beyond 12 months	1.43	-
	3,553.28	2,905.94

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Processes and policies related to such risks are overseen by senior management who monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities:

(All amounts in Rs. lakhs, unless otherwise stated)			
Particulars	Less than 1 year	More than 1 years	Total
31 March 2019			
Long-term borrowings	-	4,779.97	4,779.97
Short term borrowings	1,520.09	-	1,520.09
Trade payables 4,428.99	-	4,428.99	
Other financial liability	790.59	-	790.59
	6,739.67	4,779.97	11,519.64

(All amounts in Rs. lakhs, unless otherwise stated)			
Particulars	Less than 1 year	More than 1 years	Total
31 March 2018			
Long-term borrowings	-	2,938.64	2,938.64
Short term borrowings	313.30	-	313.30
Trade payables 4,152.83	-	4,152.83	
Other financial liability	117.40	60.81	178.20
	4,583.52	2,999.45	7,582.97

43 CORPORATE SOCIAL RESPONSIBILITY

(All amounts in Rs. lakhs, unless otherwise stated)		
	31 March 2019	31 March 2018
Gross amount required to be spent :	6.26	2.19

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

Amount spent during the year

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	31 March 2019	31 March 2018
i. Construction/acquisition of any asset	-	-
- under control of the Company for future use	-	-
- not under control of the Company for future use	2.07	-
ii. On purpose other than (i) above	4.35	-
Less: Amount capitalized as Corporate social responsibility assets	-	-
	6.42	-

44 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, equity component of redeemable non cumulative non convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents borrowings from bank & others and liability component of redeemable non cumulative non convertible preference shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Total equity (i)	6,278.82	3,824.38
Total non current borrowings (including liability portion of redeemable non cumulative non convertible preference shares)	4,779.97	2,938.65
Less: cash and cash equivalents	(425.19)	(650.16)
Total debt (ii)	4,354.78	2,288.49
Overall financing (iii) = (i) + (ii)	10,633.60	6,112.87
Gearing ratio (ii)/ (iii)	0.41	0.37

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

45 DISCLOSURE AS REQUIRED BY IND AS 7 - "CASH FLOW STATEMENTS" - CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	3,345.38	514.29
Non cash movement		
- Accrual of interest	386.29	127.12
- Unrealised forex gain	-	6.01
- Interest on redeemable non cumulative non convertible preference shares	4.50	4.13
- Other finance charge	4.00	31.48
Cash movement		
- Further borrowings	3,442.06	2,730.16
- Principle repayment	(86.79)	-
- Interest payment	(329.68)	(67.81)
Closing balance	6,765.77	3,345.38

Notes forming part of Financials Statement -

For the year ended 31st March, 2019

46 Based on the Supreme Court Judgement dated February 28, 2019, the Company was required to reassess the components to be included in the basic salary for the purposes of deduction of PF. However, the Company believes that there will be no impact and hence has not provided for any additional liability as on March 31, 2019 in the books of account.

47 These financial statements were authorised for issue by the Board of Directors on 22 May 2019.

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration No.:105047W

For and on behalf of the Board of Directors of

Hindustan Foods Limited

CIN: L15139MH1984PLC316003

Amrish Vaidya

Partner

Membership No: 101739

Place : Mumbai

Date: 22 May 2019

Sameer R. Kothari

Managing Director

DIN: 01361343

Ganesh T. Argekar

Executive Director

DIN: 06865379

Kedarnath Swain

Chief Financial

Officer

Place : Mumbai

Date: 22 May 2019

Bankim Purohit

Company Secretary

Membership No:ACS21865



HINDUSTAN FOODS LIMITED

(CIN : L 15139MH1984PLC316003)

Registered Office : Office No. 3, Centrum, Phoenix Market City, 15, L.B.S Road, Kurla (West), Mumbai - 400 070

E-mail : investorrelations@thevanitycase.com Website : www.hindustanfoodslimited.com

Phone : 022-61801700

THIRTY-FOURTH ANNUAL GENERAL MEETING
Thursday, 26th September, 2019 at 11.30 a.m.

Serial No.:

ATTENDANCE SLIP

Registered Folio No. / DP/Client ID

Name and address of the Member

I/We hereby record my/our presence at the 34th Annual General Meeting of the Company at Hrezzo, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar Society, Vidyavihar, Mumbai - 400 086. on **Thursday, the 26th September, 2019 at 11.30 a.m.**

Member's / Proxy in Block Letters

Member's / Proxy's Signature

Note : Please complete the Folio No. / DP ID Client No. and name, sign this Attendance Slip and hand over at the Meeting Hall

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL



HINDUSTAN FOODS LIMITED

(CIN : L 15139MH1984PLC316003)

Registered Office : Office No. 3, Centrum, Phoenix Market City, 15, L.B.S Road, Kurla (West), Mumbai - 400 070

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Phone : 022-61801700

THIRTY-FOURTH ANNUAL GENERAL MEETING
Thursday, 26th September, 2019 at 11.30 a.m.

PROXY FORM

Name of the Member :

Folio No. / DP ID/Client ID :

Email ID :

I/We being the member (s) of shares of the above named Company, hereby appoint

(1) Name Address :

E-mail ID : Signature : or failing him

(2) Name Address :

E-mail ID : Signature : or failing him

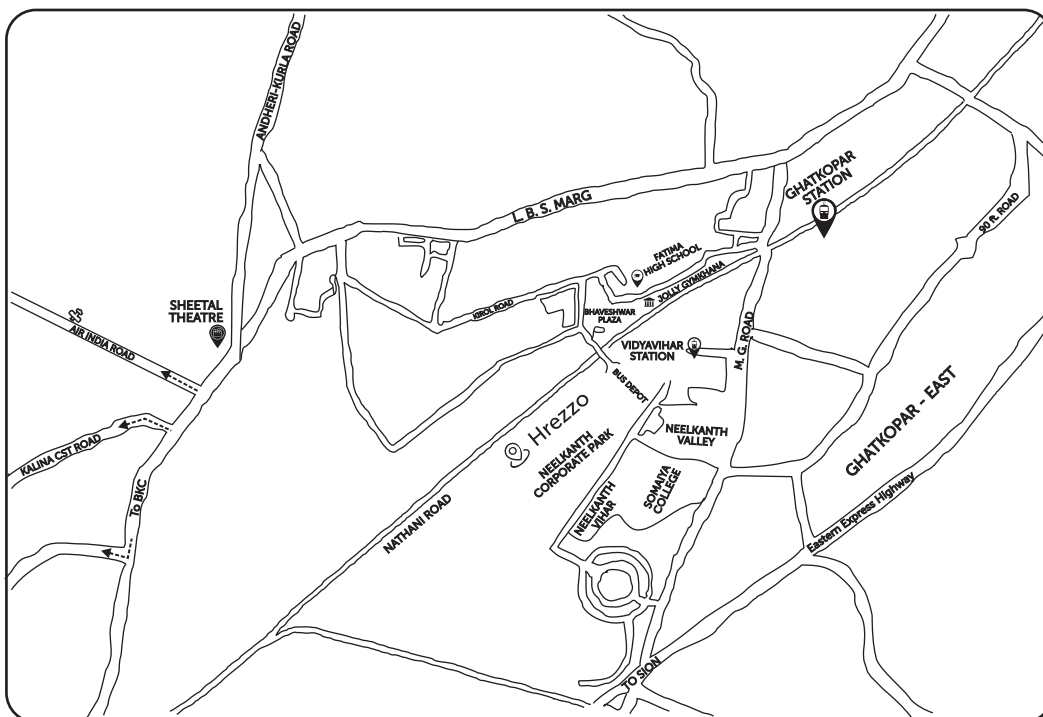
(3) Name Address :

E-mail ID : Signature : or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on **Thursday, the 26th September, 2019 at 11.30 at Hrezzo, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar Society, Vidyavihar, Mumbai - 400 086.** and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions	Optional*	
Ordinary Resolutions		For	Against
1.	Adoption of Audited Financial Statements, Director's Report & Auditors Report for the financial year ended 31st March, 2019		
2.	Re-appointment of Mr. Nikhil Vora (DIN : 05014606) as Director, who retires by rotation.		

PTO



PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL

Resolution No.	Resolutions	Optional*	
		For	Against
Special Business			
Ordinary Resolutions			
3.	Appointment of Mr. Neeraj Chandra (DIN : 00444694) as an independent Director of the Company		
4.	Appointment of Mr. Sarvjit Singh Bedi (DIN : 07710419) as an Non -executive Director of the Company		
5.	Appointment of Mr. Sandeep Mehta (DIN : 00031380) as an independent Director of the Company		
Special Resolutions			
6.	Remuneration payable to Mr. Sameer R. Kothari (DIN : 01361343) Managing Director of the Company		
7.	To ratify and revise the Remuneration payable to Mr. Ganesh T. Argekar (DIN : 06865379) Whole-time Director designated as Executive Director		
8.	Increase in borrowing power in terms of Section 180 (1) (c) of the Companies Act, 2013 and authorizing the Board to borrow moneys in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company upto Rs. 500 Crores.		
9.	Authorizing the Board under Section 180 (1) (a) of the Companies Act, 2013 to create . modify charge on the movable / immovable assets including undertakings of the Company, Both present and future, to secure borrowings.		

Signed this day of 2019.

Signature of Shareholder Signature of Proxy holder(s).....

Affix
Rs. 1/-
Revenue
Stamp

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- For the Resolutions and Notes, please refer to the Notice of the 34th Annual General Meeting.

VOTING THROUGH ELECTRONICS MEANS

EVEN (Remote E-voting Event Number)	USER ID	PASSWORD / PIN



Registered Office:

Office No. 3, Level 2, Centrium,
Phoenix Market City,
15 Lal Bahadur Shastri Road,
Kurla (W), Mumbai 400070
India

CIN No.: L15139MH1984PLC316003

Conceptualised, designed and developed by **Valorem Advisors** - www.valoremadvisors.com