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: 26th August, 2020

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 35th Annual General Meeting of the Members of the Company and Annual Report for the FY 2019-2020

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 35th Annual General Meeting (AGM) of the Members of the Company for the Financial Year 2019-20 has been scheduled to be held on **Friday, 18th September, 2020 at 11.30 a.m.** through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") facility interalia to transact the business stated in the Notice dated 26th August, 2020.

Please find enclosed herewith, a copy of the Annual Report for the F.Y. 2019-2020 including the Notice of the 35th Annual General Meeting of the Members of the Company scheduled aforesaid, which is being sent through electronic mode to the Members of the Company.

The said 35th Annual Report of the Company for the FY 2019-20 is also available on the website of the Company viz. www.hindustanfoodslimited.com.

We request you to take the above on record.

Thanking you,

Yours faithfully
for **HINDUSTAN FOODS LIMITED**

Purohit

Bankim Purohit
Company Secretary

Hindustan Foods Ltd.

Encl.: As above

HINDUSTAN FOODS LIMITED

HINDUSTAN FOODS LIMITED

35th ANNUAL REPORT

2019-20

STORMY SEAS SHAPE SKILLED SAILORS

STORMY SEAS SHAPE SKILLED SAILORS

The cover illustration portrays one of the oldest Greek mythological classics of *Jason* and the *Argonauts*. It is a story that talks about *Jason's* journey to his quest. The route to his destination was full of unseen challenges. But *Jason*, along with his strong, brave, and skilled crew of *Argonauts*, continued sailing on his pursuit. Together, they surfed through rough storms while facing extreme troubles on the way to their destination.

This legendary story, and its champions fittingly depict HFL's journey, and synergy as an accomplished team. *Jason*, with his undying spirit and exceptional leadership qualities, stands for our Customers – the reason behind our existence. Whereas, the *Argonauts* represent our team that brings together expertise in different areas.

The stormy scene on the cover outlines the challenges and hurdles that prevailed last year, owing to the difficult macroeconomic conditions and more recently, the nCov pandemic. On the whole, the cover is an apt representation of our determination to navigate through troubled waters with equanimity. It stands for our valour which gives us a ray of sunshine at the end of the storm. Our victories are reflected in the well-synced teamwork between us and our Customers, along with our team's mettle, preparedness, and strong resolve.

WHAT'S INSIDE

Corporate Overview

Statutory Reports

Financial Statements

Please find our online version at:
http://www.hindustanfoodslimited.com/annual-reports.php

Or scan to download

Investor Information

Market Capitalisation	: Rs. 1,191.54 cr as at March 31, 2020
CIN	: L15139MH1984PLC316003
BSE Code	: 519126
NSE Symbol	: HNDFDS
Bloomberg Code	: HFD:IN
AGM Date	: September 18, 2020
AGM Mode	: Video Conferencing (VC) and Other Audio Visual Means (OAVM)

Disclaimer: This document contains statements about expected future events and financials of Hindustan Foods Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

STORMY SEAS SHAPE SKILLED SAILORS. NAVIGATING THROUGH A ROUGH STORM NEEDS STRONG WILL POWER, HARD WORK, FORESIGHTEDNESS, AND A CLEAR VISION. BUT MORE THAN ALL OF THESE, IT NEEDS SKILLED SAILORS. WE RIDE ON THE BACK OF OUR TEAM MEMBERS – OUR SKILLED SAILORS – WHOSE INCESSANT DETERMINATION AND SPIRIT HELP US FLOAT THROUGH ROUGH STORMS.

Rs. 773 cr
↑ 57%
Y-o-Y growth
Total Revenue

Rs. 57 cr
↑ 72%
Y-o-Y growth
EBITDA

Rs. 23 cr
↑ 91%
Y-o-Y growth
PAT

Rs. 152 cr
Capex Incurred

2.20
times Y-o-Y growth
Market Capitalisation

Last year was dominated by a number of challenges in different forms. Right from a tepid macroeconomic environment to the outbreak of nCov towards the end of March 2020, there were lots of hiccups and obstructions. But our team and their spirit helped us sail through. Our Customers rely on us and we shoulder the responsibility of adhering to the needs of the public at large, through the support we offer to them. We confronted challenges of all sorts to emerge stronger. On one hand, the exponential growth of our topline and profitability, in the previous year, competently reflects our preparedness. On the other hand, our ability to partner with our Customers with one-stop contract manufacturing solutions and quality products resonates well with our quintessence of facing choppy waters. This report is a tribute to all those warriors who helped us sail through stormy seas and held their oars firm to keep us afloat.

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortisation
PAT: Profit after Tax

WHAT DEFINES US

HINDUSTAN FOODS LIMITED AT A GLANCE

Established in the year 1988, Hindustan Foods Limited ('HFL' or 'the Company') is India's most diversified and trusted Fast Moving Consumer Goods (FMCG) contract manufacturer. We offer a gamut of products through flexible business models suitable for any Customer size, producing multiple product categories across nine manufacturing facilities spread across India. We enjoy meritorious range of both domestic and international marquee clients. Our diligence and dedication towards clients, along with Customer-friendly terms translate into long-term contracts.

9
Number of Factories

1,200+
Team Members

10 Mn+
Lives Touched Everyday

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

SHAREHOLDING PATTERN

Promoters and Promoters' Group
62.62%

Alternate Investment Funds (AIF)
7.37%

Investors (FPI)
6.62%

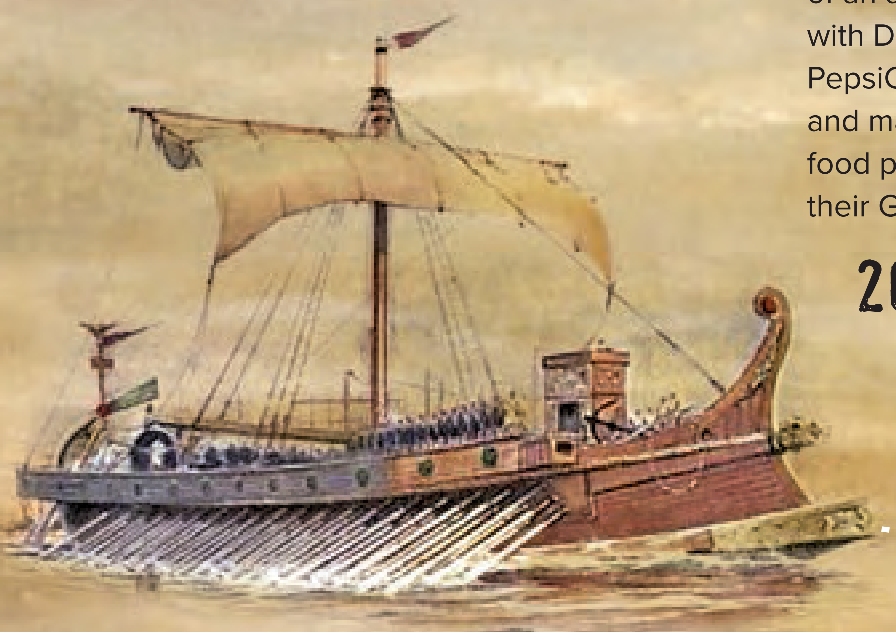
Bodies Corporate
6.10%

Public
17.29%

INDIVIDUALLY, A DROP, TOGETHER, AN OCEAN

THE STORY OF OUR TRANSFORMATION AND GROWTH OVER THE YEARS

In the year 2013, we entered a strategic partnership with the Vanity Case Group. The collaboration resulted into a multifold growth and the journey thereon has been nothing short of tremendous. Here is a glance through our journey of transformation and growth over the years.



2013-14

- Embarked on a journey in the form of an agreement with Danone and PepsiCo to supply and manufacture food products from their Goa facility

2015-16

- Raised capital through the Company's Promoter and Non-promoters, which included Sixth Sense Ventures

2016-17

- Acquired the shoe manufacturing unit of Ponds Exports Ltd. from Hindustan Unilever Ltd. and began manufacturing for legacy clients like TBS, Gabor, and Richter, among others. Soon after, added Steve Madden, US Polo, Hush Puppies and Arrow, to the portfolio

2017-18

- Acquired Reckitt Benckiser's' plant in Jammu and entered a manufacture and supply agreement for the brand 'Mortein' for them

2018-19

- Commenced the merger of the powder detergent manufacturing Hyderabad unit into HFL (completed in 2019-20)
- Acquired a Mumbai-based shoe manufacturing unit
- Acquired more than 40% stake in ATC Beverages Private Ltd., Mysuru, engaged in the business of manufacturing and distribution of soft drinks, juices, energy drinks, and other beverages
- Commenced production at the Coimbatore plant for blending and packaging tea, coffee and soups

2019-20

- Raised equity through the Convergent Group and the Sixth Sense Ventures
- Commenced the production of liquid detergent at a manufacturing unit in Hyderabad
- Invested towards setting up a Floor Cleaners and Toilet Cleaners manufacturing facility at Silvassa
- Commenced merger of Malted Beverages packing unit in Coimbatore for GSKCH (now HUL) and ATC Beverages Private Ltd. into HFL

SEGMENTS CATERED

HOME CARE

Fabric Care
Liquid Detergents · Powder Detergents · Fabric Conditioners

Home Care
Surface Cleaners · Glass Cleaners · Toilet Cleaners · Liquid Dish Wash

Pest Control
Coils · Aerosols · Liquid Vaporizers · Mosquito Mats · Activ Cards

PERSONAL CARE

Hair Care
Shampoos · Hair Oils · Hair Foods · Hair Gels · Hair Creams · Hair Oil Treatments

Toiletries
Talcs · Shaving Creams · Hand Wash

Baby Care
Creams · Shampoos · Lotions · Hair Oils · Powders

Fragrances
Eau de Parfum · Eau de Toilette · Deodorant Body Sprays

Skin Care
Body Lotions · Moisturisers · Creams · Petroleum Jelly · Shower Gels · Bubble Baths · Face Wash · Face Scrubs · Body Scrubs · Wipes · Dusting Powder

FOOD AND BEVERAGES

Extruded Cereals & Snacks
Breakfast Cereals · Instant Porridges · Rice Crispies

Hot & Cold Beverages & Energy Drink Concentrates
Carbonated Soft Drinks · Tea · Coffee · Malt Based Foods · Soups · Glucose Powder · Dry Mix Powder

LEATHER SHOES AND ACCESSORIES

Men's Footwears · Women's Footwears · Footwear for Juniors · Uppers · Accessories

LIVES TOUCHED ACROSS DIFFERENT SEGMENTS

Hot Beverages
Energising **2 Mn** tea-coffee lovers daily

Carbonated & Health Drinks
Refreshing **1 Mn** families per day

Baby Food & Snacks
Delivering healthy baby food to **50,000** infants daily

Home & Personal Care
Catering hygiene needs of **8 Mn** people everyday

Pesticides
Protecting **1,00,000** families daily from deadly insect-borne diseases

Leather Shoes
Delighting **40,000** customers across the world

OUR BUSINESS MODELS

DEDICATED MANUFACTURING

1 Unit = 1 Client + 1 Product

The entire manufacturing facility/plant is exclusively utilised for the Principal Company.

SHARED MANUFACTURING

1 Unit = 1 Anchor Client + Few Small Clients + Few Products

The manufacturing facility is not entirely dedicated to a single Principal Company, but the capacity is shared by various companies for a longer period of agreement. Competitive products made in the same facility with strong secrecy codes.

PRIVATE LABEL MANUFACTURING

Your Concept + Our Expertise

Under this model, HFL owns the product formula made for Private Labels and ensures that Customers are provided with complete turnkey private labelling solutions. Based on extensive research and testing methods, HFL offers customisable options at competitive prices. The Company utilises its skilled team of designers in conceptualising the products' unique brand identity.

MANAGING DIRECTOR'S MESSAGE

"THIS ANNUAL REPORT IS DEDICATED NOT TO THE FINANCIAL PERFORMANCE OF YOUR COMPANY, BUT TO THE FANTASTIC SET OF PEOPLE WHO HAVE FOUGHT AT THE FRONTLINE OF THE NCOV 2019 BATTLE WITH SCANT RECOGNITION"

DEAR SHAREHOLDERS,

I was all prepared to write to you saying that 2019-20 was a watershed year for your Company. That our quarterly turnover of Q4 of 2019-20 was higher than the full year figures of 2018-19. I would have liked to highlight that the Company posted its best ever EBITDA and PAT numbers. I would have liked to discuss about how the 'Brawns' at your Company are powering the Brands to reach newer markets and in turn taking your Company to newer heights.

But fate had other plan for us. We've spent the last few months, using the same Brawn, not to pursue growth, but to navigate stormy seas. This Annual Report is dedicated not to the financial performance of your Company, but to the fantastic set of people who have fought at the frontline of the nCoV 2019 battle with scant recognition. I am humbled to be a part of the team that went to work when the entire country was too scared to step out of their homes. I am humbled to be a part of the team that managed to get the supply chain moving at a time when the wheels of the entire transport industry were jammed. I am humbled to be a part of the team that ensured that even the smallest vendors were paid digitally, at a time when the entire payment system based on sending cheques through courier was broken.

My message this year is dedicated to this band of brave *Argonauts* and their stories.

Navigating through nCov 2019

The unanticipated outburst of the nCoV 2019 impacted us, just like it did to most industries in the world. While many struggled to survive, some fought back to achieve. At HFL, we witnessed a number of real time stories of struggle, of endeavour, of triumph – amidst the restricted travel and movement, cancelled order books, goods blocked in transit, the labour migration and all the hardships that our frontline faced to circumvent the lockdown and return to the continuity of our operations.

Our factory in **Goa** faced resistance from the local villagers when we resumed operations. In spite of the District Collector's permission, the neighbouring villages feared that the movement of trucks and workers will spread infection. They demonstrated in front of the factory 'asking' us to stop. **Arun Preenza**, our Factory Manager, resolved the issue amicably convincing the villagers about our obligation to continue manufacturing Infant Food and how stopping our factory would lead to mothers' inability to purchase the necessary nourishment for their infants.

Most footwear orders for the season were suspended by our international customers. We tried being resourceful while in the tight spot. Skilled workers at our **Puducherry** facilities were re-skilled, and equipment put to good use. We soon started making double-layered face masks at our Shoe-making units and shipped them to our own works and to others who needed them.

The **Coimbatore** plant was in the eye of the storm as Tamil Nadu (TN) was one of the states, which saw maximum number of cases and Coimbatore was second most affected city in TN. The HR Managers had to convince the staff that it was safe to return to work and also spend a lot of time assuring the worried family members. The plant also distributed tea packets to various migrant labourers stranded in the area through the village Tehsildar, living up to the adage – No matter what is happening in your life, you always offer a cup of tea!

Shanmughan, our Factory Manager at the Tea and Coffee plant, drove from Hyderabad to the border and then walked over 5 kms to the Telangana-Tamil Nadu border to reach the **Coimbatore** factory. **Satish**, our Factory Manager, was quarantined when he reached the **Jammu** plant, while **Ranjeet Khavre,** from the Projects team, was stuck in Hyderabad for 10 weeks, away from his family in Mumbai.

When everything else seemed falling in place, **Supply Chain** snags crippled us for weeks. Goods moving in and out got blocked in transit, drivers abandoned vehicles, imported material got held up at the docks, the all-important food chain came to a halt within a day of the lockdown. Hundreds of trucks carrying raw material and packing material were frozen by the Government officials on highways and toll booths. Trucks that managed to move had to wait outside factories as there were no permissions, no loaders. Over 100 loaded trucks were waiting outside only the Hyderabad plant as unloading was not allowed. Our factory provided meals and resting places for drivers who too were confined for days. The Leather Shoe-making units in **Puducherry**, lost over 6-8 weeks as neither the finished goods could move, nor new production was possible. Production at the **Coimbatore** factory began only in May, while **Jammu** factory faced closedown because the Government permission took time.

Our Supply Chain warriors at the **HO**, including **Shyam Dongre**, **Kalpana Salvi** and **Vijay Pansare**, geared up to set things right, coordinating with all the factories and vendors across the country, mapping routes, persuading transport contractors, paying up detention charges, organising alternative drivers, completing the mammoth paperwork, ensuring the material moved. Our robust ERP system aided great deal. Within weeks, our Hyderabad factory was not just back into action, it did a record production. We took 2 months to get back on track. But to recover completely, it will take time longer than expected. The problems are overwhelming, unending.

The **Finance and Accounts Teams** also had a tough time as the HO was closed and the coordination with the commercial team at factories was a herculean task. Many small vendors who were not comfortable with digital payments had to be handheld and walked through the process. **Vinayak Mhatre**, **Sham Gunjal** and **Chetan Naik** rose up to the occasion and, along with their respective teams, ensured that the already over-burdened supply chain got the requisite funds to keep it moving. Additionally, our Accounts and Audit Team headed by **Vinay Gaitonde**, who required triplicate copies of all documents, have now moved to a completely digital process and earned the kudos of environmentalists all over the world.

Quick Glance

Now coming to the financial performance of your Company in the year 2019-20, we are pleased to report a record performance. This marked another pivotal year in shaping our business model for stronger, profitable, and sustainable growth. During the year, we leveraged on our strong business model, diversified Customer base and product portfolio. Moreover, addition of new product categories and expansion of existing capacities, barring the last quarter, was also on track. Our collective and consistent efforts towards client acquisition, product addition and capacity expansion done in the past, bore its fruits this year. Our revenues pushed upwards this year to Rs. 773 cr increasing by 57% compared to the last fiscal.

In our last year's report, I had envisaged a leap in our performance in 2019-20 to reach an impressive Rs. 1,000 cr topline milestone. This was on the back of our consistent graph of growth so far. However, I have to say that we missed the target. Though we did lose 10 days of sale in the last quarter - that is not the sole reason for missing the target. Our project in Hyderabad was delayed by a couple of months and the ramp up took longer than we expected. Additionally, the acquisition of the Vasai shoe unit has been a dampener and in retrospect, a decision gone awry. ATC Beverages, our new Associate Company in Mysuru had signed on a bunch of new customers, but was unable to convert that potential into business due to the wrong timing of the pandemic – the entire summer season for the beverages was wiped out! However, I am pleased to inform that we have started ramping up and I am confident that we should be able to make up for the lost time!

We posted a strong profitability during the year, wherein we clocked an EBITDA of Rs. 57 cr in 2019-20. Our PAT grew by 90% to Rs. 23 cr in 2019-20, compared to Rs. 12 cr in the previous year. This result was on the back of the strategic decision including mergers, capex done in the recent years, and strong operational efficiencies. All these together are now starting to pay off.

The effective utilisation of the Capital resulted in a Return on Capital Employed (ROCE) of 13.41% in 2019-20, showcasing a multi-year growth trajectory. Moreover, all the strategic decisions in recent years contributed to strengthening value for our shareholders, as Earnings per Share (EPS) for 2019-20 stood at Rs. 12, an improvement of 46% compared to the last fiscal. As we move forward, we are keen on fulfilling the financial objectives, not only in terms of growth, but also in terms of the strength and efficiency of our balance sheet.

Our state-of-the-art manufacturing facilities, at different geographical locations, further operated at optimum levels to meet our Client demands during the year. On the operational front, the following significant activities defined the year:

- Signed up to set up two liquid manufacturing facilities in Silvassa for a leading Home Care liquid brand to manufacture around 20,000 Kl of liquids
- Expansion of Coimbatore facility to commence coffee filling and packing
- Merger of the Hyderabad facility progressing well

Macro View on the Economic and Industrial Scenario

As we are aware, the current macroeconomic indicators do not look good. With uncertainty hovering around the lockdown extension and labour mismatches, further delays are likely to hamper the supply chain's march towards normalcy. Even the stimulus announced by the Government and the RBI, are provisioning for the credit to the stressed sectors post lockdown. However, they don't absorb the losses or provide immediate relief from the impact of output cuts witnessed in the past 3 months and more. This has sent the economic growth prospects into a frenzy. From a decent mid-single digit growth projection in 2020-21 earlier, to a contraction ranging from 3% to as high as 5% – various rating agencies and world bodies have downgraded the country's outlook on GDP - a stark contrast for an economy, which was in the recent past expected to continue its tag of the fastest growing major economy in the world.

This is likely to trickle down to most of the sectors in the economy, not sparing the FMCG sector as well. Once considered a darling amongst sectors, is now turning into what we could call as 'slow moving consumer goods', owing to its lowering demand. The consumption sector, being an indicator of economic stability, has started showing worrying signs like slow offtake; liquidity pressures; softening of the multi-quarter volume growth earlier in the rural, which not long ago was overshadowing the urban growth; a general economic slowdown, do not hold good signs for the long-term. Of course, certain sub-segments like personal hygiene and indulgence food categories showcased a sharp spike, especially, during the first two months of the lockdowns, due to the nCoV 2019. This could just be a near term aberration, since, likely cutbacks on the discretionary spending are expected, impacting the sector negatively, going forward. This has even led the market research agency, Nielsen, to slash the growth outlook for India's FMCG sector from its earlier projection of 9-10% to 5-6% for CY 2020, owing to the impact of the deadly disease. However, our diversified Customer base across various product categories and a robust business model, will only help us navigate through stormy seas, like skilled sailors!

Post nCov 2019 World

At the time of writing this, we are still unclear about what effects the pandemic will have on the consumer behaviour and the manufacturing landscape of FMCG. However, the one thing that has clearly stood out in these months is that those brands who had a strong supply chain were able to ensure that their product was available to the customers and were able to gain market share at the expense of others who struggled with their supply chain.

Thus, if I had to crystal gaze, I would say that this should hasten the process of decentralisation of manufacturing that we, as a Company, have been talking about for the last couple of years. Amid the nCoV 2019 lockdown, wherein, cross border movement of goods was restricted, our strategy of decentralisation and having multiple plants across multiple states helped us tremendously.

The disruption of the supply chains has made it imperative for FMCG Companies to relook at the sustainability of their business partners and will also probably lead to some consolidation in the contract manufacturing space. We believe, your Company is well positioned to leverage these developments.

The emphasis of self-reliance and localisation of sourcing should further help in generating new opportunities for your Company. In addition, any shift of the global supply chain away from China and towards India should also create further opportunities.

Your Management believes that with the tough situation forecasted, as far as the GDP growth is concerned, FMCG companies will also probably have to face some headwinds. This will lead to companies taking a long and hard look at their investment plans and evaluating contract manufacturing as a preferred option to ensure that they conserve capital and deploy it for marketing their brands rather than manufacturing it themselves. We are beginning to see some effects of this and are confident that we should be able to unlock some of these opportunities in the times to come.

Strategic Consolidation

After the successful integration of the Hyderabad unit, the Promoters of your Company have taken the steps to consolidate two more of the group companies. With this consolidation, more than 90% of the business of the Promoters would be consolidated into your Company. We believe this is a right step and will go a long way to alleviate the issues of conflict of interest and protection of Minority Shareholder's rights.

Community Engagement

As a responsible corporate, we are working towards the upliftment of the lives that we touch and have always believed in giving back to the society in which we operate. Continuing on this philosophy, several initiatives were undertaken during the year. These activities were spread primarily around education, health and hygiene of the girl child. Our factories remain increasingly socially conscious, and continue to involve towards community engagement. During the pandemic, your Company made all efforts to help the community at large and around its factory locations, whether by contributing towards PM Cares or offering tea bags in Coimbatore and face masks in Puducherry. Going forward, we will encourage the factories to be more socially active and take initiatives that would lead to the creation of a better world around us.

> "I AM HUMBLED TO BE A PART OF THE TEAM THAT MANAGED TO GET THE SUPPLY CHAIN MOVING AT A TIME WHEN THE WHEELS OF THE ENTIRE TRANSPORT INDUSTRY WERE JAMMED AND ENSURED THAT EVEN THE SMALLEST VENDORS WERE PAID DIGITALLY WHEN THE ENTIRE PAYMENT SYSTEM BASED ON SENDING CHEQUES THROUGH COURIER WAS BROKEN"

Acknowledgement

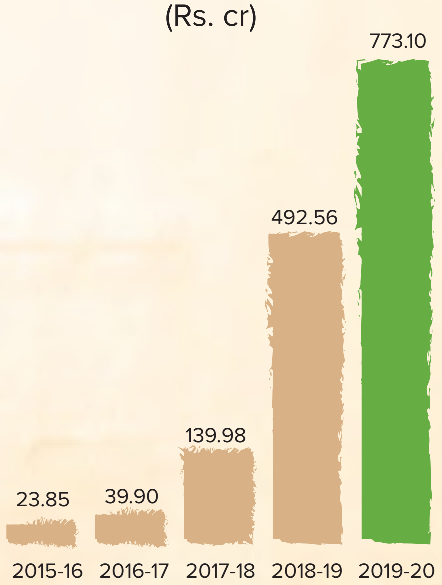
On behalf of the Board, I would sincerely like to extend my deepest gratitude to every single individual associated with us. I humbly thank our dedicated team of Management, led by experts, for all the diligence and enthusiasm shown during the year. We look to the future with a gleam of confidence in our strong team to back us up. To our Shareholders and Clients, thank you for your continued trust and patronage. Your faith encourages us to do better while inching closer to the Teams' vision and goals.

Regards,

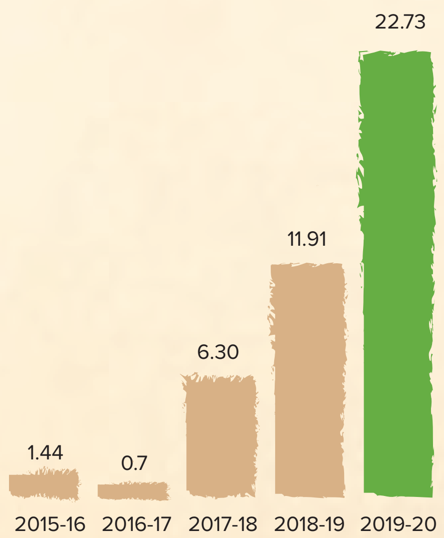
Sameer R. Kothari

FINANCIAL HIGHLIGHTS

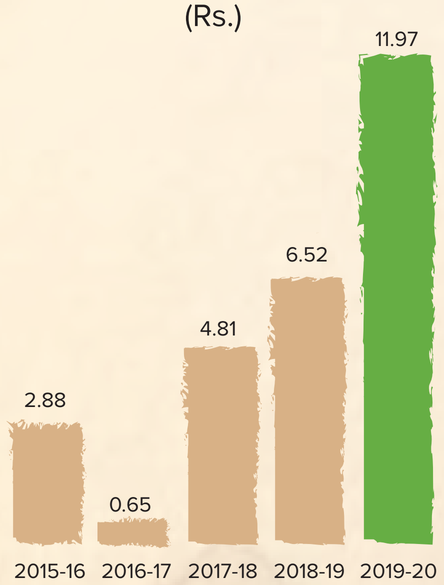
Total Revenue
(Rs. cr)



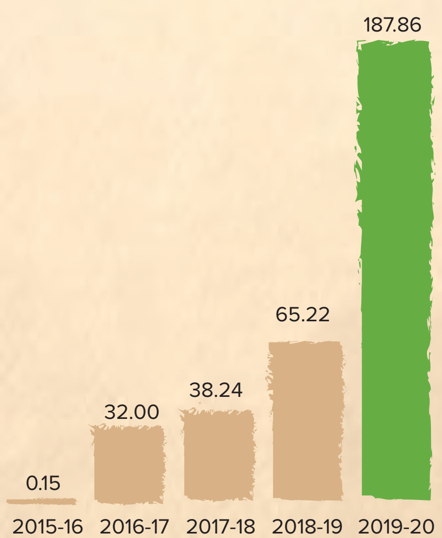
PAT
(Rs. cr)



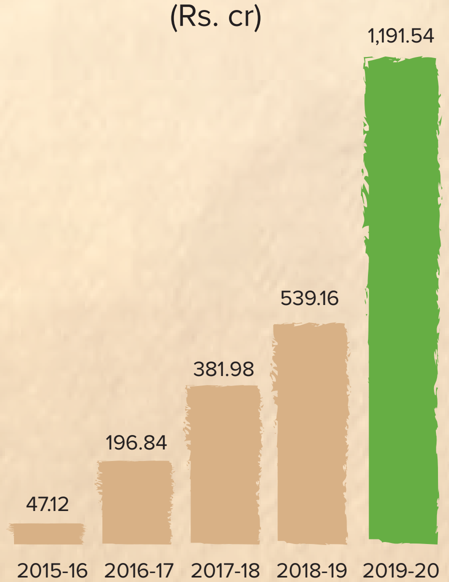
EPS
(Rs.)



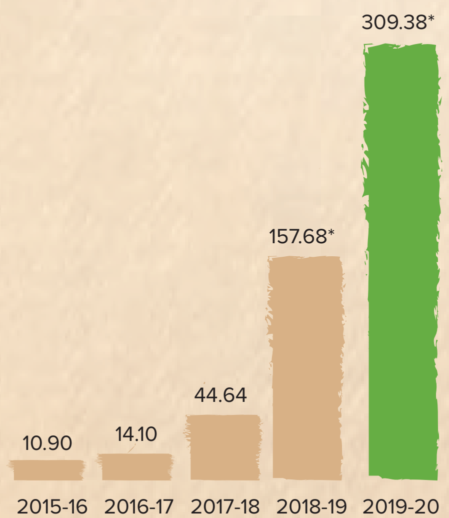
Net Worth
(Rs. cr)



Fixed Assets
(Rs. cr)



Capex
(Rs. cr)



* Also includes assets acquired through business purchase

BEING PRESENT

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company, or any of its Directors, Officers or Employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

MANUFACTURING FACILITIES

EACH OF OUR MANUFACTURING FACILITIES IS DESIGNED AND CUSTOMISED KEEPING OUR CUSTOMER REQUIREMENTS IN MIND. WE CONSTANTLY FOCUS ON ENHANCING OUR EXISTING OFFERINGS TO CUSTOMERS THROUGH STATE-OF-THE-ART AND AUTOMATED FACILITIES.

GOA

Product category

Extruded Cereals and Snacks

Short description

- Our first facility
- Produces Nutritional food, Fast food and Snacks for a major player
- Certification: Factory BIS, ISO 9001 and ISO 22000:2005

Capacity

- Extrusion capacity: **6,000 Tons p.a.**
- Dry-mix blending capacity: **1,000 Tons p.a**

JAMMU

Product category

Pest Control

Short description

- Sole manufacturers of Vaporizers and Aerosols for a major Pest Control brand
- Certification: ISO 9001 Quality Management Systems, ISO 14001 Environment Management System standards, ISO 18001 OHSAS-certified facility

Capacity

- Coils capacity: **1,200 Mn p.a**
- Vaporizers capacity: **43.2 Mn p.a**
- Aerosols capacity: **7.2 Mn p.a**

PUDUCHERRY

Product category

Leather Shoes and Accessories

Short description

- Total 7 independent but integrated facilities. Footwear and Accessories manufactured for international and domestic clients
- In-house leather processing and product development and design

Capacity

- Full shoes production capacity: **0.5 Mn pairs p.a.**
- Shoes uppers production capacity: **0.7 Mn pairs p.a.**

MUMBAI

Product category

Leather Shoes and Sandals

Short description

- Located in the outskirts of Mumbai
- Manufactures Leather footwear for women, men and juniors, including Slippers, Sandals, Open Toe, High Heels, Huarache and Mules

Capacity

- Shoes & Sandals capacity: **0.37 Mn pairs p.a.**

COIMBATORE

Product category

Hot Beverages

Short description

- A Greenfield expansion
- Operations commenced in December 2018
- Processing, blending and packaging of Tea and Coffee

Capacity

- Tea production capacity: **700 Tons a week**
- Coffee production capacity: **30 Tons a week**

HYDERABAD II

Product category

Liquid Detergents & Shampoos

Short description

- Facility is engaged in the manufacturing of Liquid Detergents, Fabric Conditioners & Softeners, Liquid Soaps and Shampoos

Capacity

- Liquid Detergent capacity: **60,000 KL p.a.**

HYDERABAD I

Product category

Detergent Powders

Short description

- Facility engaged in manufacturing of Detergent Powders
- Houses a fully automated, end-to-end material handling system

Capacity

70,000 TPA

MYSURU*

Product category

Beverages

Short description

- Acquired 44.50% stake in ATC Beverages Pvt. Ltd.
- Produces, manufactures and distributes beverages like Carbonated Soft Drinks, Energy Drinks, Active Water and Fruit Drinks

Capacity

5.84 Mn Cs p.a.

** Associate Company plant*

CONQUER FROM WITHIN

LEVERAGING OUR CORE COMPETENCIES

Our core competencies form the foundation that help turn vision into reality. By leveraging on our competencies, we drive profitable growth while being consistent with our services. Some of the competencies that allow us to prosper have been captured on the adjacent page.

SPECIALISED BUSINESS APPROACH

We are a specialised contract manufacturer with extensive experience in the space, producing varied FMCG products. It is our expertise and process development that helps us focus on core business activities of contract manufacturing, while also offering other services.

STRONG CREDIBILITY

Our well-established and long-term relationships with some of the customers demonstrates our credibility in the industry. This has positively stemmed in building a catalogue of reputed domestic and international Client base.

COST EFFICIENCIES

Our operational excellence is defined by our ability to rationalise cost through effective budgeting, project management and optimum utilisation of resources. These augur well for our profitability and hence allow us to create value for Shareholders.

FOSTER INNOVATION

We work with our Customers in a symbiotic manner to develop innovative products at our inhouse labs. We also provide them with services spanning effective formulation, testing and packaging of their products.

FASTER TIME TO MARKET

Speed-to-market is determined by a series of factors like our operational speed and and collaboration with reliable partners. This way we catapult Client's business and market share.

DIVERSIFIED BUSINESS OPERATIONS

Our multi-locational facilities with diverse manufacturing models cater a wider range of clients. Such diversification has helped open new revenue streams. Further, we have benefited from this by limiting the impact of any risk emerging from concentrating on certain segments only.

STRONG CAPACITY

Addition of the new brands from new and existing clients into our manufacturing portfolio has resulted in expansion, merger, and acquisition of plants to cater higher volumes.

PLAYING OUR PART

MAINTAINING LONG-TERM RELATIONSHIPS WITH OUR CUSTOMERS

Establishment and opening of a new manufacturing plant is a capital-intensive affair. Right from meeting the stringent environmental and quality compliances to managing labour and other resources, one requires skills. Effective management is the key here, which can otherwise add up to the expenses. Followed by this is the delivery of the products, which itself can become time consuming in the absence of the right infrastructure. Outsourcing, hence, becomes a vital part for overcoming all these challenges. As a contract manufacturer, we aid our Clients with all these actions effectively. We cover the entire value chain and hence play our part in easing the overall operational process for the Customers. We are the preferred partner of choice and here are few reasons for the same.

EFFICIENT ALLOCATION OF RESOURCES

As a part of our business approach, we provide complete flexibility to our Customers. The idea is to free them from bearing the responsibility of crucial resources and let them focus on their core business skills. Here, our strong project management skills can be accredited to demonstrate how efficiently we allocate and manage our resources for maximum turnaround. Contract manufacturing safeguards our clients from running into unexpected costs.

Saving on Capex and cost: Our facilities, technologies, and fully trained staff, are well-equipped to handle tasks for our Customers. They can leverage on our large manufacturing capacities and save spending huge Capex towards it. This also helps avoid other overhead costs involved in production. Our large capacities bring in economies of scale and hence let our Customers enjoy cost efficiency.

QUALITY CONTROL

We maintain strict quality control processes and comply with several external standards. The processes are reviewed regularly to ensure a consistent quality maintenance. This practice helps us guarantee the highest level of Customer service, safety, quality control, and maintain order fulfilment speed. Together, these help improve our Customers' trust in us while being consistent with our quality.

ONE-STOP SOLUTION

To our Customers, we are a one-stop solution providers. With our multi-faceted solutions ranging from product development, testing, manufacturing, and distribution, our offerings bring all that our Customers need, under one umbrella. Using our large capacities, experience, and in-depth know-how, we cover all the processes that help our Customers meet all their needs at a single window while saving time and costs.

CUSTOMER-FIRST APPROACH

Customers have always been the centre of our universe. They are our priority and we give them complete flexibility to make things simpler. All our plants have been designed keeping the Customers' requirements in mind. Moreover, consistent product quality, continuous improvement and faster delivery further assists us in adapting the Customer-first approach while retaining Customers for a longer term.

LICENSING AND EXPORT-IMPORT

Our in-depth knowledge and expertise about the licensing, required at each part of the supply chain, adds a lot of weightage to our offerings. We have a dedicated team involved in the import and export. This team majorly helps ease the overall trading process for our Customers, making it a hassle-free and smoother experience for them.

DOING OUR BIT

THRIVING IN THE TIMES OF nCOV

As the nCov crisis deepened across the globe, the Indian economic engine's growth came to a screeching halt. The Government enforced a nationwide lockdown to contain the spread of the virus. The definition of normal changed, pushing everyone out of their routines. What followed then did not just impact economies globally, but also brought about a paradigm shift in consumer behaviour to combat the crisis. Soon, essential goods and items became a key priority. This made a substantial positive impact on essential goods categories. A rise in demand was witnessed as people resorted to cautious stock piling. This can largely be attributed to the sense of fear amidst consumers regarding the unavailability of the goods due to factory closures.

Many of our prestigious Clients have essential goods and items under their primary product category. This simply meant ensuring uninterrupted supplies of their products from our facilities. But in doing so, we faced various hassles in terms of continuation of the facilities, movement of goods on road, payment process and hectic paperwork and formalities. All-in-all, each department stepped in to overcome all the barriers, especially, the people working in the factory and supply chain domains. With this, we had a small indirect role to play by catering the public needs when we were required the most. We feel we are doing our small bit in fighting the pandemic through this opportunity. Our only aim was to be there for our Clients and help them hold the fort, because we are all in this together.

The crisis has helped us unlock potential on various fronts.

FOR OUR CLIENTS

Strong relationships with suppliers

Our good relations and constant engagement with our raw material and package material suppliers, helped us withstand the supply shock. We were in a better position to serve our Clients uninterrupted.

Effective production of essentials

We took all the necessary preventive measures like thermal temperature scanning and sanitisation across all our facilities. This enabled us to operate steady and safe. As a result, we saw a gradual improvement in our capacity utilisation, further enabling an inclusive and sustainable progress for our Clients.

Logistics and supply chain management

Majority of our Clients cater the essential goods category. We were amongst the first few ones to resume supplies to our Clients within the country. Our effective logistics and supply chain management has helped maintain our overall supply chain amidst the challenges.

Co-operating with the authorities

Respecting the need of the hour, we strictly followed safety norms and adhered to social distancing guidelines. We realised this was important for a safe working environment at our plant. We are now working towards ramping up our capacities in a phased manner and serve a wider part of our Clientele.

FOR OUR ENTITY

Our workforce

Our workforce played a crucial role in keeping our regular operations and functions up and running during these unprecedented times. As our duty towards their unwavering contribution, we ensured continuity of daily wages of the labour in production, and supply of essential items, even while operating with partial capacities.

Increased trust from clients

We responded to the crisis in a pro-active manner and re-commenced our production right in time. We adjusted our operations to fulfil the demands to a certain extent, ensuring a smooth supply of essentials. This has been very well appreciated by our Clients and it helped strengthen relationships and their trust on us.

A higher tea consumption and increased hygiene and wellness products' awareness, led to a sizeable spurt in our production volumes. Subsequently, for us, this resulted in producing higher volumes than the previous year compounded. On the other hand, it also propelled us to produce higher number of SKUs from the same facilities.

9
Number of Plants Functioning

61,377
Tons
Detergent Powder Manufactured

12,424
Tons
Tea Powder Manufactured

To fight against nCov, volume of liquid produced
(March 24, 2020 to May 27, 2020)

19,80,958
Units
Bottle (500 ml & 1 Litre)

4,49,477
Units
Pouch (2 Litre)

10,71,01,910
Units
Sachet (6 ml/6.5 ml/12 ml etc.)

OUR FRONTLINERS

LEADERSHIP TEAM

Shrinivas V Dempo
Chairman (Non-Executive)

Sameer R Kothari
Managing Director

Ganesh T Argekar
Executive Director

Neeraj Chandra
Independent Director

Harsha Raghavan
Additional Director (Non-Executive, Non-Independent)

Nikhil K Vora
Non-Executive Director

Shashi Kalathil
Independent Director

Honey Vazirani
Independent Woman Director

Sarvjit Singh Bedi
Non-Execitive Director

Sandeep Mehta
Independent Director

OUR WARRIORS

KEY MANAGEMENT

Mayank Samdani
CFO & Group CFO

- Chartered Accountant
- Expert in Finance, Accounts, Audit, and Legal & Compliance
- Past experience with Future Group and Ashok Piramal Group

Ravinder Rathi
GM, Operations (North)

- Operations and Manufacturing expert
- Over 22 years of vast industry experience with expertise in Developing New Set-ups and Restructuring Operations
- Past experience of working with ITC Ltd. and Moser Baer

Govind Singh Rawat
GM, Operations (South)

- Mechanical Engineer
- Rich experience of 30 years in Operations, Projects and Strategic Planning
- Past experience with reputed entities like PepsiCo, Parle Agro, Dukes and the Indian Navy

Rajiv Bahadur
President, Leather Business

- Footwear Specialist
- Rich experience of 32 years in Footwear Operations, Buying, Product Development and Sales
- Past experience of working with Bata, Tata Exports & AU Thomas, among others, 3 years of offshore assignment with Yanko/Pielsa in Spain

Ashwini Agrawal
GM, Operations (West)

- Mechanical Engineer
- Rich experience of 28 years in Projects and Operations
- Past experience with Sun Pharmaceuticals, Teva API, Cipla, Lupin and Piramal Healthcare

Manish Kumar
GM, Operations (West)

- Mechanical Engineer
- Rich experience of 22 years in Factory Operations and Project Management across India
- Past association with Emami, Greenlam and Bisleri

Prasad Kali
GM, Projects

- Chemical Engineer
- Rich experience of over 23 years in Manufacturing Operations, Maintenance, Business Strategy, Project Execution, Erection, Commissioning Safety, Quality and WCM/TPM
- Past experience of working with Hindustan Unilever

Ashish Vyawahare
AGM, Projects

- Expertise in Project Management, Supply Chain, R&D, QA and 3P Management across F&B domain in India and abroad
- Past association with Hindustan Unilever

K. Shivaram Prasad
AGM, Projects

- Energy (Electrical Engineer) from IIT Kharagpur
- Rich experience of 25 years in Plant Operations, Maintenance, Project Management, Training and Development
- Past association with AB InBev, Modelez, Dabur and Maruti

Suryakant Mishra
GM, Quality Assurance & R&D

- QA and Regulatory Affairs professional
- Rich experience of 27 years in Food, Cosmetics and Pharmaceuticals in India and abroad
- Past assignments with GSK and Reckitt Benckiser

Robin D'Souza
GM, Business Development & Customer Service

- Commerce Graduate
- Rich experience of 25 years as a professional in New Product and Packaging Development
- Responsible for driving sales and business development in contract manufacturing and private labels

Vimal Solanki
Head, Emerging Businesses and Corporate Communications

- Management Graduate
- Comprehensive business experience of 28 years in launching and managing FMCG brands in India and abroad
- Past experience of working with Shoppers Stop and Reliance Retail

FOR THE GREATER GOOD

WE RISE BY LIFTING OTHERS

There is nothing more rewarding than giving back to the society and making a difference. As a responsible Corporate Entity, we are committed towards the upliftment and development of the local communities we work with. We leverage our resources, experience and geographic spread, to undertake initiatives with lasting results, benefiting the communities around. Annually, a part of our revenues is spent towards these initiatives that help us create an effective social impact. We believe in creating shared value for the broader society.

CSR Initiatives

We are mindful of what we do through our community engagement. Our goal is to address social, environmental, and ethical aspects responsibly. This helps us coexist sustainably and in harmony with the environment and communities.

We continued touching a number of lives through our social initiatives entailing:

- **Health, Hygiene and Education of the Girl Child**
- Books, benches, uniforms and sport-kits to schools
- Rebuilding and renovating classrooms and washrooms
- Ensuring clean drinking water
- Contribution towards PM Cares Fund

CORPORATE INFORMATION

Board of Directors

- **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 Woman Director
- **Mr Neeraj Chandra**
  Independent Director
- **Mr. Harsha Raghavan**
  Additional Director
  (Non-Executive, Non-Independent)
- **Mr Sarvjit Singh Bedi**
  Non-Executive Director
- **Mr Sandeep Mehta**
  Independent Director

Company Secretary

Mr Bankim Purohit

Chief Financial Officer

Mr Mayank Samdani

CIN No.

L15139MH1984PLC316003

Registered Office

Office no. 3, Level 2, Centrium,
Phoenix Market City,
15, Lal Bahadur Shastri Road,
Kurla (W), Mumbai 400 070, India

Works

- **Goa**
  Usgaon, Ponda, Goa 403 406
- **Jammu**
  IGC, SIDCO Phase II, Samba 184 121,
  Jammu & Kashmir
- **Puducherry I & II**
  RS no. 254/1B, Gorimedu-Poothurai Road,
  Poothurai Rev Village, Vanur Taluk,
  District Villupuram, Tamil Nadu 605 111
- **Mumbai**
  Industrial Gala nos. 7 to 13,
  Survey no. 34 & 35, Rajprabha Landmark
  Industrial Estate Road, Gokhivare, Vasai East,
  Palghar, Mumbai 401 208
- **Coimbatore**
  SF no. 195/2A, Appanaickenpatti, Sulthanpet
  Road, Sulur, Coimbatore 641 402, Tamil Nadu
- **Hyderabad I & II**
  Survey no. 44 & 49, Peddaipally Village,
  Jadcherla Taluk, District Mahbubnagar,
  Telangana 509 202, Andhra Pradesh
- **Mysuru***
  ATC Beverages Private Ltd.,
  Plot no. 11B & C, KIADB Industrial Area,
  Nanjangud 571 302, District Mysuru, Karnataka
  *Associate Company plant
- **Silvassa I**
  Survey no. 452/3, Village Masat, Masat,
  Silvassa 396 230, Dadra & Nagar Haveli
- **Silvassa II**
  Unit no. 2, Plot nos. 110 & 111,
  Piparia Industrial Estate, Piparia,
  Silvassa 396 230, Dadra & Nagar Haveli

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

- HDFC Bank
- Yes Bank
- SVC Bank
- Bank of Maharashtra

Website

www.hindustanfoodslimited.com

Investor Grievance Email Address

investorrelations@thevanitycase.com

Management Discussion and Analysis

Economic Landscape

Global

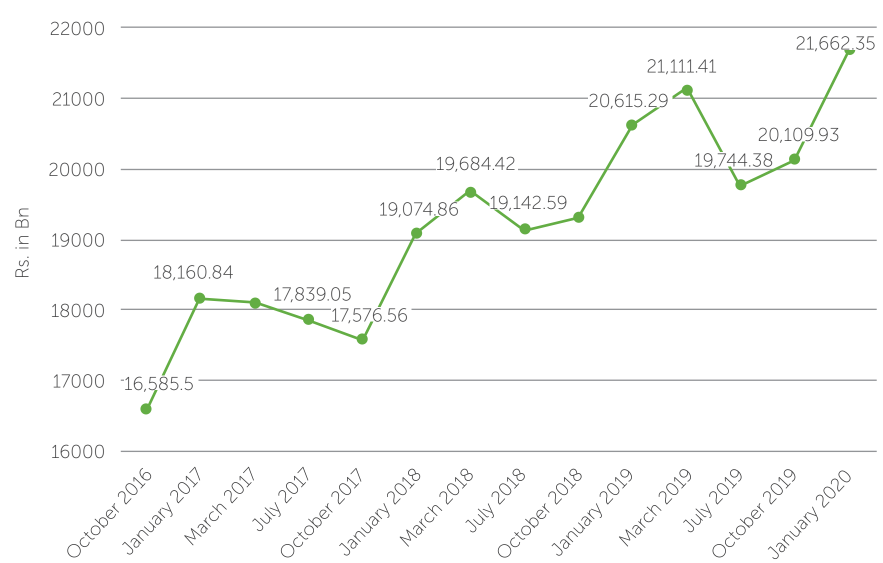
The CY 2019 recorded a moderate global growth of 2.9%, decreasing from 3.6% in CY 2018 due to slowing manufacturing activity, growing trade barriers and escalating geopolitical tensions *(Source: International Monetary Fund, January 2020)*. This was a result of US-China trade wars, though the trade protectionism measures had been intensifying for the last few years. Growing nationalism has led to redrawing of the global trade maps, with Russia and Iran finding a way to circumvent the US sanction by strengthening their relationships with other countries like China. Another fallout of the growing nationalistic fervour was the Brexit, but the diminished fears of a no-deal Brexit towards the end of CY 2019, spurred a positive market sentiment.

However, the nCov outbreak has brought the world to a standstill. Going by the outlook from the globally-renowned agency, Fitch, in CY 2020, the global economy is expected to contract by 4.6% as compared to the previous year. Going forward, there is an uncertainty regarding where this scenario will lead to. But, on the other hand, an impending sea of changes across economies is almost certain.

Indian

In 2019-20, India witnessed a lower GDP growth of 4.2% as compared to 6.8% in 2018-19 *(Source: An article published in The Hindu, May 29, 2020)*. The dip was on account of shrinking public and private investments, liquidity crunch and contraction in the eight core industries. Besides, the rising unemployment, higher farm debt, and meagre wage hikes, were also causing sluggish demand. The slowness led to a drop in the capacity utilisation levels across Indian manufacturers. Recognising this, the Reserve Bank of India (RBI) resorted to five straight rate cuts in CY 2019 to induce liquidity into the economy. The Government of India (GoI) also undertook various measures to improve the demand side by reducing GST rates, bringing about reforms in the direct taxes and increasing Minimum Support Price (MSP). Parallelly, the GoI gave a vital thrust by reducing corporate taxes, opting out of the RCEP deal, and imposing anti-dumping duties on multiple Chinese products. Certain FDI norms, including those for Contract Manufacturing, were relaxed to bring in more Foreign Investment. The offshoots of these actions were expected to be witnessed heading into the next fiscal year. However, the outbreak of nCov depressed the demand and disrupted supply. To counter the impact, the GoI and RBI acted swiftly by announcing a mix of fiscal support, fundamental reforms, monetary support and certain measures to provide a push to the 'Ease of Doing Business' policy in India. These reforms and measures are likely to uplift the economy's core sectors. Additionally, the easing of lockdown is also expected to restore the consumer sentiment and investor confidence.

Consumer spending in India from July 2016 to January 2020 (Rs. in Bn)



(Source: A data published in the Statista, May 7, 2020)

Management Discussion and Analysis (Contd.)

Contracting Manufacturing: Building a Robust Ecosystem for FMCG players

FMCG Contract Manufacturing can be traced decades back. However, it gained ground in the FMCG space only in the last few years. The benefits it comes along with plays an instrumental part in its rising popularity. It has not only allowed FMCG companies to focus on their core business activities, but also facilitated outsourcing of manufacturing and distribution. Here is a phase-wise look at how Contract Manufacturing has evolved over the years:

Phase 1 (the 1980s')

- Small Scale Industry (SSI) Reservations: Reservation of items for exclusive manufacturers in the SSI sector ensure increased production of consumer goods in the small-scale sector.
- Tax Exemptions for SSI: Aimed to provide certain relaxations to SSIs.

Phase 2 (the 2000's)

- Area-based reservations
  - Direct tax exemption
  - Indirect tax exemption

Phase 3 (present times)

- GST: Withdrawal of complex indirect tax system and the introduction of a consumption-based tax has led to an encouraging situation for decentralised manufacturing for FMCG companies.
- Changes in the Distribution Network: Various distributor channels, along with country's improving infrastructure, have further helped in the migration of the facilities from the fiscal benefit areas of Phase 2.
- E-commerce and Modern Trade: Increased brand visibility and availability, due to the modern trade, has led to more smaller and independent brands being launched.

Phase 4 (the future)

- Contract Manufacturing helps avoid huge investments involved in manufacturing facilities, making it a preferred choice for the larger FMCG companies for unlocking their capital.
- Contract Manufacturing offers flexibility for the digital only and e-commerce-led brands who don't prefer investing the scarce capital in manufacturing facilities.
- Making India a sourcing hub for the FMCG supply chains shifting away from China.

FMCG – Need for Outsourcing?

Contract Manufacturing is aiding FMCG players by avoiding the hassles involved in setting up facilities, controlling costs, managing labour, quality control, meeting regulatory requirements and ensuring faster time to market through a strong supply and distribution network. These platforms are not just boosting the larger FMCG players, but also helping smaller ones emerge stronger. Hence translating into a certain derived demand for Contract Manufacturers. With this backdrop, understanding the opportunity landscape in the FMCG space is important and critical.

Despite low GDP growth rate, weak rural demand, and household spending, the FMCG sector grew at 9.7% in CY 2019 *(Source: An article published in The Hindu, January 21, 2019)*. The market size of the sector stands at USD 103.70 Bn *(Source: Nielsen, January 2020)*, wherein 50% accounts for Personal Care, 31% for Home/Health Care and 19% for Food & Beverage *(Source: Internal Estimates)*. Further, India is expected to become the 5th largest consumer market in the world by 2030. It is the 4th largest sector in the Indian economy and is witnessing significant shift upwards owing to a multitude of factors.

Growth Drivers for the FMCG sector

Innovation

FMCG companies are recognising a rapid change in customer tastes and preferences. Hence, they are focusing on innovations to create new categories and value, both for the business and the consumer.

Distribution: Emerging Trends Other than General Trade

Modern retail comprising hypermarkets, supermarkets and e-commerce, is strengthening the FMCG chain. This is owing to increase in the number of touch points across the country. Additionally, new retail channels are providing opportunities for innovative brands to emerge. The Government's focus on building infrastructure and digital adoption is adding up to the continued growth in the modern trade, which is also emerging as a major competitor to FMCG distribution. This, while it continues to be a big retail channel for selling FMCG products.

Management Discussion and Analysis (Contd.)

Demographic Factors

Various factors collectively sprucing up the country's consumption growth include: rising income levels, growing youth population, brand consciousness and higher discretionary spends. Further, it also includes, increasing brand consciousness, higher aspirations, increased share of packaged products, easier access and powerful means of communication, higher investments, and government policy support. Together, these are increasing the demand for FMCG products.

Exports of FMCG

The global FMCG market is currently valued at USD 750 Bn. Out of this, the US market alone has a significant share of around USD 120 Bn, while India has a miniscule share of the manufacturing pie. Foreign FMCG companies are anticipated to increasingly seek Contract Manufacturing from India, considering the favourable conditions, with easing out of regulatory norms, costs, and quality benefits amongst others.

The increasing demands and the evolving landscape present a burning question – who will cater the demands emanating from the segment – should the FMCG companies manufacture in-house or outsource it?

FMCG companies will increasingly prefer the outsourcing route, if Contract Manufacturers meet the criteria below:

- Lowering the cost of the product manufactured
- Maintaining product secrecy in terms of the formulation and ingredients used
- Reduced time to market
- Right capacity with partner to produce high volumes
- Ability to expand the capacity through greenfield and brownfield
- Offering support across the entire value chain

Large Contract Manufacturers will definitely have an edge with:

- Excellent project execution skills
- Faster delivery of the final product and ability to drive economies of scale
- Capability to build a strong portfolio of brands for the vendor, catering all the requirements under one roof
- Decentralised model with facilities at various locations
- Adherence to the best quality control norms
- Capacity to deliver the expected volumes to customers at any given time
- Strong research & development facility that can produce new products

FMCG Contract Manufacturing opportunity in India

Manufacturers Association with Best Standards

In India, a growing number of organised manufacturers are adopting the best industry practices. One of these include maintaining facilities at par with international standards by complying with best certifications. This, therefore, asserts a sense of high credibility amongst foreign stakeholders to outsource their products from India.

Resource Availability

Various commodities are native to the Indian region, thereby making it easy to procure raw materials. This, along with large pool of labour, brings down the overall manufacturing costs.

Faster Turnaround Time

Post GST and e-way bill implementation, the turnaround time for transporters has improved drastically. To capitalise on this, companies are looking to expand their manufacturing bases beyond one location. To benefit from the same, Contract Manufacturers are finding increased prevalence working in their favour.

Why HFL?

Opportunity landscape

Rs. 50,000–1,00,000 cr

Outsourced Manufacturing Opportunity

The FMCG segments we cater, have a very exciting opportunity in the landscape. These, combined with our competitive strengths, puts us in good stead to cater these sectors:

Home Care and Personal Care Sector

This growth in the sector is primarily expected to grow on the back of growing aspirations amongst millennials, increased hygiene and sanitation needs, men and women desiring to look good, growing disposable incomes and increased discretionary spending. The spike in the number of beauty salons and spas is also adding up to the growth. The Company is well placed to leverage this growth due to the new expansion in its Hyderabad facility and the upcoming new facilities in Silvassa.

Management Discussion and Analysis (Contd.)

Beverages Sector

Over the next five years, the consumption of beverages is going to soar the fastest in India and China. New products and formulations have created a niche in the beverages market. This has led to a rising acceptability amongst consumers, giving them a sense of delight and inclination towards it. This presents a great revenue earning potential for companies like ours, offering processing, blending and packaging facilities for hot beverages; and production, manufacturing, and distribution facilities for aerated and fruit drinks.

Mosquito Repellent Sector

The Mosquito Repellent category is classified into coils, mats, vaporisers, aerosols, and creams. The demand for the Mosquito Repellent products has been on a rise with the increasing awareness of vector-borne diseases. The segment has become a breeding ground for the market of new product developments and innovations. With companies looking at expansions, it is likely to translate into great opportunities for players like us, with approvals to make all formats of the products.

Leather Sector

The fashion and retail industry has suffered substantially and the leather industry is going to be affected as well. We expect that it will go through some consolidation and stronger players like our Company with sturdy customer relationships, and superior product quality, along with competitive pricing, and integrated set-up can expect growth emanating from the segment

Baby Food Sector

Baby Food is being increasingly preferred due to its nutritious value and softness. With our factories producing high-quality products consistently, a pre-requisite for this segment, the customers are turning to us for their outsourcing requirements, which is likely to bode well for us in the future as well.

nCov to Benefit HFL

nCov has triggered significant constraints for companies operating in the FMCG space, in terms of cash flow and earnings, along with various supply chain restrictions. With the industry being labelled under the essentials' category, we were able to service our customers better and help them reach their customers faster, even during the pandemic. This not only signifies our ability to fulfil our promises, but also highlights our commitment towards customers.

Besides, with India's low-cost labour, slowly reducing corporate taxes and relaxed bureaucratic red tape, it is well placed to emerge as the next global production hub. We anticipate deriving several benefits on account of FMCG companies passing their production to Contract Manufacturers like us. This holds true for not only within India, but also aboard.

Moreover, a global structural shift of production is being witnessed from China to India. With the Chinese manufacturing bases exposed owing to the current pandemic, many countries have increasingly started seeking alternative sites for production and we feel that India is well placed to become the next manufacturing hub.

Growth Drivers for the Contract Manufacturers

The demand for Contract Manufacturers is directly related to the demand of the FMCG products. It is also affected by the extent to which brand owners will allocate their wallet share to Contract Manufacturing instead of in-house manufacturing. We believe that due to a variety of factors, we see an increase in the consumption of FMCG products (leading to a demand for increased production) and also an increased emphasis to Contract Manufacturing as opposed to in-house manufacturing.

Trade War

Trade war and US sanctions on different countries will draw more companies to invest in India by leveraging on India's diplomatic relationship with other countries. This way, FMCG companies can enter India through Contract Manufacturing mode to fulfil local consumption and cater overseas market through exports.

Make in India

Through the Make in India drive, the Government aims to increase contribution of manufacturing sector to the Indian GDP from 16% to 25% by CY 2022. With various efforts dedicated towards improvement of the country's stature on different counts, like in resolving business issues, lowering corporate taxes, ease in payment of taxes, labour regulation, contact enforcement and land clearance, the business sentiments for Contract Manufacturers in India remains positive.

Management Discussion and Analysis (Contd.)

Low Per Capita Consumption

Despite a huge population base, India ranks behind in overall per capita consumption of FMCG goods. The country will have to substantially grow its consumer spending on the segment to match up other emerging markets like Indonesia (twice as high) and China (four times higher) (*Source: An article published in the Afaqs, July 1, 2019*). The growing awareness, affordability, and availability of products in remote parts of the country are likely to drive its consumption level, driving the need for increased supply of superior products. This, along with cut in the personal income tax announced in the Union Budget 2020-21, will help drive the consumption story in India. To cater the rising demand of products, the FMCG players would require faster rollouts of products and capacity expansions.

However, there are multiple bottlenecks that a Company is likely to face while expanding capacities-like high Capex requirements, especially for setting up of the facilities, management of logistics, warehousing and efficient supply chain management, and labour, among others. These increasingly point towards the adoption of a Contract Manufacturing model. This would further mean that the FMCG companies can concentrate on brand building and marketing activities, while the production, packaging, warehousing, and supply chain management is taken care of by Contract Manufacturers like us.

Rising Growth of E-Commerce Channels

E-commerce has increasingly gained prominence in the recent past on account of various factors: rise in internet user base, higher broadband data consumption, higher smartphone penetration rate and increase in digital transactions. Together, these factors lay a perfect setup for the sector to grow at an even faster rate. The share of e-commerce in FMCG sales is anticipated to grow from a mere 2% in CY 2019 to 5% in CY 2022 (*Source: An article published in the Financial Express, December 4, 2019*). To capitalise on this, the FMCG companies will look to strengthen distribution network in every corner, so that their products are easily available. For this reason, increased proximity between manufacturing site and wholesaler/retailer/dealer is highly imperative. By having a Contract Manufacturer at different locations, the Company can achieve those objectives and help save on Capex, ensuring faster time to market and remaining asset-light.

Growing Middle Class

The burgeoning middle-class population of India is further expected to increase from 50% to 80% by CY 2030. It is projected that by CY 2030, 75% of the consumer spending will primarily be driven by the middle class *(Source: An article published in the Weforum January 7, 2019)*. As they keep on climbing the income ladder, the composition of their spending will change, and their preference will move towards packaged FMCG products. The growing aspirations of the country's growing middle class are expected to drive the FMCG products' demand. This, in turn, stands well for the Contract Manufacturers business sustenance in the long term.

Urbanisation

Urbanisation is rising with time, lifting millions out of poverty. Schemes like Housing for All and Smart Cities, along with higher spending on infrastructure are further causing urbanisation to rise. This will simply translate in a swift and steep rise in the consumption of FMCG products. Especially, since working-class population is more inclined towards packaged products owing to its ease of use and hygiene. This is likely to increase the demand and need for investment in the whole FMCG value chain, right from raw material procurement to retail store. Manufacturing being an integral part of the value chain is sure going to witness an increase in the production activities owing to rising demand. To meet this demand, companies could opt for Contract Manufacturers.

Company Overview

With a footprint across the length and breadth of the country through 9 manufacturing plants, and two more to be added in the next quarter we have emerged as one of the leaders in the Contract Manufacturing space. Today, we are known for catering a wide range of marquee FMCG brands across both domestic and international clientele. We are respected for our quality consistency, faster turnaround time and cost-efficiency.

Management Discussion and Analysis (Contd.)

Performance

Financial Highlights (Rs. in lakhs)

Particulars	2018-19	2019-20	Y-o-Y growth
Revenue from Operations	49,191	77,190	57%
EBITDA	3,304	5,690	72%
Profit after Tax	1,191	2,273	91%
Basic Earnings per Share* (Rs.)	6.52	11.97	83%

2019-20 was a satisfactory year for Hindustan Foods Limited. Revenue from Operations increased to Rs. 77,190 lakhs, growing by 57% over the year 2018-19. EBITDA rose to Rs. 5,690 lakhs, increasing by 72% as compared to last year. Profit after Tax surged to Rs. 2,273 lakhs, increasing by 91% over the previous year. The basic EPS increased by 83%, this overall improvement can be accredited to ramping up of the new plant in Coimbatore and the commissioning of the expansion in Hyderabad.

*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.

Statement of key ratios

Types of ratio	Explanation of ratios	2018-19	2019-20	% Change	Explanation for change
Debtors Turnover (Days)	The 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 Average Trade Receivables by Revenue from Contracts and multiplied by 365 days	26.89	19.03	(29.23)	The Debtors Turnover ratio was reduced by nearly 7 days. This was due to better credit terms. The Management expects to be able to sustain this.
Inventory Turnover (Times)	Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing Turnover by Average Inventory.	13.25	9.67	(27.01)	The reduction in the Inventory turnover denotes an increase in the inventories at the Company. This increase was mainly due the new plant that got commissioned only in the last quarter of the year. The Management expects that as the turnover of the new plant flows in for the entire 2020-21, this will improve.

Management Discussion and Analysis (Contd.)

Types of ratio	Explanation of ratios	2018-19	2019-20	% Change	Explanation for change
Current Ratio (Times)	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.	0.95	1.29	35.61	The Current Ratio stood at 1.29 times, as inventory increased due to new plants. Further, the balance with Government authorities increased due to GST receivable on the Capex cost incurred for new plants.
Debt Equity Ratio (Times)	The Debt Equity 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 borrowings (i.e. Long-term Debt, Short Term Debt and Current Maturities of Long-Term debt) by its Shareholders Equity.	1.51	0.87	(42.20)	The Debt to Equity ratio reduced in the current year due to the equity raised during the year. The Management expects to make judicious use of debt to fund its future Capex investments
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.	22.87	17.89	(21.77)	The Company raised capital in 2019-20. The proceeds of the same are to be used in business expansion which will start yielding returns in the coming years. The Management expects this to improve going ahead.

Management Discussion and Analysis (Contd.)

Risks and Concerns

	Impact	Mitigation	Risk level
Macroeconomic Risk	The current macroeconomic scenario is affected by various factors: political, inflation, changes in laws, liquidity crunch and protectionism, which may have a material impact on our operations.	We cater a wide range of segments in the FMCG sector, which remain relatively safe amidst economic slowdowns. Moreover, our diversified business model comprising long term and seasonal contracts alongside, helps us withstand economic downturns.	High
Contract Risk	A failure to meet requirements, set by our Principals, can result in contract termination.	In line with our well-founded quality control practices, we have continuously delivered consistent quality products to each of our Clients. Additionally, our skill expertise often ensues a contract renewal with addition of more SKUs within the same brand.	Low
Competition Risk	New players entering the market can increase competition further.	Our end-to-end Contract Manufacturing services provide one-stop-solution for Clients. This model fits well and assures retention of existing Clients, while also acquiring new ones.	Medium
Cost and Availability of Raw Material	Inability to source raw materials at reasonable prices can disrupt our operations.	We have multiple suppliers for each of our operations and the procurement teams work closely with that of operations. Our decades-rich industry experience has helped us build a strong network, ensuring smooth procurement of raw materials from suppliers at the best prices.	Medium
Quality and Safety Risk	Contamination of raw materials or finished products, or failure to comply with quality standards can harm the corporate reputation amongst principals. Besides, failure to protect our people at manufacturing plants may result in accidents and injuries.	Our strict quality control practices help ensure compliance with all the necessary quality requirements. This, in turn, helps minimise the risk of products defect. As for protecting our people, safety is always a top priority and we regularly conduct trainings to safeguard against this risk.	Low
Attraction and Retention of Key Skills and Talent	Our accomplishments are driven by our people. Losing skilled or failing to attract new talent can affect our ability to drive performance and deliver on our strategic objectives.	We have a fair and effective recruitment process in place which helps us attract right talent, while also ensuring competitive compensation levels through benchmarking. We continue supporting and investing in our people's development through regular training programmes. For our employees' wellbeing, we also organise regular activities for them to maintain a work-life balance.	Low

Management Discussion and Analysis (Contd.)

Human Resource Management

We have a diverse team of 1,200+ people with an extensive range of skills and expertise. We regularly connect with our employees through formal and informal communication channels. This provides an opportunity for open dialogue, which is crucial for maintaining the right work environment. We also regularly invest in training programmes to support the development of our teams. Our human resource management is more of a collaborative effort that helps us resolve challenges together. It also enables an integrated victory through an engaged workforce and a performance-driven approach. We aim to achieve a consistent culture across all our operations, with values that connect, guide, and inspire our people. Thereby providing a platform for our shared success.

Internal Control Systems and their Adequacy

The Company Board has laid down Internal Financial Controls within the meaning of the explanations to Section 134(5)(e) ("IFC") of the Companies Act, 2013. The Board believes that the Company has sound IFC, which commensurate the nature and size of its business. The industry we operate in, however, is dynamic. Therefore, our IFC cannot be static. It must evolve as the business, technology and fraud environment change in response to competition, industry practices, legislation, regulation, and current economic conditions. With business evolvement, gaps in the IFC are bound to be there. The Company has a process in place to continuously identify these gaps. We implement newer and/or improved controls when we identify gaps that could potentially have a material effect on the Company's 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 realised; though we agree that 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 materialise, 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-Fifth Annual General Meeting of the Members of Hindustan Foods Limited ('the Company') will be held on Friday, September 18, 2020 at 11.30 a.m. through Video Conference facility ('VC') or Other Audio - Visual Means ('OAVM'), to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Office no. 3, level-2, Centrium, Phoenix Market City, 15, LBS Road, Kurla (West), Mumbai - 400 070.

ORDINARY BUSINESS:

1. To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020 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 Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020, including the Audited Balance Sheet as at March 31, 2020, 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 consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 and together with Report of 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 Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020, including the Audited Balance Sheet as at March 31, 2020, Statement of Profit & Loss and Cash Flow Statements for the year ended on that date and the Reports of the Auditors thereon be and are hereby considered, approved and adopted."

3. To appoint Mr. Sarvjit Singh Bedi (DIN:07710419) Director of the Company, who retires by rotation 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. Sarvjit Singh Bedi (DIN: 07710419), who retires by rotation at this Meeting be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. **Appointment of Mr. Harsha Raghavan (DIN: 01761512) 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. Harsha Raghavan (DIN: 01761512), who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 11, 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, 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, Non-Independent, of the Company, whose office is liable to retire by rotation."

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

5. **Ratification of 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

Notice (Contd.)

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 January 1, 2020 upto remaining his tenure of the present term as a Managing Director i.e. upto May 21, 2022, the remuneration of Rs.13,00,000/- (Rupees Thirteen 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 10% 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 deemfit 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."

6. **To Re-appoint 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 re-appoint Mr. Ganesh T Argekar (DIN:06865379), as a Whole-time Director of the Company designated as "Executive Director", for period of three years with effect from May 19, 2020 upto May 18, 2023, and the remuneration payable is Rs. 48,00,000/- (Rupees Forty Eight Lakhs only) per annum, & Rs. 4,00,000/- (Rupees Four Lakhs only) per annum as Bonus, whether paid as salary, allowances, 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 10% 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

Notice (Contd.)

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."

Notes:

1. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
2. Considering the present outbreak of COVID – 19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THE AGM IS BEING HELD PURSUANT TO MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXY (IES) BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP INCLUDING ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**
4. **Participations of Members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 ("the Act").**
5. Members of the Company under Institutional / Corporate Members are encouraged to attend and vote at the AGM through VC. Institutional/ Corporate participant Members intending to authorise their representatives to participate and vote at the Meeting are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at investorrelations@thevanitycase.com.
6. Pursuant to the provisions of Section 91 of the Companies Act, 2013, read with Rule 10 of 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 **Saturday**, the **September 12, 2020** to **Friday**, the **September 18, 2020** (both days inclusive).
7. 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.

   Mr. Sameer Kothari, Managing Director had been appointed for a term of 5 years, Mr. Ganesh T Argekar, Whole-time Director designated as Executive Director had been appointed for a term of 3 years and Mr. Shrinivas V. Dempo, appointed as Chairman, designated Non-Executive, Non- Rotational Director, in accordance with the relevant provisions of Companies Act, 2013, and are not eligible to retire by rotation.
8. Members who wish to inspect the documents, as mentioned in the Notice of the AGM or as required under the law, may write to the Company at investorrelations@thevanitycase.com and the Company shall endeavor to provide inspection of documents by such Member.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose

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email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.hindustanfoodslimited.com, websites of BSE Limited at www. bseindia.com and on the website of Company's Registrar and Transfer Agent, Link Intime India Pvt. Ltd at www.linkintime.co.in

10. For receiving all communication (including Annual Report) from the Company electronically:

    a) In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@thevanitycase.com or to enotices@linkintime.co.in.

    b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:

11. In compliance with the 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, General Circular No. 20/2020 dated May 5, 2020, given by MCA and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide the members with facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the Members using an electronic voting system during the AGM will be provided by Link Intime India Private Limited (hereinafter referred to as "**LIIPL**").

    a) The Members who have cast their vote by Remote E- Voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

    b) The Remote E- Voting period commences on Tuesday, September 15, 2020 (9:00 am) and ends on Thursday, September 17, 2020 (5:00 pm). During this period, Members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date of **Friday, September 11, 2020**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

Remote E-Voting instructions for shareholders are as follows:

1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in.

   Those who are first time users of LIIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

✓ Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: -

A. **User ID:** Enter your User ID

   - Shareholders/ Members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
   - Shareholders/ Members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
   - Shareholders/ Members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company

B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

Notice (Contd.)

D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

   - Shareholders/ Member holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
   - Shareholders/ Member holding shares in **NSDL demat account shall provide 'D', above**
   - Shareholders/ Members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

✓ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).

✓ Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ Members are holding shares in demat form and have registered on to e-voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier event of any Company then they can use their existing password to login

2. Click on "Login" under "SHARE HOLDER" tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on "Submit".
4. After successful login, you will be able to see the notification for e-voting. Select "View" icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option "Favour / Against" (If you wish to view the entire Resolution details, click on the "View Resolution" file link).
7. After selecting the desired option i.e. Favour / Against, click on "Submit". A confirmation box will be displayed. If you wish to confirm your vote, click on "Yes", else to change your vote, click on "No" and accordingly modify your vote.
8. Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as "Custodian / Mutual Fund / Corporate Body". They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the "Custodian / Mutual Fund / Corporate Body" login for the Scrutinizer to verify the same.

If you have forgotten the password:

Click on "Login" under "SHARE HOLDER" tab and further Click "forgot password?" Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on "Submit".

- In case Shareholders/ Members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ Members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For Shareholders/ Members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice. During the voting period, Shareholders/ Members can login any number of time till they have voted on the resolution(s) for a particular "Event". Shareholders/ Members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account. In case Shareholders/ Members have any queries regarding E- Voting, they may refer the Frequently Asked Questions ("FAQs") and InstaVote e-voting manual available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000.

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PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

12. Members are requested to follow the procedure given below:
    a) Open the internet browser and launch the URL: https://instameet.linkintime.co.in
    b) Select the "Company" and 'Event Date' and register with your following details: -
       - **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
       - Shareholders/ Members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
       - Shareholders/ Members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
       - Shareholders/ Members holding shares in **physical form shall provide Folio Number** registered with the Company
       - **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
       - **Mobile No.:** Enter your mobile number.
       - **Email ID:** Enter your email id, as recorded with your DP/Company.
    c) Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).
13. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
14. Facility to join the meeting shall be opened 30 minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.
15. Members who need assistance before or during the AGM, can contact Link Intime on instameet@linkintime.co.in or call on toll free numbers Tel: +91 022 49186175. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
17. Members are encouraged to join the Meeting through Laptops for better experience.
18. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
19. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

PROCEDURE FOR SHAREHOLDERS/ MEMBERS TO SPEAK DURING THE AGM

20. Shareholders who would like to speak during the meeting must register their request 7 days in advance with the Company through email on investorrelations@thevanitycase.com.
21. Shareholders will get confirmation on first come first basis depending upon the provision made by the client.
22. Shareholders will receive "speaking serial number" once they mark attendance for the Meeting.
23. Other Shareholder may ask questions to the panelist, via active chat-board during the Meeting.
24. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

    NOTE: Shareholders are requested to speak only when moderator of the Meeting/ Management will announce the name and serial number for speaking.

    Guidelines to attend the AGM proceedings

    For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, Shareholders/ Members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

    a) Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/, OR
    b) If you do not want to download and install the Webex application, you may join the Meeting by following the process mentioned as under:
       1. Enter your First Name, Last Name and Email ID and click on Join Now
       2. If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
       3. If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the Meeting by clicking on Join Now.

GENERAL INFORMATION:

25. The voting rights shall be as per the number of equity shares held by the Member(s) as on **Friday, September 11, 2020** being the **cut-off date**. Members are eligible to cast vote electronically only if they are holding shares as on that date.
26. The Company has appointed Mr. Vivek Gaggar, Partner, NVR & Co. (Firm Reg No.: 145961W), Practicing Chartered Accountant, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given above
27. The Chairman shall, during the AGM, at the end of discussion / after every business item for the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by way of e-voting system for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
28. The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the Meeting by way of e-voting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

    The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.hindustanfoodslimited.com and also on the website of RTA www.linkintime.co.in immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchange.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

29. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode, basis the request being sent on investorrelations@thevanitycase.com
30. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection

OTHER INFORMATION:

31. Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / Link Intime 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 dematerialisation.
32. Members are requested:
    i. Write to the Company through email at investorrelations@thevanitycase.com atleast 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the Financial Year ended March 31, 2020.
    ii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address,
    iii. 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, if any in future The Company or its Registrar cannot

Notice (Contd.)

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 and not to the Company's RTA.

iv. Quote Registered Folio no. or DP ID/Client ID no. in all their correspondence.

v. Approach the R&TA of the Company for consolidation of folios.

vi. Avail Nomination facility by filing in form SH-13 in accordance with Section 72 of the Companies Act, 2013 and forward the same to the R&TA, if not done. (Applicable for those holding shares in physical form).

vii. Send all share transfer lodgments (physical mode) / correspondence to the R&TA of the Company, Link Intime India Private Limited, upto the date of book closure.

viii. 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.

ix. 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 holding shares in physical form and have not registered their e-mail address can now register the same by sending request to the Company at investorrelations@thevanitycase.com or to Link Intime at enotices@linkintime.co.in 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.

By Order of the Board of Directors

BANKIM PUROHIT
Company Secretary
ACS: 21865

Place: Mumbai
Date: August 26, 2020

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

Explanatory Statement

The statement of Material Facts pursuant to Section 102 (1) of the Companies Act, 2013 ("Act") relating to business mentioned under the Items 4 to 6 of the accompanying Notice.

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 November 11, 2019 and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company had appointed Mr. Harsha Raghavan, as an Additional Director in the category of Non-Executive Director. Mr. Harsha Raghavan 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. Harsha Raghavan 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. Harsha Raghavan 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. Harsha Raghavan is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. Relatives of Mr. Harsha Raghavan 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

Mr. Sameer Kothari was appointed as Executive Director and designated as Managing Director of the Company w.e.f. May 22, 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 May 22, 2017 and the Shareholders in their Annual General Meeting held on September 27, 2017 had given their approval for appointment of Mr. Sameer Kothari w.e.f. May 22, 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 May 22, 2019, recommended payment of remuneration w.e.f. June 1, 2019 till the remaining period of his tenure i.e. upto May 21, 2022, irrespective of adequacy of the profits of the Company. The recommendation was approved by the Board of Directors at their meeting held on May 22, 2019 and by Shareholders in the Annual General Meeting held on September 26, 2019.

Further, the Nomination and Remuneration Committee and the Board of Directors, at their meeting held on February 12, 2020, recommended revision in the remuneration payable to Mr. Sameer Kothari w.e.f. January 1, 2020 till the remaining period of his tenure i.e. upto May 21, 2022, irrespective of adequacy of the profits of the Company. 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 Managing Director herein above, the Company shall pay him the remuneration as per the terms and conditions detailed w.e.f. January 1, 2020 upto the remaining his tenure of the present term as a Managing Director i.e. upto May 21, 2022 subject to the approval of Shareholders.

The proposed remuneration to be ratified from January 1, 2020 is as follows:

1) Term of Payment of Remuneration: with effect from January 1, 2020 to May 21, 2022

2) Remuneration: a) Salary of Rs. 13,00,000/- (Rupees Thirteen 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.

Annexure to the Notice (Contd.)

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% 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 the 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. 5 of the accompanying notice as a special resolution.

Mr. Sameer Kothari is interested in the resolution set out at Item No. 5 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 February 12, 2020 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. 6

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on May 22, 2017 and the shareholders in their Annual General Meeting held on September 27, 2017 had given their approval for re-appointment of Mr. Ganesh T Argekar w.e.f. May 19, 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 March 16, 2020, recommended re-appointment of and remuneration payable to Mr. Ganesh T Argekar for period of three years with effect from May 19, 2020 upto May 18, 2023. The recommendation was approved by the Board of Directors at their meeting held on March 16, 2020. The re-appointment of and remuneration payable to Mr. Ganesh Argekar, is subject to the approval/ ratification of members by way of special resolution at this Annual General Meeting.

The proposed re-apointment and remuneration payable to be ratified from May 19, 2020 is as follows:

1) Tenure: 3 years w.e.f. May 19, 2020;
2) Term of Payment of Remuneration: 3 years with effect from May 19, 2020 till completion of tenure;
3) Remuneration: a) Salary of Rs. 48,00,000/- (Rupees Forty - Eight Lakhs) per annum with increments as may be decided by the Board from time to time; b) Perquisites and allowance, Bonus of Rs 4,00,000/- (Rupees Four Lakhs) per annum, in addition to the salary, Mr. Ganesh Argekar shall also be entitled to any other perquisites and allowances or any combinations thereof.
4) 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.
5) 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% net profits as set out in Section 198 of the Companies Act, 2013 and Schedule V of the Act.
6) The Whole-time Director, designated as Executive Director shall not be paid any sitting fees for attending the Board or any other Committee meetings.
7) The Whole-time Director, designated as Executive Director is not liable to retire by rotation.
8) 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.
9) 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.

Annexure to the Notice (Contd.)

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. 6 of the accompanying Notice as a Special Resolution.

Mr. Ganesh T Argekar is interested in the resolution set out at Item No. 6 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 March 16, 2020 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.

By Order of the Board of Directors

BANKIM PUROHIT
Company Secretary
ACS: 21865

Place: Mumbai
Date: August 26, 2020

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 (Contd.)

1. 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. Sarvjit Singh Bedi	Mr. Harsha Raghavan	Mr. Sameer R. Kothari	Mr. Ganesh T. Argekar
Category	Non-Executive, Non-Independent Director	Non-Executive, Non-Independent Director	Managing Director, Executive, Non-Independent	Executive Director
Age	42 years	49 years	47 years	48 years
DIN	07710419	01761512	01361343	06865379
Date of first appointment	April 18, 2019	November 11, 2019	May 22, 2017	May 19, 2014
Profile of the Director	Mr. Sarvjit Singh Bedi is a co-founding partner at Convergent with 17 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, Mr. 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. Harsha Raghavan has 24 years of investment experience across India, US and Europe. He has wide network of relationships across corporate groups, banks and government. He has overall experience of investing 3 billion across multiple continents. He has a track record of value creation through intensive engagement with portfolio companies. He founded Fairfax's investment activities in India as CEO of Fairbridge Capital and Director of Fairfax India with responsibility for all capital allocation decisions in India. He is renowned for ability to transform businesses. He directed Thomas Cook acquisitions of 26 businesses globally and served as the interim CEO of Bangalore International Airport to oversee major capex program and rebuild management team.	Mr. Sameer Kothari is a professional with over 22 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 24 years of overall work experience, during which time he has held various managerial positions.
Expertise in specific functional area	Audit and financial diligence, consulting, investment banking, corporate mergers and acquisitions and private equity.	Leadership, Business Management and Finance and Accounting	Leadership and Business Management	Supply Chain and Procurement

Annexure to the Notice (Contd.)

Name of the Director	Mr. Sarvjit Singh Bedi	Mr. Harsha Raghavan	Mr. Sameer R. Kothari	Mr. Ganesh T. Argekar
Qualification	CA, MBA (Cornell University, New York), Bachelors in Economics, (University of Delhi)	MBA from Stanford Graduate School of Business, Master of Science, Industrial Engineering from Stanford University	CA and MBA from Cornell University (USA).	B.Sc. (Chemistry), PGDMM – IIMM
Directorship held in other companies (including foreign and private companies)	NIL	NIL	1) Ashmin Holding and Leasing Private Limited 2) Glamoor Cosmetics Private Limited 3) Mahak Cosmetics and Credit Private Limited 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
Number of shares held in the Company	Nil	1,826	18,96,750	50,000
No. of Board meetings attended during the year 2019-20	7 of 7	3 of 4	8 of 8	8 of 8

Annexure to the Notice (Contd.)

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. 5 and 6 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. The Company also manufactures Leather footwear, Pest Control Products, tea,coffee and detergent		
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		
4.	Financial performance based on given indicators Rs. in lakhs			Rs. in lakhs
	Financial Parameters	FY 2019-20	FY 2018-19*	FY 2017-18
	Total Income	77,310.35	49,256.27	13,998.28
	Profit/(Loss) before Tax	3,463.20	1,822.40	865.33
	Profit/(Loss) after Tax	2,273.14	1,191.45	627.53
	Dividend paid / recommended (including Corporate Dividend Tax)	Nil	Nil	Nil
	Dividend Rate %	N.A.	N.A.	N.A.

*National Company Law Tribunal approved the Scheme of Arrangement between Detergent Manufacturing Unit of Avalon Cosmetics Private Limited ('ACPL') and the Company. Accordingly, the said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and the previously issued financial statements of the Company for the year ended March 31, 2019 have been restated to give effect to the Scheme.

*The Company has purchased the businesses on slump sale basis from M/s Galaxy Healthcare Products and from M/s Shivom Industries (Shivom) vide respective Business Transfer Agreements on February 24, 2020. The said business transfers were approved by the Board on November 11, 2019. The business purchases have been accounted using the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and comparative numbers for the year ended March 31, 2019 have been restated with effect from April 1, 2018

Annexure to the Notice (Contd.)

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

1.	Background details	Mr. Kothari is a professional with over 22 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 24 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 March 31, 2020: Rs. 74,00,000/-	The remuneration received by Mr. Argekar March 31, 2020: Rs.34,00,000/-
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. 5 of the Notice of the 35th Annual General Meeting.	As set out in the resolution at Item no. 6 of the Notice of the 35th 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 hold 18,96,750 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.

Annexure to the Notice (Contd.)

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.	The following disclosures shall be mentioned in the Board of Directors' Report under the heading "Corporate Governance", if any, attached to the Annual Report: -	
	i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the Directors	This has been fully covered under the Corporate Governance Report.
	ii. Details of fixed component and performance linked incentives along with the performance criteria	
	iii. Service contracts, notice period, severance fees	Not Applicable
	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	

Directors' Report

TO THE MEMBERS OF HINDUSTAN FOODS LIMITED

Your Directors are pleased to present the Thirty Fifth Annual Report on the business and operations of the Company together with the Audited Standalone Financial Statements for the Financial Year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. in lakhs)

Particulars	FY 2019-20	FY 2018-19 *
Total Revenue	**77,310.35**	**49,256.27**
Profit for the year before finance charges and depreciation	5,690.06	3,303.94
Less: Finance charges	1,098.66	735.33
Profit before depreciation	4,591.40	2,568.61
Less: Depreciation	1,128.20	746.21
Profit/(Loss) for the year after finance charges and depreciation / before tax for the year	**3,463.20**	**1,822.40**
Less: Provision for Tax -		
Current Tax	-	386.09
Tax Under MAT	602.78	-
Deferred Tax	598.20	218.93
Mat Credit Entitlement/ Utilisation of earlier year	(10.92)	25.93
Profit for the year after Tax	**2,273.14**	**1,191.45**
Other Comprehensive Income	**(8.63)**	**(8.09)**
Total Comprehensive Income	**2,264.51**	**1,183.36**

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

* The Scheme of Arrangement for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private Limited "ACPL" or "Demerged Company" with Hindustan Foods Limited "HFL" or "Resulting Company" was approved by the Hon'ble National Company Law Tribunal on November 25, 2019. The certified copy of the order of Hon'ble NCLT was filed with the Registrar of Companies on December 27, 2019 with the appointed date as April 1, 2018. The said business combination has been accounted and comparatives have been restated for business combination with effect from April 1, 2018. Accordingly, financial statements of Detergent Manufacturing unit of ACPL have been included in the previous year of the Standalone Financials of your Company.

YEAR IN RETROSPECT

The Financial Year 2019-20 saw your Company strengthening its existing businesses and customers while building new capabilities and new relationships. The year under review has delivered a strong growth considering an eventful year and clocked a run rate of achieving Rs. 1,000 cr turnover mark for FY 2019-20. Your Company reported a turnover of Rs. 773.10 cr for the year under review as compared to Rs. 492.56 cr during the previous year, a growth of nearly 57%. Its profit after tax of Rs. 22.73 cr for the year under review was also 91% more than the Rs. 11.91 cr in the previous year. Your Company saw some impact on the revenues and profitability in March 2020, as India got struck by the CoVID-19 pandemic which compelled to temporarily suspend your Company's plant operations.

In this year, your Company is setting up two home care liquid manufacturing facilities in Silvassa. The factories will have a capacity to manufacture around 20,000 KL of liquids and your Directors are confident that they will enter into a multi-year contract for the same, which will add significant growth to your Company in the coming years.

The NCLT's accord for the Merger of the Hyderabad plant has enabled your Company to deepen its ties with Hindustan Unilever. The dedicated plant started commercial production of detergent powder in the FY 2019-20 and has already become the largest factory of your Company. Your Directors

Directors' Report (Contd.)

would like to thank the shareholders for their immense support in the successful conclusion of the Merger.

Your Board approved the Composite Scheme for Merger of another Vanity Case group's plant at Coimbatore manufacturing malted beverages viz. Horlicks and Boost for Hindustan Unilever and another merger of ATC Beverages Private Limited, manufacturing carbonated drinks and beverages. Your Directors are confident that with the said mergers will boost your Company's focus to build profitability that will lead to significant value creation for all Company stakeholders.

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, Your Company has obtained the necessary approvals from the Shareholders of the Company by way of Postal Ballot for giving effect for Increasing the Authorized Share Capital of the Company from Rs. 21,50,00,000/- (Rupees Twenty One Crores Fifty Lakhs Only) divided into 1,95,00,000 (One Crores Ninety Five Lakhs) Equity Shares of Rs. 10/- each and 2,00,000 (Two Lakhs) 9% Redeemable Preference Shares of Rs. 100/- each to Rs. 24,00,00,000/- (Rupees Twenty Four Crores Only) divided into 2,20,00,000 (Two Crores Twenty Lakhs) Equity Shares of Rs. 10/- each and 2,00,000 (Two Lakhs) 9% Redeemable Preference Shares of Rs. 100/- each.

During the year, your Board of Directors had allotted 27,77,779 Convertible warrants on Private Placement basis on April 18, 2019. The Share warrants were convertible into Equity Shares of Rs. 10/- each at a premium of Rs.350/- per equity. The tenure of the warrants was for 18 months from the date of its allotment.

During the Year, the Warrant Holders exercise their option to convert the entire Convertible Warrants into equivalent Equity Shares of the Company and Company received the balance 75% of the funds from all the warrant holders. The Share Allotment Committee of your Board in their meeting held on January 16, 2020 allotted 27,77,779 Equity Shares of Rs.10/- each to the warrant holders on conversion of the convertible warrants into Equity Shares of Rs.10/- each.

In accordance of the Order dated November 25, 2019 of the Hon'ble NCLT, Mumbai Bench in the matter of Scheme of Arrangement between Avalon Cosmetics Private Limited ('Demerged Company') and your Company ('Resulting Company'), the Share Allotment Committee of your Board in its meeting held on January 16, 2020 has issued and allotted 49,27,799 Equity Shares of Rs.10/- each of your Company to the eligible Shareholders of the Demerged Company who were holding shares of the Demerged Company as on the Record Date i.e. January 15, 2020.

MERGERS AND ACQUISITIONS

The Mumbai bench of NCLT conveyed its approval for the Scheme of Arrangement ('the Scheme'); presented under Section 230 to 232 and other applicable provisions of the Companies Act,2013 read with the rules prescribed thereunder, for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private Limited ('ACPL') with Hindustan Foods Limited (the 'Resulting Company' or 'HFL') vide its order dated November 25, 2019.The Certified copy of the NCLT order along with the Scheme was filed with the Registrar of Companies, Mumbai, Maharashtra on December 27, 2019 when the Scheme came into effect and the appointed date was from April 1, 2018.

Your Company, after obtaining the approval of the Shareholders passed by way of the Postal Ballot on January 4, 2020, has purchased the businesses on slump sale basis from M/s Galaxy Healthcare Products and from M/s Shivom Industries (Shivom) a Partnership Firm in which Managing Director of your Company is a Partner, vide respective Business Transfer Agreements on February 24, 2020. The said business transfers were approved by the Board in their meeting held on November 11, 2019.

The Board of Directors of your Company has approved a Composite Scheme of Arrangement and Amalgamation under Section 230-232 and other applicable provisions of the Act, between (i) Avalon Cosmetics Private Limited ('The Demerged Company' or 'ACPL'), (ii) ATC Beverages Private Limited ('The Transferor Company' or 'ABPL') with (iii) the Company ('The Transferee Company' or 'The Resulting Company' or 'HFL') which interalia provides for i) De-Merger of Coimbatore business of ACPL with the Company and ii) Merger of ABPL with the Company. This Scheme is subject to all necessary statutory / regulatory approvals under applicable laws including approval of Stock Exchange and the National Company Law Tribunal. The appointed date is April 1, 2020.

Directors' Report (Contd.)

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 Financial Year 2019-20 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 March 31, 2020.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the year under review the Company acquired 44.43% (i.e. 93,94,084 Equity shares) of the paid-up Equity shares of ATC Beverages Private Limited which manufactures a variety of juices and carbonated drinks, with this acquisition ATC Beverages has become an Associate Company of your Company. A report on the financial position of the Associate Company as per the Act is provided in Form AOC-1 and is attached to the Financial Statements.

CREDIT RATING

During the year under review India Ratings and Research (Ind-Ra) has assigned a Long-Term Issuer Rating of 'IND A-'. The outlook is stable.

DIRECTORS' RESPONSIBILTY 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 March 31, 2020 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. Sarvjit Singh Bedi (DIN: 07710419) retires by rotation at the forthcoming Annual General Meeting, being eligible, Mr. Sarvjit Singh Bedi offers himself for re-appointment. Your Board has recommended his re-appointment.

Your Board, in its meetings held on August 9, 2019 and November 11, 2019, based on the recommendation of Nomination and Remuneration Committee of your Company, appointed Mr. Sandeep Rajnikant Mehta (DIN: 00031380) as an Independent Director with effect from August 9, 2019 and Mr. Harsha Raghavan (DIN: 01761512), as an Additional Director, Non-Executive with effect from November 11, 2019. Your Board also noted the Resignation of Mr. Rajesh Dempo, Non-Executive Director, from the Board with effect from April 16, 2019.

Pursuant to Section 161 of the Companies Act, 2013, Mr Harsha Raghavan, the Additional Director will vacate the office at the ensuing Annual General Meeting of your Company. Your Board has recommended for his

Directors' Report (Contd.)

re-appointment. Being eligible, he has offered himself to be appointed as the Director of your Company.

Mr. Sudin Usgaonkar (DIN: 00326964), Independent Director of your Company, who was appointed on September 27, 2014 for a term of 5 years upto the conclusion of the Annual General Meeting held in 2019 did not offer his candidature for re-appointment by the Shareholders for 2nd Term in the 34th Annual General Meeting held on September 26, 2019. Consequently he ceased to be the Director with effect from the conclusion of the 34th Annual General Meeting which was held on September 26, 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, Mr. Bankim Purohit, Company Secretary and Mr. Mayank Samdani, Chief Financial Officer, are the Key Managerial Personnel of the Company.

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

Your Board appointed Mr. Mayank Samdani, Group Chief Financial Officer as Chief Financial Officer of your Company w.e.f. November 12, 2019 in place of Mr. Kedar Swain. However, Mr Kedar Swain continues to work as a part of Mr. Samdani's team.

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, 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.

Based on the disclosures received from all the Independent Directors and in the opinion of the Board, the Independent Directors (including the Independent Directors appointed during the year) fulfill the conditions specified in the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and are independent of the Management.

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 and Business Agenda. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

During the year under review, Eight 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 May 22, 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, Ms. Honey Vazirani, Mr. Sarvjit Singh Bedi and Mr. Sandeep Mehta 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.

Directors' Report (Contd.)

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 and forms part of the report as **Annexure I.**

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 RESPONSIBILTY (CSR) COMMITTEE

As required under the Companies Act, 2013 a CSR committee of the Board was constituted on May 24, 2018 to formulate and recommend to the Board CSR Policy indicating the Company's CSR Activities to be undertaken. The Committee has formulated 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 March 31, 2020 on May 22, 2019.

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 II.**

RISK MANAGEMENT COMMITTEE

Knowing the importance of managing and pre-empting risks effectively for sustaining profitable business, the Company has constituted a Risk Management Committee, in line with the SEBI Listing Regulations, as it is covered in the top 500 listed companies in the country based on the market capitalisation for the immediately preceding Financial Year.

The Risk Management Committee, was formed by your Board in its meeting held on June 26, 2020, comprises of Mr. Sameer Kothari, Managing Director and Chief Executive Officer as the Chairman, with Mr. Ganesh Argekar, Executive Director, Mr. Shashi Kalathil, Non-Executive, Independent Director, Ms. Honey Vazirani, Non-Executive, Independent Director and Mr. Mayank Samdani, Group Chief Financial Officer as the members of the Committee.

The terms of reference of the Risk Management Committee are as follows:

- Reviewing the Risk Management Framework on an annual basis and approving changes, if any;
- Advising the Board of Directors on organisation's overall risk management procedures, existing risk assessment criteria, current risk exposures and risk strategy in place;
- Making recommendations to the Board of Directors as well as executive management on priority risk areas and appropriate action required;
- Supporting the executive management in the establishment of a culture which balances risks and opportunities facilitated by conscious risk decisions and a suitable "Tone from the Top";
- Update the Audit Committee/Board of Directors on the status of risk management initiative in the Company and changes to the overall risk exposure of the Company.

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

Directors' Report (Contd.)

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 September 27, 2017.

As per notification issued by the Ministry of Corporate Affairs dated May 7, 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.

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 2019-20 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 / Whistleblower 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 minimisation 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 organisation'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.

DIVIDEND DISTRIBUTION POLICY

In accordance with Regulation 43A of the SEBI Listing Regulations, the top 500 listed entities based on market capitalisation are required to formulate a Dividend Distribution Policy. Your Board adopted the Dividend Distribution Policy in their meeting held on June 26, 2020, as your Company as on March 31, 2020 was listed in top 500 entities by the BSE Limited, where the Shares of your Company are listed. The Company's Dividend Distribution Policy is based on the parameters laid down by SEBI Listing Regulations, and the details of the same are available on the Company's website at www.hindustanfoodslimited.com.

BUSINESS RESPONSIBILITY REPORTING:

Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, inter alia, provides that the Annual Report of the top 1000 listed entities based on market capitalisation, shall include a Business Responsibility Report (BRR). A separate section on Business Responsibility Report forms part of this Annual Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year ended March 31, 2020 Your Company did not give any loan, guarantee or provide security in connection with any loan to any group Companies during the year under review. Details of Investments made by your Company under Section 186 of the Companies Act, 2013 during Financial Year 2019-20 are appended as an Annexure to this report.

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

Directors' Report (Contd.)

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

Material changes and commitments, 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 are given below:

GLOBAL PANDEMIC - COVID-19

The outbreak of Coronavirus (CoVID-19) pandemic globally has caused enormous interruption and slowdown of trade and commerce. In many countries, including India, businesses are being forced to shut their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantine, social distancing and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in a never-before economic slowdown.

CoVID-19 is significantly impacting business operation of organisations, by way of interruption in production, supply chain disruption, unavailability of personnel, closure or lockdown of production facilities, etc. On March 24, 2020, Government of India ordered a nationwide lockdown for 21 days which was extended till May 3, 2020 to prevent community spread of CoVID-19 in India, resulting in a colossal drop in economic activities.

Most of the products manufactured by your Company are considered 'essential commodities' chosen as top-priority goods by the Government. Your Company operated its plants manufacturing such essential articles after seeking permissions from government authorities. Until end of April 2020, your Company had lower capacity utilisation which were gradually ramped up in May and June 2020. By July, 2020 your Company's plants are fully operational and continue to improve Company's capacity on daily basis with ease of logistics and labour issues.

Your Directors believe that with the lockdown restrictions easing out in phase wise across country, growth will return to normalcy in the coming quarters.

We would like to iterate that the Company accords the highest priority to the safety and well-being of its employees, customers, vendors, business partners and the communities in which it operates. The Company continues to closely monitor the rapidly changing situation, while ensuring adherence to Government guidelines and advisories, in addition to its own Internal Control and Corporate Governance standards.

REPORTING OF FRAUDS BY AUDITORS:

During the year under review, neither the statutory auditors nor the secretarial auditors reported to the Audit Committee of the Board, under section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

A detailed review of operations, performance and future outlook of your Company is given separately under the head Management Discussion & Analysis 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 March 31, 2020 is given in a separate Annexure to this Report as **Annexure III**.

Directors' Report (Contd.)

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 35th 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 – IV** to this Report.

ANNUAL RETURN

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

DISCLOSURES UNDER 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 Internal Complain Committee('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.

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 Pankaj Desai, Practicing Company Secretary to conduct the Secretarial Audit. The Secretarial Audit Report for the Financial Year ended March 31, 2020 forms a part of this Annual Report as **Annexure V**. The same is self explanatory and requires no comments.

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.
August 26, 2020

Annexure – I to the Directors' Report

SALIENT FEATURES OF THE NOMINATION AND REMUNERATION POLICY

Policy on appointment and removal of Directors, KMP's and Senior Management

a) Appointment criteria and qualifications:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board for his/her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
- The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-Time Director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the Notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

b) Term/ Tenure:

- The term of appointment of Directors shall be governed by the provisions of the applicable laws.
- The term of the KMP (other than the MD & CEO) and Senior Management Personnel shall be governed by the prevailing policies of the Company.
- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

c) Independent Director

- An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board 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 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and 3 (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 or the SEBI Listing Regulations.

d) Removal

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

e) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. 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 relating to remuneration for the Whole-Time Director, KMP and Senior Management:

- The remuneration/ compensation/ commission, etc., to the Whole-time Director, KMP and Senior

Annexure – I to the Directors' Report (Contd.)

Management will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission, etc. shall be subject to the prior/ post approval of the Shareholders of the Company and of the Central Government, whenever required.

- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act.
- 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 Whole-time Director or as laid down as per the provisions of the Act.

a) Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management:

- The Whole-time/ Executive/ Managing Director KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee. The breakup of the pay scale and quantum of perquisites including but not limited to employer's contribution to Provident Fund (PF), Superannuation Fund, Pension Scheme, medical expenses, club fees, Leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorised by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, whenever required.
- If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- If any Whole-time / Executive / Managing Director 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.

b) Remuneration to Non-Executive/ Independent Director:

(i) Remuneration/ Commission:

The Remuneration/ Commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

(ii) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of 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 Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

(iii) Limit of Remuneration/ Commission

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

(iv) Stock Options:

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

Annexure – II 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]

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Remark</th></tr>
<tr><td>1.</td><td>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.</td><td>1. Promotion of education
2. Promoting gender equality
3. Promoting social business projects.
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna and animal welfare
5. Conservation of natural resources.
6. Promoting Health and Hygiene</td></tr>
<tr><td>2.</td><td>The Composition of the CSR Committee.</td><td>1) Mr. Sameer Kothari – Chairman
2) Mr. Ganesh Argekar – Member
3) Mr. Shashi Kalathil – Member</td></tr>
<tr><td>3.</td><td>Average net profit of the company for the last three Financial Years</td><td>(Rs. In lakhs)<table><tr><th></th><th>March 31, 2019*</th><th>March 31, 2018</th><th>March 31, 2017</th></tr><tr><td>Net profit as per Section 198 of the Act</td><td>1,811.36</td><td>865.33</td><td>82.94</td></tr></table>The average net profit of the company for the last three Financial Years – 919.88 lakhs</td></tr>
<tr><td>4.</td><td>Prescribed CSR expenditure (two per cent, of the amount as in item 3 above)</td><td>Rs. 18.40 lakhs</td></tr>
<tr><td>5.</td><td>Details of CSR spent during the Financial Year.</td><td></td></tr>
<tr><td></td><td>(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:</td><td>Rs. 20.35 lakhs
-</td></tr>
</table>

* The Scheme of Arrangement for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private Limited "ACPL" or "Demerged Company" with Hindustan Foods Limited "HFL" or "Resulting Company" was approved by the Hon'ble National Company Law Tribunal on November 25, 2019. The certified copy of the order of Hon'ble NCLT was filed with the Registrar of Companies on December 27, 2019 with the appointed date as April 1, 2018. The said business combination has been accounted and comparatives have been restated for business combination with effect from April 1, 2018. Accordingly, financial statements of Detergent Manufacturing unit of ACPL have been included in the previous year of the Standalone Financials of your Company.

Annexure – II to the Directors' Report (Contd.)

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered Sector (Schedule VII)	(4) Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	(5) Amount out-lay (budget) project or programs wise (Amount in Rs.)	(6) Amount spent on the projects or programs Sub –heads: (1) Direct expenditure on projects or programs (2) Over- heads (Amount in Rs.)	(7) Cumulative expenditure upto to the reporting period (Amount in Rs.)	(8) Amount spent : Direct or through implement-ing agency*
1.	Donation made towards Saint Jude's cancer trust	Promoting Health	Mumbai, Maharashtra	Rs. 2,00,000/-	Rs. 2,00,000/-	Rs. 2,00,000/-	Paid Directly
2.	Donation to Umang Foundation	Promoting Health and Education	Mumbai, Maharashtra	Rs. 1,19,000/-	Rs. 1,19,000/-	Rs. 3,19,000/-	Through agency : Umang Foundation
3.	The Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM cares fund) [COVID – 19]	Promoting Health	Central Government	Rs. 5,00,000/-	Rs. 5,00,000/-	Rs. 8,19,000/-	Paid Directly
4.	Distribution of sports materials to rural	Promotion of Rural Sports	Coimbatore	Rs. 23,000/-	Rs. 23,000/-	Rs. 8,42,000/-	Paid Directly
5.	Distribution of Food Materials	Poverty Eradication	Coimbatore	Rs. 78,000/-	Rs. 78,000/-	Rs. 9,20,000/-	Paid Directly
6.	Distributed School benches and books to Government school Samba, Jammu and Kashmir	Promoting Education	Jammu Kashmir	Rs. 2,79,000/-	Rs. 2,79,000/-	Rs. 11,99,000/-	Paid Directly
7.	Donation made towards cancer care trust	Promoting Health	Pondicherry	Rs. 1,26,000/-	Rs. 1,26,000/-	Rs. 13,25,000/-	Paid Directly
8.	Health & Sanitization for Children-Drinking water Facility in School	Promoting Health and Hygiene	Goa	Rs. 43,000/-	Rs. 43,000/-	Rs. 13,68,000/-	Paid Directly

Annexure – II to the Directors' Report (Contd.)

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered Sector (Schedule VII)	(4) Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	(5) Amount out-lay (budget) project or programs wise (Amount in Rs.)	(6) Amount spent on the projects or programs Sub –heads: (1) Direct expenditure on projects or programs (2) Over- heads (Amount in Rs.)	(7) Cumulative expenditure upto to the reporting period (Amount in Rs.)	(8) Amount spent : Direct or through implement-ing agency*
9.	Cancer Trust and Grocery distribution to various schools and Ashrams	Promoting Health and Education	Hyderabad	Rs. 1,94,000/-	Rs. 1,94,000/-	Rs. 15,62,000/-	Paid Directly
10.	Renovation of School building which was in depleting condition	Promoting Education	Telangana	Rs. 4,73,000/-	Rs. 4,73,000/-	Rs. 20,35,000/-	Paid Directly
	Total			**Rs. 20,35,000/-**	**Rs. 20,35,000/-**	**Rs. 20,35,000/-**	

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 – 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 2020.

Median Remuneration of all the employees of the Company (in lakhs)	2.67
Percentage increase in Median Remuneration of all the employees	6.54
Number of permanent employees on the rolls of the Company	627

Name of Directors and KMP	Remuneration in lakhs		% increase in remuneration in Financial Year	Ratio to median Remuneration of all employees
	2019-20	2018-2019		
Executive Director				
Mr. Ganesh T Argekar	34	17	100%	12.73
Mr. Sameer Kothari	74	NA**	NA**	27.72
Other KMPs				
Mr. Kedar Swain (Chief Financial Officer upto November 11, 2019)	8.39	10.78	(22.17)%	(0.90)
Mr. Mayank Samdani (Chief Financial Officer from November 12, 2019)	20.74	NA*	NA*	7.19
Ms. Beena Mahambrey (Company Secretary upto April 18, 2019)	1.00	12.2	(91.80%) #	(4.19)
Mr. Bankim Purohit (Company Secretary from April 19, 2019)	14.86	NA*	NA*	5.56

* The figures are not comparable as the KMPs are appointed in the current year i.e 2019 - 20

** Mr. Sameer Kothari, Managing Director is paid remuneration from June 1, 2019.

Ms. Beena Mahambrey resigned from the post of Company Secretary on April 18, 2019.

2. The average percentile increase in the salaries of the employees other than the Managerial Person (i.e. ED) is **6.54%**. While increase in the Managerial remuneration is **8.53%**. 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

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, ETC. AS PER COMPANIES (ACCOUNTS) RULES, 2014.

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 and forming part of the Directors Report for the Financial Year ended March 31, 2020.

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 as compared to previous year, ramping up of the new plant in Coimbatore and the commissioning of the expansion in Hyderabad.
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	87,57,793.21
	Total amount	Rs.	**5,38,97,369.37**
	* Rate/ unit	Rs.	6.15
b)	Own Generation		
	Through Diesel Generator		
	Units	Kwh	4,41,602.26
	Units per Ltr. of Diesel Oil	Kwh	2.05
	Total qty of diesel consumed	Ltr	2,15,718.57
	Total cost of diesel	Rs.	**1,47,46,204.52**
	Cost/Unit	Rs.	33.39
2	**Furnace Oil (H.S.D. for Brand Drier)**		
	Quantity	L	56,944.00
	Total amount	Rs.	**36,28,073.00**
	Average Rate	Rs.	63.71
3	**Briquettes – For Boiler**		
	Quantity	Kgs	61,92,841.80
	Total Amount	Rs.	**2,41,30,340.40**
	Average Rate	Rs.	3.90

(B) CONSUMPTION PER UNIT OF PRODUCTION

(Amount in Rs.)

Particulars		Units	Current Year	Standard if any
	(Products with details - Units)			
a)	Cereal based food products (tonnes)	Ton	1,177.00	-
	Electricity (Units)	Units/ Ton	748.96	-
	H.S.D. Oil (Qty)	Ltr/ Ton	34.97	-
b)	Pest Control Products	CLD	12,27,098	-
	Electricity (Units)	Units/CLD	3.66	-
	Briquettes	Kgs/CLD	5.05	-

Annexure – IV to the Directors' Report (Contd.)

(Amount in Rs.)

Particulars		Units	Current Year	Standard if any
c)	Full Shoes	Pairs	6,58,327	-
	Electricity (Units)	Units/Pairs	0.23	-
d)	Tea Dust (tonnes)	Ton	11,101.91	-
	Electricity (Units)	Units/ Ton	71.56	-
e)	Detergent (Liquid) (packets in 000's)	Units in 000's	1,02,704	-
	Electricity (Units)	Units/ units in 000's	8.51	-
f)	Detergent (powder) (tonnes)	Units in 000's	5,83,135	-
	Electricity (Units)	Units/ Units in 000's	3.43	-

(B) Technology Absorption	
(i) the efforts made towards technology absorption.	The Company continues to keep abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields. The Coimbatore factory is completely automated for end-to-end pneumatic material handling and high speed single - track and multi - track packing lines.
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) –	Not Applicable
(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	
(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. 1,463.85 lakhs
	Foreign Exchange earned during the year by exporting finished products was equivalent to Rs. 4,769.91 lakhs

Annexure – V to the Directors' 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 Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED March 31, 2020

To,

The Members,

Hindustan Foods Limited

Office No. 03, Level 2, Centrium, Phoenix Market City,

15, Lal Bahadur Shastri Rd, Kurla (West)

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 authorised 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 March 31, 2020, 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 March 31, 2020 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;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(iv) 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.)**

(v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008; **(Not applicable during the period under review.)**

(vi) 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;

(vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the period under review)**

(viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the period under review)**.

(ix) 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;

Annexure – V to the Directors' Report (Contd.)

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:

- Increased its Authorised share Capital from Rs. 21,50,00,000/- to Rs.24,00,00,000/-.
- The NCLT approve the scheme of arrangement (composite) of demerger of contract manufacturing (Hyderabad) business of Avalon Cosmetics Private Limited.
- Allotted 49,27,779 Equity Shares pursuant to the scheme of Arrangement in the ratio 42:15 Equity Shares of Hindustan Foods Limited ('Resulting Company') for One Equity Shares of Avalon Cosmetics Private Limited (Demerged Company) and their respective shareholders.
- Alloted 27,77,779 share warrants convertible into equity shares of the company, on preferential basis to non-promoter entities subsequently they exercised option to convert share warrants into equity shares.

SD/-

Name of the Company Secretary: - Pankaj Desai
ACS No:- 3398
C. P. No:- 4098
UDIN NO:- A003398B000549207

Place: - Mumbai
Date:- 05.08.2020

Annexure I (Integral part of Secretarial Audit Report)

To,

The Members,

Hindustan Foods Limited,

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

SD/-

Name of the Company Secretary: Pankaj Desai
ACS No: 3398
C. P. No: 4098
UDIN NO:- A003398B000549207

Place: - Mumbai
Date:- 05.08.2020

Business Responsibility Report

About this report

Our Business Responsibility Report includes our responses to questions on our practices and performance on key principles defined by Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, covering topics across environment, governance and stakeholder relationships.

About Hindustan Foods Limited

Hindustan Foods Limited (HFL) was established in 1984 and was in operations in the year 1988 as a result of Dempo group's foray into the FMCG segment through a joint venture with Glaxo India Limited, with the objective of manufacturing nutritional foods products. In 2013, Vanity Case Group bought a controlling stake in Hindustan Foods Limited from the Dempo Group, and since then the Company has diversified across various FMCG categories with manufacturing competencies in food and non-food, extending to Personal Care, Home Care, Food & Beverages, Leather Shoes and Accessories. HFL is the most diversified and versatile contract manufacturing company in India. Decades of expertise, which is the result of highly experienced teams in various locations, supported by a judicious mix of machines and systems provides confidence and cost effectiveness to the customer. The facilities are fully integrated, equipped with modern laboratories as well as processing, packaging, warehousing and logistic facilities. The group is known for its commitment to the quality systems and the focus on continuous improvement. It intends to continue leveraging the India's consumption story through organic and inorganic expansions.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L15139MH1984PLC316003
2. Name of the Company	HINDUSTAN FOODS LIMITED
3. Registered Address	Office No. 03, Level 2, Centrium, Phoenix Market City, 15, Lal Bahadur Shastri Rd, Kurla West, Mumbai: 400070, Maharashtra
4. Website	www.hindustanfoodslimited.com
5. E-mail	investorrelations@thevanitycase.com
6. Financial Year Reported	April 1, 2019 to March 31, 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	10794: Contract Manufacturing of Milk & Cereal based Baby Food, Extruded Snacks, Instant Porridge and Extruded Cereal Products 15201: Contract Manufacture of Leather 20211: Contract Manufacturing of Pest Control Product 20233: Contract Manufacturing of Detergents 10791: Contract Manufacturing of Tea 10792: Contract Manufacturing of Coffee
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	[1] Food & Beverages [2] Home Care & [3] Personal Care
9. Total no. of locations where business activity is undertaken by the Company: (a) Number of International Locations: (b) Number of National Locations:	 (a) NA (b) 9
10. Markets served by the Company- Local/State/National/ International	National and International

Business Responsibility Report (Contd.)

Section B: Financial details of the Company

1. Paid up Capital (Rs. in lakhs):	2,119.81
2. Total Turn Over (Rs. in lakhs):	77,310.35
3. Total profit after taxes (Rs. in lakhs):	2,273.14
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Average Net profit of the Company for last 3 Financial Years:	2.21% (Rs. 20.35 lakhs)
5. List of activities in which expenditure in 4 above has been incurred	Hindustan Foods Limited has pledged to channel its CSR towards the Girl Child, focussing around her health, hygiene and education needs. For detailed information relating to list of activities in which expenditure in 4 above has been incurred, please refer the Annual Report on CSR Activities annexed as Annexure II to the Directors' Report.

Section C: Other Details

1. Does the Company has any Subsidiary Company/ Companies	No
2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30%-60%, More than 60%]	No

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN	Name of Director	Designation
01361343	Sameer Ramanlal Kothari	Managing Director and CEO
06865379	Ganesh Tukaram Argekar	Whole-time Director

(b) Details of the BR head

Sr. No.	Particulars	Details
1	DIN Number (If applicable)	01361343
2	Name	Sameer Ramanlal Kothari
3	Designation	Managing Director
4	Telephone no.	(022) 61801700
5	E-mail id	business@thevanitycase.com

Business Responsibility Report (Contd.)

2. Principle-wise (as per NVGs) BR Policy/Policies

In conformance to the requirements of clause (f) of sub-regulation 2 of Regulation 34 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulation, 2015, this report is align with the Nine principles of the National Voluntary Guidelines on social, environmental and economic responsibilities of business (NVG-SEE) notified by the Ministry of Corporate Affairs, Government of India. The report involves disclosure on the following Nine principles as per NVG-SEE framework:

Principle 1	Principle 2	Principle 3
Businesses should conduct and govern with Ethics, Transparency and Accountability.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Businesses should promote the Globally change well-being of all employees.

Principle 4	Principle 5	Principle 6
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Businesses should respect and promote human rights.	Businesses should respect, protect and make efforts to restore the environment.

Principle 7	Principle 8	Principle 9
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Businesses should support inclusive growth and equitable development.	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of Compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Hindustan Foods' policies are in line with respective principles of National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011.								
4	Has the policy being approved by the Board? If yes, has it been signed by the MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		All the policies are approved by the Board/Management Committee. All the policies are signed by the Managing Director of the Company.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		The Managing Director of Company is responsible for implementation of BR policies and a BR head to oversee the BR performance.								
6	Indicate the link for the policy to be viewed online?	https://www.hindustanfoodslimited.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		The policies have been communicated to employees through the Intranet and external stakeholders through the Company's website www.hindustanfoodslimited.com								
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company has a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		The implementation of the policies of the Company is reviewed by the Internal Audit function of the Company.								

Business Responsibility Report (Contd.)

(b) The Company is not engaged in Business Activity which influences the public and regulatory policies, hence, the Company is not required to prepare any policy pertaining to Principle 7.

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company - Within 3 months, 3-6 months, Annually, More than 1 year**

The Management is entrusted with the task of assessing the BR performance of the Company on quarterly basis.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes, the Business Responsibility Report is a part of the Annual Report, which is also available at the website of the Company at https://hindustanfoodslimited.com.

Business Responsibility Report (Contd.)

Section E: Principle-wise Performance

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability	
1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	Our policies related to ethics, bribery and corruption covers HFL and all its stake holders.
2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company being in Contract Manufacturing of FMCG goods industry does receive customer queries/feedback which are duly attended to and addressed to satisfaction. However, in respect of investors' complaints, refer investor's complaint section in the Annual Report.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle	
1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.	The nature of the businesses of the Company has limited impact on environment although the Company has identifying ways to optimise resource consumption in its operations. To ensure optimal resource consumption, we have incorporated environment friendly installations such as energy efficient equipment etc. Most of the product categories, barring leather, are categorised as 'essential goods' particularly in times of crisis by the Government of India.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	The Company is using the Solar energy for all general electrification in the Plant. Normal Motors are converted to VFD Motors, Zero water discharge. Lightings are changed to LED lights. Wooden pallets are replaced with plastic pallets to save environment. Rain water harvesting pits have been constructed. Timer is provided to ON/OFF lights. Materials are being sourced from supplier nominated and audited by our customers and are part of SEDEX/URSA platform. These vendors are audited by our customers for sustainability program as per guidelines of SEDEX.
3. Does the Company have procedures in place for sustainable sourcing (including transportation)? a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	HFL, being in the business of contract manufacturing of FMCG have all the SOP in place and as a responsible corporate entity of the Country, the Company endeavors to reduce the environmental impact of its operations.
4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company gives preference for procurement of goods and services to the local, small and medium enterprises which are listed with the Company. The Company provides platforms to local and small vendors to improve their business by connecting them with the customers.
5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company utilizes the ETP outlet water for gardening, Empty HDPE drums are reused, ETP sludge is used as manure for plant and garden, usage of waste water from water plant is used for gardening and in toilets and LDPE jumbo bags are reused.

Business Responsibility Report (Contd.)

Principle 3: Businesses should promote the wellbeing of all employees	
1. Please indicate the Total number of employees.	627
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.	Temporary- 18 Casual Labour - 1,805
3. Please indicate the Number of permanent women employees.	56
4. Please indicate the Number of permanent employees with disabilities	1
5. Do you have an employee association that is recognised by management?	No
6. What percentage of your permanent employees is members of this recognised employee association?	NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year.	The Company does not engage in any form of child labour/ forced labour/ involuntary labour and does not adopt any discriminatory employment practices. The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment during the year under review.
8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?	The Company has institutionalised learning and development processes to create right proficiencies across levels and help employees progress in their career. The learning and development needs are recognised through various processes which include company's vision and mission, competency frameworks and training needs identified through performance management system. Mock drills are conducted in addition to periodic communication and alerts that are sent to employees on safety related aspects.
(a) Permanent Employees	100%
(b) Permanent Women Employees	100%
(c) Casual/ Temporary/ Contractual Employees	100%
(d) Employees with Disabilities	100%

Business Responsibility Report (Contd.)

Principle 4: Businesses should promote the wellbeing of all employees	
1. Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders.	Yes, most of the workers of the Company belong to the disadvantaged, vulnerable and marginalised sections of society and the business of the Company provides them the opportunity to earn a reasonable livelihood and enter the organised workforce.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.	HFL carries out continuous interaction and engagement with all Internal & External stakeholders including the disadvantaged, vulnerable and marginalised stakeholders by way of HR policies, CSR initiatives, workshops, drills, lectures, health and safety related placards in vernacular languages, etc.

Principle 5: Businesses should respect and promote Human Rights	
1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?	Company doesn't have a separate Human Rights Policy, however, our Policies in respect of human resources covers aspects of various human rights viz. child labour, forced labour, occupational safety, prevention of sexual harassment, non-discrimination, health and safety of the employees of the Company and its stake holders.
2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?	The Company has not received any complaint in respect of human rights.

Principle 6: Businesses should respect, protect and make efforts to restore the environment	
1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	The Company complies with applicable environmental regulation in respect of premises and all its manufacturing units.
2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	The Company has a goal to reduce our energy consumption and therefore has taken various initiatives in this regard such as efficient uses of Air conditioners, automatic servers and desktop shut down to reduce the energy consumption, e-wastage disposal, plastic waste management, disposal of hazardous chemical mechanism, efficient use of printing papers, etc.
3. Does the Company identify and assess potential environmental risks? Y/N	The Company continuously aims to reduce even the limited impact on the environment by identifying ways to optimise resource consumption in its operations. The Company understands the potential environmental risks. We also comply with applicable environmental regulations, wherever applicable, in respect of its premises and operations.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	NA

Business Responsibility Report (Contd.)

Principle 6: Businesses should respect, protect and make efforts to restore the environment	
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Please refer paragraph 2 above.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?	Yes.
7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	There were no legal notices received during the year.

Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner	
1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	No
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	NA

Principle 8: Businesses should support inclusive growth and equitable development	
1. Does the Company have specified programmes /initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.	The Company has HR policy for inclusive growth of its employees and also has a Policy on Corporate Social Responsibility that contributes to inclusive growth and equitable development of the society. The Information of CSR activities and expenditure incurred for CSR has been provided in the Annual report on CSR Activities which is annexed as an Annexure II to the Directors' Report.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	The Company carried out its CSR activities on its own as well as through NGOs/ other organisations.
3. Have you done any impact assessment of your initiative?	The Company periodically reviews the impact of its initiatives.
4. What is your Company's direct contribution to community development projects - Amount in Rs. and the details of the projects undertaken.	During the Financial Year 2019-20, the Company has spent Rs. 20.35 lakhs on CSR Activities.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	HFL's CSR initiatives are rolled out directly or in partnership with non-profit organisations. This helps in increasing reach as well as ensuring the adoption of initiative by communities. Company's Representatives track the reach and take necessary steps to make it successful. Further, the CSR projects are evaluated by the CSR Committee to ensure maximum impact of their initiatives.

Business Responsibility Report (Contd.)

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner	
1. What percentage of customer complaints/consumer cases are pending as on the end of Financial Year.	There are Nil consumer cases going in consumer courts in different parts of the country.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws?	NA
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year. If so, provide details thereof, in about 50 words or so.	There is no case against the Company during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?	The Company on a continuous basis measures satisfaction levels of customers. The Company has a feedback form on their respective portals, where a customer can freely give its feedback on the services being offered by the Company.

Report on Corporate Governance

For the Year 2019-20

Your Directors are pleased to present the Company's Report on Corporate Governance for the Financial Year ended March 31, 2020, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. 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.

a. **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.

b. **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 March 31, 2020 the Board comprises of Ten members. The Board is headed by a Non-Executive, Non-Independent Chairman, a Managing Director and one Executive Director/Whole time Director (ED), Seven Non-Executive Directors (NED) including a Woman Independent Director and out of which other Four are Independent Directors (ID). The number of IDs is more then one third of the total number of Directors.

Name	DIN	Category	Number of shares held as at March 31, 2020
Mr. Shrinivas V. Dempo (Chairman)	00043413	Non-Independent Non-Executive	4,00,000
Mr. Sameer R. Kothari	01361343	Managing Director	18,96,750
Mr. Ganesh T. Argekar	06865379	Executive Director	50,000
Mr. Nikhil K. Vora	05014606	Non-Independent Non-Executive	7
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. Sarvjit Singh Bedi#	07710419	Non-Independent Non-Executive	Nil
Mr. Sandeep Mehta#	00031380	Independent Non-Executive	Nil
Mr. Harsha Raghavan##	01761512	Non-Independent Non-Executive	1,826

Mr. Sarvjit Singh Bedi (Non-Executive, Non-Independent) was appointed as Director of the Company with effect from April 18, 2019;

Mr. Sandeep Mehta (Non – Executive, Independent) was appointed as Director of the Company with effect from August 9, 2019 and;.

Mr. Harsha Raghavan (Non-Executive, Non-Independent) was appointed as an Additional Director of the Company with effect from November 11, 2019.

Report on Corporate Governance (Contd.)

During the year Mr. Rajesh S Dempo, Non-Executive Director resigned from the Board on April 16, 2019 and Adv. Sudin Usgaonkar, Independent, Non-Executive Director ceased to be the Director on the Board on completion of his tenure as an Independent Director w.e.f. September 26, 2019.

2.2 Attendance of the Directors at the Board Meeting, Annual General Meeting and number of other Board of Director or Committees in which a Director is a Member or Chairperson.

Attendance of each of the 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 are given below:

Name of the Director	No. of board meetings attended during 2019-20	Whether attended last AGM held in 2019	No. of Directorships in other companiesº	No. of committee positions held in other companies *	
				Chairperson	Member
Mr. Shrinivas V. Dempo	6 of 8	Yes	2	-	1
Mr. Sameer R. Kothari	8 of 8	Yes	-	-	1
Mr. Nikhil K. Vora	7 of 8	Yes	1	-	-
Mr. Rajesh S. Dempo #	0 of 0	N.A.	NA	NA	NA
Adv. Sudin M. Usgaonkar #	1 of 2	No	NA	NA	NA
Mr. Shashi K. Kalathil	8 of 8	Yes	-	-	-
Ms. Honey Vazirani	7 of 8	Yes	-	-	-
Mr. Neeraj Chandra	5 of 8	Yes	-	-	-
Mr. Ganesh T. Argekar	8 of 8	Yes	-	-	-
Mr. Sarvjit Singh Bedi	7 of 7	Yes	-	-	-
Mr. Sandeep Mehta	3 of 5	No	1	-	1
Mr. Harsha Raghavan##	3 of 3	NA	-	-	-

During the year Mr. Rajesh S Dempo, Non-Executive Director resigned from the Board on April 16, 2019 and Adv. Sudin Usgaonkar, Independent, Non-Executive Director ceased to be Director on the Board on completion of his tenure as an Independent Director w.e.f. September 26, 2019

Mr. Harsha Raghavan appointed as an Additional Director (Non-Executive, Non-Independent) of your Company effective November 11, 2019

ºExcluding Directorships held in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

* Includes only Audit Committee and Stakeholder's Relationship Committee.

Notes:

1. 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.
2. 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.
3. None of the Directors have any relationships inter-se.
4. None of the Independent Directors of Your Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

Report on Corporate Governance (Contd.)

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

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

During the year Mr. Rajesh S Dempo, Non-Executive Director resigned from the Board on April 16, 2019 and Adv. Sudin Usgaonkar, Independent, Non-Executive Director ceased to be Director on the Board on completion of his tenure as an Independent Director w.e.f. September 26, 2019.

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, business policy and strategy apart from 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 notice of Board/ Committee Meetings is given well in advance to all the Directors. The Board Agenda includes an Action Taken report comprising of actions emanating from the Board Meetings and status updates thereof.

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

Eight Board meetings were held during the Financial Year ended March 31, 2020 on April 18, 2019, May 22, 2019, August 9, 2019, September 26, 2019, November 11, 2019, January 3, 2020, February 12, 2020 and March 16, 2020. 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 March 31, 2020, except for payment of the sitting fees.

Report on Corporate Governance (Contd.)

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 2019-20 are as follows:

(Amount in Rs.)

Name	Fixed Salary			Commission	Sitting fees	Total Remuneration	Service Contract / Notice Period / Severance Fees
	Basic	Perquisites / Allowances	Total				
Mr. Shrinivas V. Dempo	-	-	-	-	1,41,000	1,41,000	Non rotational
Mr. Sameer R. Kothari	74,00,000	-	-	-	21,000	74,21,000	5 years with effect from 22.05.2017
Mr. Nikhil K. Vora	-	-	-	-	1,40,000	1,40,000	Retirement by Rotation
Mr. Rajesh S. Dempo	-	-	-	-	Nil	Nil	NA
Adv. Sudin M. Usgaonkar	-	-	-	-	16,000	16,000	5 years up to the AGM of 2019
Mr. Shashi K. Kalathil	-	-	-	-	1,95,000	1,95,000	5 years up to the AGM of 2021
Ms. Honey Vazirani	-	-	-	-	1,77,000	1,77,000	5 years up to the AGM of 2022
Mr. Neeraj Chandra	-	-	-	-	1,26,000	1,26,000	5 Years from the date of appointment i.e. upto January 24, 2024
Mr. Ganesh T. Argekar Executive Director*	34,00,000	-	-	-	--	34,00,000	3 years with effect from May 18, 2020
Mr. Sarvjit Singh Bedi	-	-	-	-	Nil	Nil	Retirement by Rotation
Mr. Sandeep Mehta	-	-	-	-	85,000	85,000	5 Years from the date of appointment i.e. upto August 8, 2024
Mr. Harsha Raghavan	-	-	-	-	Nil	Nil	Additional Director upto the forthcoming AGM. Retirement by Rotation

Notes:

None of your Directors hold stock options as on March 31, 2020. 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.

Report on Corporate Governance (Contd.)

2.6 Independent Directors' Meeting

The Independent Directors of your Company met on May 22, 2019 without the presence of Non-Independent / Executive 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 regularisation of the appointment of an Independent Director, the appointment is formalised 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, mitigation programs 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 organisation'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 organisation 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.

Report on Corporate Governance (Contd.)

Sr. No	Particulars	Leadership experience	Experience of crafting Business Strategies	Finance and Accounting Experience	Understanding of customer insights in diverse environment and conditions	Corporate Governance
1.	Mr. Shrinivas Dempo	✓	✓		✓	✓
2.	Mr. Sameer Kothari	✓	✓	✓	✓	✓
3.	Mr. Nikhil Vora	✓	✓	✓		✓
4.	Mr. Shashi Kalathil	✓	✓	✓		✓
5.	Ms. Honey Vazirani	✓	✓		✓	✓
6.	Mr. Neeraj Chandra	✓	✓		✓	✓
7.	Mr. Ganesh Argekar	✓	✓		✓	✓
8.	Mr. Sarvjit Singh Bedi	✓		✓		✓
9.	Mr. Sandeep Mehta	✓	✓	✓		✓
10.	Mr. Harsha Raghavan	✓	✓	✓		✓

2.9 Confirmation as regards independence of Independent Directors

In the opinion of your Board, the existing Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management.

c. 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. The Meetings of the Audit Committee are also attended by Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees.

Six meetings of the Committee were held during the Financial Year ended March 31, 2020 on April 18, 2019, May 22, 2019, August 9, 2019, November 11, 2019, February 12, 2020 and March 16, 2020. The gap between no two meetings exceeded one hundred and twenty days. The quorum was present for all the above six meetings.

Report on Corporate Governance (Contd.)

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

Names of Members	Category	No. of meetings attended
Mr. Shashi K. Kalathil – Chairman	ID	6 of 6
Ms. Honey Vazirani	ID	6 of 6
Mr. Sarvjit Singh Bedi #	NED	5 of 5
Mr. Sandeep Mehta #	ID	2 of 3
Mr. Ganesh Argekar*	ED	1 of 1

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

Mr. Sarvjit Singh Bedi (Non-Executive, Non-Independent) and Mr. Sandeep Mehta (Non – Executive, Independent) were appointed as the Member of the Audit Committee with effect from April 18, 2019 and August 9, 2019 respectively.

* Mr. Ganesh Argekar (Executive Director) ceased to be Member of the Audit committee with effect from April 18, 2019.

d. 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) and (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 Non-Executive Directors namely Mr. Shashi K. Kalathil, Chairman of the Committee and Independent Director, Ms. Honey Vazirani, Independent Director and Mr. Sarvjit Singh Bedi, Non-Executive Director, been the Members of the Committee. Adv. Sudin M. Usgaonkar, ceased to be the Chairman and Member of the Committee w.e.f. May 22, 2019.

Six meetings of the Committee were held during the Financial Year ended March 31, 2020 on April 18, 2019, May 22, 2019, August 9, 2019, November 11, 2019, February 12, 2020 and March 16, 2020.

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 upto May 22, 2019*	ID	1 of 2
Mr. Shashi K. Kalathil , Chairman, w.e.f. May 22, 2019	ID	6 of 6
Ms. Honey Vazirani	ID	6 of 6
Mr. Sarvjit Singh Bedi*	NED	4 of 4

ID – Independent Director; NED – Non Executive Director

* Adv Sudin M Usgaonkar, ceased to be the Chairman and Member of the Committee and Mr. Sarvjiit Singh Bedi was incepted as a Member of the Committee.

Report on Corporate Governance (Contd.)

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.

e. 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, Independent Director. The role of the committee includes resolving grievances of shareholders, ensuing expeditious share transfer process in line with the proceedings of the Share Transfer committee.

Four meetings of the Committee were held during the Financial Year ended March 31, 2020, on May 22, 2019, August 9, 2019, November 11, 2019 and February 12, 2020.

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

Names of Members	Category	No. of meetings attended
Mr. Neeraj Chandra - Chairman	ID	3 of 4
Mr. Shrinivas V. Dempo	NED	3 of 4
Ms. Honey Vazirani	ID	4 of 4
Mr. Sameer Kothari	MD	4 of 4

ID – Independent Director; NED – Non-Executive Director and MD – Managing 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 Report, etc.

5.3 Details of Shareholders' complaints

During the year under review, your Company had received seven complaints and all the seven complaints were resolved. No complaints remained pending as on March 31, 2020.

5.4 Compliance Officer

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

Mr. Bankim Purohit, Company Secretary w.e.f. April 19, 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

Report on Corporate Governance (Contd.)

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

As required under the Companies Act, 2013 a committee of the Board was constituted on May 22, 2019 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

a. 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;

b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;

c. To monitor the CSR policy of the Company from time to time;

d. 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 March 31, 2020, on May 22, 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. Sameer Kothari – Chairman	Managing Director	1 of 1
Mr. Ganesh Argekar	Executive Director	1 of 1
Mr. Shashi Kalathil	Independent Director	1 of 1

Report on Corporate Governance (Contd.)

g. General Meetings and Postal Ballot

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

Financial Year Ended	Date and Time	Venue
March 31, 2017	September 27, 2017 at 10:30 am.	Dempo House, Campal, Panaji – Goa.
March 31, 2018	September 21, 2018 at 10:30 am	
March 31, 2019	September 26, 2019 at 11:30 am	Hrezzo, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar, Mumbai

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

AGM held on	Special Resolution passed	Summary
September 27, 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.
September 21, 2018	No	--
September 26, 2019	Yes	1. Remuneration payable to Mr. Sameer R Kothari, Managing Director of the Company 2. To ratify and revise the Remuneration payable to Mr. Ganesh Agrekar, Whole – time Director designated as Executive Director 3. Increase in borrowing power in terms of Section 180 (1) (c) of the Companies Act, 2013 and authorising the Board to borrow moneys in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company upto Rs. 500 Crs 4. Authorising 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.

7.2 Resolutions passed through Postal Ballot

During the year under review six special resolutions were passed through the Postal Ballot on April 5, 2019

Mr. Vivek Gaggar, Practicing Chartered Accountant, and partner of M/s. NVR & Co., Firm No. 145961W (Membership No. 162330, was appointed as the Scrutinizer for conducting the Postal Ballot process in fair and transparent manner for the Postal Ballot processes. 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 April 8, 2019. The said results along with the Scrutinizer's Report was displayed on the website of the Company i.e. www.hindustanfoodslimited.com and intimated to the Stock Exchange where the shares of the Company are listed.

Details of voting pattern for the Postal Ballot declared on April 8, 2019 are as given below:

Report on Corporate Governance (Contd.)

Sr. No	Particulars	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	Voted in favour of the resolution		Voted against of the resolution	
					No. of votes cast (No. of Shares)	% of total no. of votes cast	No. of votes cast (No. of Shares)	% of total no. of votes cast
1	Ordinary Resolution: To increase the Authorised Share Capital of the Company to Rs. 24 cr. divided into 2,20,00,000 Equity Shares of Rs. 10/- each and 2,00,000 9% Redeemable Preference shares of Rs. 100/- each	1,34,92,500	1,12,62,658	83.47	1,12,62,657	100.00	1	0.00
2	Special Resolution: To amend the Clause V of the Memorandum of Association to record the change in the authorized share capital of the Company	1,34,92,500	1,12,62,608	83.47	1,12,62,607	100.00	1	0.00
3	Special Resolution: To amend the Clause 3 of the Articles of Association to record the change in the authorized share capital of the Company	1,34,92,500	1,12,62,608	83.47	1,12,62,607	100.00	1	0.00
4	Special Resolution: To alter/ substitute the existing Memorandum of Association in accordance with the provisions of the Companies Act, 2013	1,34,92,500	1,12,62,608	83.47	1,12,62,607	100.00	1	0.00
5	To alter/ substitute the existing Articles of Association in accordance with the provisions of the Companies Act, 2013	1,34,92,500	1,12,62,608	83.47	1,12,62,607	100.00	1	0.00
6	Special Resolution: To alter the Articles of Association in addition to the above resolutions to include the paragraphs for issue of Share Warrants of the Company	1,34,92,500	1,12,62,608	83.47	1,12,62,607	100.00	1	0.00
7	Special Resolution: To issue 27,77,779 Shares Warrants by the Company to non-promoters on preferential basis.	1,34,92,500	1,12,62,608	83.47	1,12,62,417	100.00	191	0.00

Report on Corporate Governance (Contd.)

Proposed Postal Ballot

There is no immediate proposal for passing any resolution through Postal Ballot.

h. Means of Communication

The quarterly Un-audited/ Audited financial results were published in the Free Press Journal (English Dailies) and Navshakti (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.

The Company's Annual Report is e-mailed/ dispatched to all the Shareholders of the Company and also made available on the website of the Company www.hindustanfoodslimited.com.

Press Releases and Corporate Presentations are displayed on the website of the Company www.hindustanfoodslimited.com and are also submitted to the Stock Exchange where the shares are listed.

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

i. 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 April 1, 2019.

Report on Corporate Governance (Contd.)

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 as on the FY ended March 31, 2020 and 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 utilisation of Funds raised through preferential allotment

During the year, Your Company had allotted 27,77,779 Share Warrants convertible into Equity Shares of Rs.10/- each fully paid at a premium of Rs. 350/- premium per share to Non – Promoter entities on Preferential basis as per terms approved by Shareholders vide Postal Ballot Resolution dated April 5, 2019 and pursuant to the SEBI Guidelines for Preferential Issue. Entire share warrants were converted into Equity Shares and was allotted on January 16, 2020 to the Warrant holders. The proceeds of the issue will be utilised towards meeting the Capital expenditure for expansion of current business operations by acquiring or constructing operational units, repayment of unsecured loans, to meet long term working capital requirements, to meet the capital expenditure in expanding the operational capacity of the existing units and 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 March 31, 2020.

Mumbai.
August 26, 2020

Sameer R. Kothari
Managing Director

Report on Corporate Governance (Contd.)

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. Pankaj Desai, 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 : **Friday, September 18, 2020** at 11.30 a.m.

Venue Facility : Annual General Meeting through Video Conferencing / Other Audio Visual Means

[Deemed Venue for Meeting: Registered Office: Office no. 3, level-2, Centrium, Phoenix Market City, 15, LBS road, Kurla (west), Mumbai 400 070]

10.2 Financial Year Dates (2020-21)

(Tentative and subject to change)

Results for quarter ending June 30, 2020	By August 14, 2020
Results for quarter ending September 30, 2020	By November 14, 2020
Results for quarter ending December 31, 2020	By February 14, 2021
Results for quarter ending March 31, 2021	By May 28, 2021
Annual General Meeting for the year ending March 31, 2021	By September 30, 2021

Report on Corporate Governance (Contd.)

10.3 Book Closure Date

Your Company's Share Transfer Books and Register of Members of equity shares shall remain closed from **Saturday, September 12, 2020** to **Friday, September 18, 2020** (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 and 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 Financial Year 2020-21 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.)

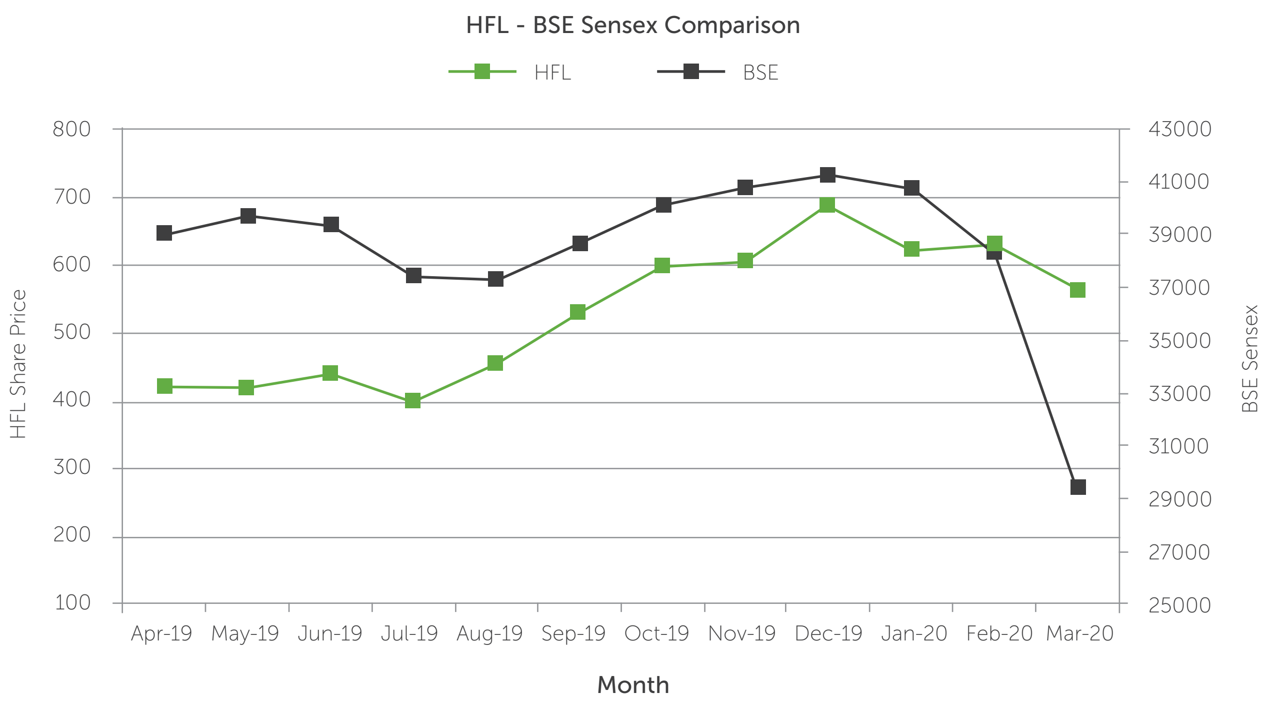
Month	BSE Limited (BSE)		
	High	Low	Volume
April 2019	468.00	392.50	96148
May 2019	439.40	397.00	74126
June 2019	442.00	403.00	479768
July 2019	447.00	390.15	101700
August 2019	460.00	330.00	64352
September 2019	533.25	458.00	85935
October 2019	610.50	515.00	26932
November 2019	675.00	574.05	22065
December 2019	720.00	603.50	34708
January 2020	700.00	576.05	32478
February 2020	750.00	605.05	35261
March 2020	658.50	384.00	37897

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

Report on Corporate Governance (Contd.)

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

Average monthly closing price of the Company's shares on BSE as compared to S&P 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 dematerialisation etc., as and when such requests are received. Shares held in dematerialised form are traded electronically in the Depositories. As at March 31, 2020 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 dematerialised 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 dematerialisation.

Report on Corporate Governance (Contd.)

10.10 Distribution of Shareholding

Distribution Schedule as on March 31, 2020

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	8,305	94.1717	9,08,817	4.2873
501 to 1000	232	2.6307	1,79,787	0.8481
1001 to 2000	113	1.2813	1,61,479	0.7618
2001 to 3000	47	0.5329	1,17,852	0.5560
3001 to 4000	23	0.2608	81,195	0.3830
4001 to 5000	17	0.1928	83,049	0.3918
5001 to 10000	30	0.3402	2,22,484	1.0495
10001 and above	52	0.5896	1,94,43,415	91.7225
Total	**8,819**	**100.0000**	**2,11,98,078**	**100.0000**

Distribution of Shareholding (Categorywise) as on March 31, 2020

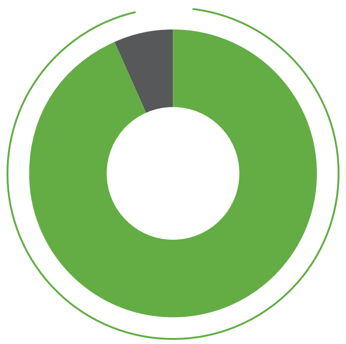
Category	No. of shareholders	No of Shares held	% of share Holding
Promoters	5	1,32,75,093	62.6240
Directors and their relatives	5	6,01,833	2.8391
Financial Institutions / Banks	2	7,200	0.034
Bodies Corporate	66	12,95,614	6.1119
Non-Resident Indians (NRI's)	343	1,08,294	0.5108
Resident Individuals / Trusts	8,272	21,38,337	10.0874
Clearing Members	32	5,851	0.0276
HUF	84	60,135	0.2837
Alternate Investment Funds	3	15,62,280	7.3699
Foreign Portfolio Investors (Corporate)	4	14,02,344	6.6154
Partnership Firms	3	7,41,097	3.4961
Total	**8,819**	**2,11,98,078**	**100.0000**

Report on Corporate Governance (Contd.)

10.11 Dematerialisation of shares and liquidity

As on March 31, 2020, 93.45% of your Company's paid-up capital representing 1,98,10,105 shares were held in dematerialised form as compared to 94.52% of your Company's paid-up capital representing 1,27,53,494 shares as on March 31, 2019

Shares held in Demat/Physical form as at March 31, 2020



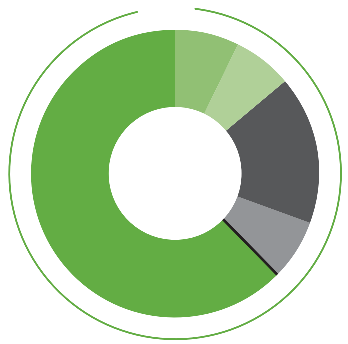
Physical Holding is
13,87,973

Shares i.e
6.55%

Demat holding is
1,98,10,105

Shares i.e
93.45%

Shareholding Pattern as at March 31, 2020



Alternate Investment Funds
7.37%

Foreign Portfolio Investors
6.62%

NRIs/Corporate Bodies
6.63%

Institution
0.03%

Public
16.73%

Promoters
62.62%

Shareholders who continue to hold their shares in physical form are requested to dematerialise their shares at the earliest and avail the benefits of dealing in shares in demat form.

10.12 Outstanding GCRs/ADRs/Warrants or any Convertible instruments

- Nil –

10.13 Plant Location

i) Usgaon, Ponda, Goa 403 406

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

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

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

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

vi) Survey No. 44 & 49, Peddaipally Village, Jadcherla Taluk, District Mahbubnagar Telangana 509 202, Andhra Pradesh

vii) Plot No. 11B & C, KIADB Industrial Area, Nanjangud 571 302, District Mysuru, Karnataka

viii) Survey No. 452/3, Village Masat, Silvassa 396 230, Dadra & Nagar Haveli

ix) Unit No. 2, Plot Nos. 110 & 111, Piparia Industrial Estate, Piparia, Silvassa 396230, Dadra & Nagar Haveli

Report on Corporate Governance (Contd.)

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 Shashtri 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 March 31, 2020.

(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.

Report on Corporate Governance (Contd.)

10.16 Performance evaluation criteria for Independent Directors

The Directors other than Independent Directors of your Company evaluate performance of Independent Directors

The evaluation is based on the following criteria as to how an Independent Director:

1. Invests time in understanding the Company and its unique requirements;
2. Brings in external knowledge and perspective to the table for discussions at the Meetings;
3. Expresses his/her views on the issues discussed at the Board; and
4. Keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) and 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 Mayank Samdani, Chief Financial Officer of Hindustan Foods Limited, ("Company") hereby certify that:-

(i) We have reviewed financial statement and the cash flow statement of the Company for the Financial Year ended March 31, 2020 and that to the best of our knowledge and belief:

(ii) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(iii) 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.

i. 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.

ii. 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.

iii. We have indicated to the auditors and the Audit Committee that:

(i) There is no 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) No 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.

Place: Mumbai.
Date: August 26, 2020

Sameer R. Kothari
Managing Director
DIN: 01361343

Mayank Samdani
Chief Financial Officer

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, Mr. Pankaj S. Desai, 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 March 31, 2020.

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. Neeraj Chandra	00444694	Independent, Non-Executive
4	Mr. Shashi Kumar Kalathil	02829333	Independent, Non-Executive
5	Mr. Nikhil Kishorchandra Vora	05014606	Non-Independent, Non-Executive
6	Mr. Ganesh Tukaram Argekar	06865379	Executive Director
7	Ms. Honey Hiranand Vazirani	07508803	Woman director, Independent Non-Executive
8	Mr. Sarvjit Singh Bedi	07710419	Non-Executive, Non-Independent
9.	Mr. Sandeep Mehta	00031380	Independent, Non-Executive
10.	Mr. Harsha Raghavan	01761512	Non-Executive, Non-Independent Director

*Mr. Sarvjit Singh Bedi appointed as Additional Director w.e.f. 18.04.2019.

*Mr. Sandeep Rajnikant Mehta appointed as Additional Director w.e.f. 09.08.2019.

*Mr. Harsha Raghavan appointed as Additional Director w.e.f. 11.11.2019.

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 March 31, 2020.

SD/-
Pankaj Desai
Practicing Company Secretary
ACS No.: 3398
C. P. No.: 4098
UDIN NO: A003398B000549231

Place: Mumbai
Date: August 5, 2020

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 March 31, 2020, 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.

SD/-
Pankaj Desai
Practicing Company Secretary
ACS No.: 3398
C. P. No.: 4098
UDIN NO: A003398B000549207

Place: Mumbai
Date: August 5, 2020

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Foods Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Hindustan Foods Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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 Standalone 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 Standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and 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 Standalone 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 standalone 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.

Emphasis of Matter

We draw attention to Note 39 to the Standalone Financial Statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no material impact which is required to be recognised in the Standalone Financial Statements. Accordingly, no adjustments have been made to the Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Report, Chairman's Statement, Director's Report, but does not include the Standalone Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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.

Key Audit Matters

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

Accounting for Common Control Business Combination - refer note 37(a)(I) to the Standalone financial statements

The Scheme of Arrangement ('the Scheme') presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private Limited ('ACPL') with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated November 25, 2019 (" the NCLT Order"). The Certified copy

INDEPENDENT AUDITOR'S REPORT (Contd.)

INDEPENDENT AUDITOR'S REPORT (Contd.)

of the NCLT order was filed with Registrar of Companies on December 27, 2019. Consequently, the Scheme became operative from December 27, 2019 and effective from April 1, 2018 i.e. appointed date. The said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and comparatives have been restated for business combination with effect from April 1, 2018.

Our audit procedures included the following:

- We evaluated the appropriateness of 'Pooling of interest' method of accounting adopted by the management to account for the common control business combination.
- We corroborated management's alignment of accounting policies and estimates by comparing the significant accounting policies and estimates of ACPL and comparing with the Company's accounting policies and estimates.
- We read the Scheme and focused on accounting of the same as per Appendix C - Ind AS 103 Business Combination and calculation of capital reserve on the business combination.
- We evaluated appropriateness of the disclosures in respect of this business combination in the Standalone financial statement and assessed the completeness and mathematical accuracy of the relevant disclosures.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 Standalone 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Financial Statements.

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

Other Matter

We draw attention to note 37(a) to the Standalone Financial Statements which states the comparative financial information of the Company year ended March 31, 2019 have been restated to record common control business combinations with effect from April 1, 2018. The financial information of the Detergent Manufacturing Unit of Avalon Cosmetics Private Limited, M/s Galaxy Healthcare Products and M/s Shivom Industries for the year ended March 31, 2019 included in these Standalone Financial Statements of the Company have been approved by the Company's Board of Director but have not been subjected to audit by us. The adjustments made to the previously issued Standalone Financial Statements to give effect of the common control business combinations have been audited by us. Our opinion is not modified in respect of this matter.

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 Statement of cash flow dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Standalone 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Standalone 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 does not have any pending litigations which would impact its financial position;
      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.

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
UDIN: 20101739AAAADH9887

Place: Mumbai
Date: June 26, 2020

Annexure A to the Independent Auditor's Report

On Even Date on the Standalone Financial Statements of Hindustan Foods Limited

Auditor's Responsibilities for the Audit of the Standalone 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 Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone 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 Standalone 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
UDIN: 20101739AAAADH9887

Place: Mumbai
Date: June 26, 2020

Annexure B to the Independent Auditors' Report

On Even Date on the Standalone Financial Statements of Hindustan Foods Limited for the year ended March 31, 2020

[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 & 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, the title deeds of immovable properties, are held in the name of the Company, except for a immovable properties acquired as a part of Scheme of Arrangement [see note 37(a)(I)] in the current year. As explained to us, Registration of title deeds is in progress in respect of an immovable property acquired during the year aggregating Rs. 299.04 lakhs.

ii. The inventory 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 granted loans, secured or unsecured to a company covered in the register maintained under section 189 of the Act.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to a company listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b) In case of the loans granted to a company listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have been stipulated. The repayment of loans and interest are not yet due as on March 31, 2020.

(c) There are no amounts overdue for more than ninety days in respect of the loan granted to companies listed in the register maintained under section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

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, undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, undisputed dues in respect of provident fund and professional tax dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

Statutory dues which were outstanding, as at March 31, 2020 for a period of more than six months from the date they became payable are as follows:

Annexure B to the Independent Auditors' Report (Contd.)

Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	5,810	April 2019	May 15, 2019	Not yet paid	None
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	14,672	May 2019	June 15, 2019	Not yet paid	None
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	1,336	June 2019	July 15, 2019	Not yet paid	None
Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	174	August 2019	September 15, 2019	Not yet paid	None
Telangana Professional Tax Act, 1987	Professional Tax	200	June 2019	July 31, 2019	June 25, 2020	None
Telangana Professional Tax Act, 1987	Professional Tax	400	July 2019	August 31, 2019	June 25, 2020	None
Telangana Professional Tax Act, 1987	Professional Tax	1,400	August 2019	September 30, 2019	June 25, 2020	None

(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 bank. The Company does not have any loan or borrowing from the financial institution or Government, nor has it issued any debentures as at 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 Standalone Financial Statements as required by the applicable Indian Accounting Standards.

Annexure B to the Independent Auditors' Report (Contd.)

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 of shares and private placement of warrants convertible into equity shares 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 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
UDIN: 20101739AAAADH9887

Place: Mumbai
Date: June 26, 2020

Annexure C to the Independent Auditor's Report

Of Even Date on the Standalone 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 Standalone Financial Statements of Hindustan Foods Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone 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 Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone 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 Standalone 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 Standalone Financial Statements.

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone 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 Standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone 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 Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone 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, internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2020, based on the internal control with reference to Standalone 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
UDIN: 20101739AAAADH9887

Place: Mumbai
Date: June 26, 2020

Standalone Balance Sheet
as at March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
ASSETS			
Non-current assets			
Property, plant and equipments	4	24,873.48	13,139.85
Capital work-in-progress		2,556.35	34.05
Other intangible assets	5	102.81	176.34
Financial assets			
Loans	6	215.79	72.76
Other financial assets	7	20.03	50.47
Non-current tax assets (net)	8	353.41	222.34
Other non-current assets	9	473.54	1,036.41
Total non-current assets		**28,595.41**	**14,732.22**
Current assets			
Inventories	10	10,972.56	4,904.48
Financial assets			
Investments	11	317.66	-
Trade receivables	12	3,746.63	4,260.79
Cash and cash equivalents	13	2,879.04	438.86
Bank balances other than cash and cash equivalents	14	1,018.71	13.95
Loans	6	542.55	125.00
Other financial assets	7	1,424.06	374.70
Other current assets	9	4,497.58	1,772.78
Total current assets		**25,398.79**	**11,890.56**
Total assets		**53,994.20**	**26,622.78**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	2,119.81	1,349.25
Other equity	16	16,666.98	5,173.15
Total equity		**18,786.79**	**6,522.40**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	13,808.43	6,527.66
Other financial liabilities	18	-	81.52
Employee benefits obligation	19	145.45	40.75
Deferred tax liabilities (net)	33	1,403.63	817.42
Other non current liabilities	20	84.67	84.67
Total non-current liabilities		**15,442.18**	**7,552.02**
Current liabilities			
Financial liabilities			
Borrowings	17	824.27	1,978.47
Trade payables	21		
i) outstanding dues of micro enterprises and small enterprises		0.11	0.17
ii) outstanding dues of creditors other than micro enterprises and small enterprises		13,963.09	7,652.96
Other financial liabilities	18	4,632.99	2,426.96
Other current liabilities	22	96.30	186.27
Employee benefits obligation	19	53.54	65.38
Current income tax (net)	23	194.93	238.15
Total current liabilities		**19,765.23**	**12,548.36**
Total liabilities		**35,207.41**	**20,100.38**
Total equity and liabilities		**53,994.20**	**26,622.78**
Summary of significant accounting policies	2-3		

The accompanying notes are an integral part of the standalone 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
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Standalone Statement of Profit and Loss
for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Income			
Revenue from operations	24	77,189.50	49,191.42
Other income	25	120.85	64.85
Total income		**77,310.35**	**49,256.27**
Expenses			
Cost of material consumed	26	64,862.35	37,669.32
Purchase of stock-in-trade		48.01	37.09
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(3,040.51)	(719.90)
Employee benefits expense	28	2,422.27	1,849.29
Finance costs	29	1,098.68	735.33
Depreciation and amortisation expenses	30	1,128.20	746.21
Manufacturing and operating costs	31	5,558.98	5,303.84
Other expenses	32	1,769.17	1,812.69
Total expenses		**73,847.15**	**47,433.87**
Profit before tax		**3,463.20**	**1,822.40**
Tax expense			
Current tax -			
Current Tax	33	-	386.09
Tax under MAT	33	602.78	-
Less: MAT credit entitlement	33	(10.92)	-
Add: MAT credit utilisation	33	-	25.93
Deferred tax (excluding MAT credit entitlement/ utilisation)	33	598.20	218.93
Total tax expense		**1,190.06**	**630.95**
Profit for the year		**2,273.14**	**1,191.45**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss :			
- Re-measurement gains on defined benefit plans		(13.27)	(11.41)
- Income tax effect on above		4.64	3.32
Total other comprehensive income		**(8.63)**	**(8.09)**
Total comprehensive income for the year		**2,264.51**	**1,183.36**
Earnings per share (face value Rs. 10 each) [refer note 37(a)(I)]			
Basic earnings per share (Rs)	34	11.97	6.52
Diluted earnings per share (Rs)	34	11.97	6.52
Summary of significant accounting policies	2-3		

The accompanying notes are an integral part of the standalone 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
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Standalone Statement of Cash Flows

for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Cash flows from operating activities		
Profit before tax	3,463.20	1,822.40
Adjustments for:		
Depreciation and amortisation expenses	1,128.20	746.21
Interest on borrowing	1,086.50	726.82
Interest on redeemable non cumulative non convertible preference shares	4.91	4.50
Other finance charge	7.27	4.00
Interest income	(116.92)	(19.90)
Impairment loss on intangible assets	25.00	-
Gain on sale of property, plant and equipment	-	(4.00)
Provision for doubtful debts	7.73	7.48
Other receivable written off	28.00	119.00
Re-measurement gains on defined benefit plans reclassified to OCI	(13.27)	(11.41)
Unrealised foreign exchange translation (gain)/loss	5.10	2.98
Operating profit before working capital changes	**5,625.72**	**3,398.08**
Changes in working capital		
Increase in inventories	(6,068.08)	(1,195.51)
(Increase)/ decrease in trade receivables	501.33	(357.01)
Increase in other assets	(2,724.80)	(994.74)
Increase in financial assets	(1,105.58)	(193.00)
Increase/ (decrease) in trade payables	6,310.07	(137.95)
Decrease in other liabilities	(89.96)	(863.22)
(Decrease)/ Increase in financial liabilities	(65.96)	233.60
Increase in provisions	92.87	45.01
Cash (used in) / generated from operations	**2,475.61**	**(64.74)**
Income tax paid	(773.50)	(421.42)
Net cash inflow / (outflow) from operating activities (A)	**1,702.11**	**(486.16)**
Cash flows from Investing activities		
Interest received	65.82	17.93
Payment for property, plant and equipment and intangible assets (net)	(12,808.36)	(4,112.76)
Bank balances other than cash and cash equivalents	(1,004.76)	(3.39)
Investment in associate	(317.66)	-
Loans given to associate	(450.83)	-
Payment for acquisition of business [refer note 37(b)]	-	(349.42)
Net cash outflow from investing activities (B)	**(14,515.79)**	**(4,447.64)**

Standalone Statement of Cash Flows

for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Cash flows from financing activities		
Proceeds from issue of equity shares [refer note (iii) below]	10,000.00	1,500.00
Share issues expenses paid	-	(57.51)
Proceeds from long-term borrowings	9,250.27	2,379.92
Repayment of long term borrowings	(1,695.65)	(86.79)
Proceeds from short-term borrowings	368.69	1,230.39
Repayment of short term borrowings	(1,522.89)	-
Lease rentals paid against lease liability	(56.57)	-
Interest paid	(1,089.99)	(666.20)
Net cash inflow from financing activities (C)	**15,253.86**	**4,299.81**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	2,440.18	(633.99)
Cash and cash equivalents at the beginning of the year	438.86	650.16
Cash acquired pursuant to business combination [refer note 37(a) (I) (ii)]	-	422.69
Cash and cash equivalents at the end of the year	**2,879.04**	**438.86**
Cash and cash equivalents comprise of [Refer note 13]		
On current accounts	1,350.91	421.59
Fixed deposits with original maturity of less than 3 months	1,521.16	13.24
Cash on hand	6.97	4.03
Total cash and cash equivalents at end of the year	**2,879.04**	**438.86**

(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 the Section 133 of the Companies Act, 2013.

(iii) The Company has issued 49,27,799 equity shares of Rs. 10 each to the shareholders of Avalon Cosmetics Private Limited on account of the purchase consideration pursuant to the Scheme of Arrangement and this being the non cash transaction, the above statement of standalone cash flows excludes the impact of the same.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Opening	1,34,92,500	1,349.25	1,29,92,500	1,299.25
Add: issue during the year [refer note 15 (e), 15 (f), 15 (g)]	77,04,600	770.56	5,00,000	50.00
Closing	**2,11,97,100**	**2,119.81**	**1,34,92,500**	**1,349.25**

(B) Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

	Equity component of redeemable non cumulative non convertible preference shares	Securities premium	Capital reserve [refer note 37(a)]	Retained earnings [refer note 37(a)]	Share pending issuance [refer note 37(a)]	Total
Balance as at April 1, 2018	86.29	2,362.46	0.05	76.33	-	2,525.13
Profit for the year	-	-	-	1,191.45	-	1,191.45
Acquired on business combination [refer note 37(a)]	-	-	(223.74)	(196.87)	492.78	72.17
Other comprehensive income	-	-	-	(8.09)	-	(8.09)
Total comprehensive income for the year	**86.29**	**2,362.46**	**(223.69)**	**1,062.82**	**492.78**	**3,780.66**
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 March 31, 2019	**86.29**	**3,754.95**	**(223.69)**	**1,062.82**	**492.78**	**5,173.15**
Balance as at April 1, 2019	86.29	3,754.95	(223.69)	1,062.82	492.78	5,173.15
Profit for the year	-	-	-	2,273.14	-	2,273.14
Other comprehensive income	-	-	-	(8.63)	-	(8.63)
Total comprehensive income for the year	**86.29**	**3,754.95**	**(223.69)**	**3,327.33**	**492.78**	**7,437.66**

Standalone Statement of Changes in Equity

for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

	Equity component of redeemable non cumulative non convertible preference shares	Securities premium	Capital reserve [refer note 37(a)]	Retained earnings [refer note 37(a)]	Share pending issuance [refer note 37(a)]	Total
Transaction with owners in their capacity as owners						
Security premium on shares issue	-	9,722.10	-	-	-	9,722.10
Issue of shares pending issuance issued [refer note 15(g)]	-	-	-	-	(492.78)	(492.78)
Balance as at March 31, 2020	86.29	13,477.05	(223.69)	3,327.33	-	16,666.98

The accompanying notes are an integral part of the standalone 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
June 26, 2020

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

Sameer R. Kothari
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DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Notes forming part of the standalone financial statements for the year ended March 31, 2020

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. The equity shares of the Company are listed in India on the Bombay Stock Exchange.

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 and certain financial assets and financial liabilities.

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

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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 recognised 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 (Rs. 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 recognised 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 derecognised 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 amortised over the lease period, which corresponds with the useful lives of the assets.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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 Other intangible assets

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

Other 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 recognised 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 amortisation or depreciation) had no impairment loss been recognised 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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, maximising the use of relevant observable inputs and minimising 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 categorised 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

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring the promised goods or services to a customer. The promised good or service is transferred when (or as) the customer obtains control over a good or service. Revenue is reported net of taxes and duties as applicable.

For sale of goods, the Company recognises 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 the service is satisfied by the Company based on terms of the agreement with customers.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

Receivable is recognised 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 realise 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 utilise 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 recognised 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

2.9 Leases

With effect from April 1, 2019 on adoption of Ind-AS 116:

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Till March 31, 2019:

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 lessor) 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 capitalised 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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 realisable 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 realisable value is made on item by item basis.

2.11 Investment in associates

Investment in associate is recognised at cost as per Ind AS 27. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

2.12 Provisions and contingent liabilities

Provisions are recognised 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 recognised as a finance cost.

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.

2.13 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 recognised in Statement of profit on loss on accrual basis. No provision is made against unspent amount, if any.

2.14 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

2.15 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.

2.16 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 amortised 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.

Amortised 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 amortised 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 recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised 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 amortised 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 recognised 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised 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 amortised 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 recognising 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) recognised during the year is recognised as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortised 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 derecognised 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 derecognised 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 derecognised.

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 amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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 recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation 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 derecognised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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.

2.17 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 recognised 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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 (funded): 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 recognised 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 recognised in the statement of profit and loss in the year in which they arise.

2.18 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.

2.19 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.

2.20 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

2.21 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised 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.

2.22 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.

Business Combinations under common control are accounted as per Appendix C in Ind AS 103 - Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognised as capital reserve on common control business combination.

2.23 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 recognised.

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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

a) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, 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 36.

c) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. During the year, the Company recognised an impairment loss on brand (refer note 32).

d) Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

e) Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

4 Property, plant and equipment

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2019	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2020	As at April 1, 2019	Acquisition through business purchase	For the year	Deductions/ Adjustments	As at March 31, 2020	As at March 31, 2020
I Owned Assets											
Freehold land	584.85	192.07	-	-	776.92	-	-	-	-	-	776.92
Buildings#	6,209.47	4,025.59	-	-	10,235.06	590.71	-	257.06	-	847.77	9,387.29
Plant and machinery#	6,986.72	7,194.29	-	0.12	14,180.89	1,260.84	-	619.81	-	1,880.65	12,300.24
Furniture and fixtures	132.86	50.35	-	-	183.21	47.19	-	14.57	-	61.76	121.45
Electrical equipment	713.43	1,107.49	-	-	1,820.92	269.79	-	93.22	-	363.01	1,457.91
Computers	77.22	10.88	-	0.05	88.05	23.88	-	23.24	-	47.12	40.93
Vehicles	12.43	10.69	-	-	23.12	7.96	-	0.66	-	8.62	14.50
Office equipment's	86.74	48.39	-	-	135.13	7.26	-	12.74	-	20.00	115.13
Leasehold improvement	12.20	3.28	-	-	15.48	0.75	-	2.54	-	3.29	12.19
II Right of Use Assets*											
Building	118.33	-	-	-	118.33	-	-	27.31	-	27.31	91.02
Plant and machinery	47.41	-	-	-	47.41	-	-	17.24	-	17.24	30.17
Leasehold land	540.42	-	-	-	540.42	8.11	-	6.58	-	14.69	525.73
Total	**15,522.08**	**12,643.03**	**-**	**0.17**	**28,164.94**	**2,216.49**	**-**	**1,074.97**	**-**	**3,291.46**	**24,873.48**

* Represents assets recognised on introduction of Ind AS 116 w.e.f April 1, 2019

Includes finance cost capitalised during the year amounting to Rs 67.77 lakhs in Building, Rs 203.32 lakhs in Plant and Machinery. Further, Rs 9.30 lakhs capitalised in Capital Work-in-progress.

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37(a) and 37(b)]	Deductions/ Adjustments	As at March 31, 2019	As at April 1, 2018	Acquisition through business purchase [refer note 37(a) and 37(b)]	For the year	Deductions/ Adjustments	As at March 31, 2019	As at March 31, 2019
Freehold land	5.57	280.25	299.03	-	584.85	-	-	-	-	-	584.85
Leasehold land	540.42	-	-	-	540.42	1.60	-	6.51	-	8.11	532.31
Buildings	1,834.65	1,847.02	2,527.80	-	6,209.47	93.86	309.75	187.10	-	590.71	5,618.76
Plant and machinery	1,719.01	1,432.99	3,848.59	13.87	6,986.72	153.13	701.58	420.00	13.87	1,260.84	5,725.88
Furniture and fixtures	22.17	39.35	71.34	-	132.86	7.21	27.85	12.13	-	47.19	85.67
Electrical equipment	-	88.48	624.95	-	713.43	-	203.60	66.19	-	269.79	443.64
Computers	21.91	42.30	13.01	-	77.22	1.80	10.40	11.68	-	23.88	53.34
Vehicles	5.17	-	7.26	-	12.43	0.29	6.02	1.65	-	7.96	4.47
Office equipment's	1.26	65.58	19.90	-	86.74	0.04	2.29	4.93	-	7.26	79.48
Leasehold improvement	-	12.20	-	-	12.20	-	-	0.75	-	0.75	11.45
Total	**4,150.16**	**3,808.17**	**7,411.88**	**13.87**	**15,356.34**	**257.93**	**1,261.49**	**710.94**	**13.87**	**2,216.49**	**13,139.85**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

5 Intangible assets

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation and impairment					Net block
	As at April 1, 2019	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2020	As at April 1, 2019	Acquisition through business purchase	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2020	As at March 31, 2020
Other intangible assets											
Computer software	10.91	4.70	-	-	15.61	1.82	-	2.87	-	4.69	10.92
Trademark	0.70	-	-	-	0.70	0.11	-	0.22	-	0.33	0.37
Brand	200.00	-	-	-	200.00	33.34	-	50.14	25.00	108.48	91.52
Total	211.61	4.70	-	-	216.31	35.27	-	53.23	25.00	113.50	102.81

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation and impairment					Net block
	As at April 1, 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37(b)]	Deductions/ Adjustments	As at March 31, 2019	As at April 1, 2018	Acquisition through business purchase [refer note 37(b)]	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2019	As at March 31, 2019
Other 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

6 Financial assets - Loans

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits	215.79	-	72.76	-
Other loan, repayable on demand	-	542.55	-	125.00
	215.79	542.55	72.76	125.00

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

7 Other financial assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
In fixed deposit accounts with original maturity for more than 12 months#	20.03	-	50.47	-
Interest accrued on deposits	-	55.37	-	4.27
Interest accrued on loans given [refer note 40]	-	34.64	-	1.36
Unbilled revenue	-	544.40	-	327.48
Other receivable	-	789.65	-	41.59
Total other financial assets	20.03	1,424.06	50.47	374.70
(# Includes Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board)	10.85	-	-	-

8 Non-current tax assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Advance income tax (net)	353.41	222.34
Total non-current tax assets	353.41	222.34

9 Other assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Capital advances	473.54	-	1,036.41	-
Export incentive receivable	-	335.65	-	448.35
Balance with Government authorities (other than income tax)	-	3,463.51	-	1,019.45
Prepaid expenses	-	84.06	-	57.50
Advances to suppliers	-	611.02	-	245.72
Advances to employees	-	2.57	-	0.88
Advances to others	-	0.77	-	0.88
Total other assets	473.54	4,497.58	1,036.41	1,772.78

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

10 Inventories (valued at lower of cost and net realisable value)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Raw material and intermediate in stock	4,611.85	2,537.83
Work in progress in stock	1,593.91	533.51
Finished goods in stock	3,219.96	1,264.14
Stock in trade	77.91	53.62
Packing material	1,449.97	468.62
Store and spares parts	18.96	46.76
Total inventories	**10,972.56**	**4,904.48**

11 Investments

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Unquoted		
Investment in equity instruments at cost		
93,94,084 equity shares of Rs 10 each fully paid up in ATC Beverages Private Limited [refer note 40]	317.66	-
	317.66	**-**

12 Trade receivables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Trade receivables	3,756.39	4,268.27
Receivables from related party [refer note 40]	5.45	-
Less: Loss allowance	(15.21)	(7.48)
Total trade receivables	**3,746.63**	**4,260.79**
Current portion	**3,746.63**	**4,260.79**
Non current portion	**-**	**-**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

Breakup of security details

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Trade receivable considered good- secured	-	-
Trade receivable considered good- unsecured	3,761.84	4,268.27
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
Total	**3,761.84**	**4,268.27**
Loss allowance	(15.21)	(7.48)
Total trade receivables	**3,746.63**	**4,260.79**

13 Cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Cash and cash equivalents		
Balances with banks		
- On current accounts	1,350.91	421.59
- Fixed deposits with original maturity of less than 3 months	1,521.16	13.24
Cash on hand	6.97	4.03
Total cash and cash equivalents	**2,879.04**	**438.86**

14 Bank balances other than cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
In fixed deposit with original maturity for more than 3 months but less than 12 months *	1,018.71	13.95
Total bank balances other than cash and cash equivalents	**1,018.71**	**13.95**
(*Includes Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board and margin money deposit against the borrowings for the Hyderabad facility)	1,006.28	13.95

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

15 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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
Authorised				
Equity shares of Rs.10 each	220.00	2,200.00	215.00	2,150.00
	220.00	**2,200.00**	**215.00**	**2,150.00**
Issued, subscribed and paid up				
Equity shares of Rs.10 each	211.98	2,119.81	134.93	1,349.25
Total	**211.98**	**2,119.81**	**134.93**	**1,349.25**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
Outstanding at the beginning of the year	134.93	1,349.25	129.93	1,299.25
Add: Issued during the year [refer note 15 (e),15 (f), 15 (g)]	77.05	770.56	5.00	50.00
Outstanding at the end of the year	**211.98**	**2,119.81**	**134.93**	**1,349.25**

(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.

During the year ended March 31, 2020, the amount of per share dividend recognised as distributions to equity shareholders was Nil (March 31, 2019: 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

(Amounts in Rs. lakhs, unless otherwise stated)

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares (in lakhs)	% of holding in the class	No. of shares (in lakhs)	% of holding in the class
M/s. Vanity Case (India) Private Limited	89.82	42.37%	78.47	58.16%
M/s. Jwalamukhi Investment Holdings	13.40	6.32%	13.40	9.93%
Asha R. Kothari	18.97	8.95%	-	0.00%
Sameer R. Kothari	18.97	8.95%	-	0.00%

(d) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

(e) The Company has issued 5,00,000 equity shares on preferential basis to the promoters/ promoters group of the Company in the year ended March 31, 2019.

(f) The warrant holders of the Company have exercised their option for the conversion of 27,77,779 warrants into equivalent equity shares of Rs. 10/- each fully paid up of the Company. Accordingly the Company has allotted 27,77,779 Equity Shares of Rs. 10/- each fully paid up to the warrant holders on January 16, 2020.

(g) In consideration of the business combination, Company has allotted 49,27,799 equity shares of Rs 10 each credited as fully paid up shares of Company to the shareholders of Avalon Cosmetics Private Limited (ACPL) for each equity share held in ACPL in accordance with Scheme of Arrangement on January 16, 2020 [refer note 37(a)(I)]. Other than the above, 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.

16 Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Capital reserve	(223.69)	(223.69)
Securities premium	13,477.05	3,754.95
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Shares pending issuance [refer note 37(a)(I)]	-	492.78
Retained earnings	3,327.33	1,062.82
	16,666.98	**5,173.15**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

Nature and purpose of other reserves	
Capital reserve (including reserve created on common control business combination)	The Company recognises 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 Companies Act, 2013.
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.

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
(A) Capital reserve		
Opening balance	(223.69)	0.05
Less: Capital reserve on business combination [refer note 37(a)]	-	(223.74)
Closing balance	(223.69)	(223.69)
(B) Securities premium		
Opening balance	3,754.95	2,362.46
Add : Securities premium on share issue	9,722.10	1,450.00
Less - Share issues expenses	-	57.51
Closing balance	13,477.05	3,754.95
(C) Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
(D) Shares pending issuance		
Opening balance	492.78	-
Add: Shares pending issuance pursuant to business combination [refer note 37(a)(I)]	-	492.78
Less: Issue of Shares pending issuance [refer note 15(g)]	(492.78)	-
Closing balance	-	492.78
(E) Retained earnings		
Opening balance	1,062.82	76.33
Add: Net profit for the current year	2,273.14	1,191.45
Add: Reserves acquired on business combination [refer note 37(a)(I)]	-	(196.87)
(Less): Item of OCI for the year, net of tax	(8.63)	(8.09)
Closing balance	3,327.33	1,062.82
Total other equity	16,666.98	5,173.15

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

17 (a) Non-current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Secured		
Term loan		
Banks	15,371.61	7,326.77
Borrowings from related party [refer note 40]	-	468.40
Unsecured		
Liability component of compound financial instruments		
9% redeemable non cumulative non convertible preference shares*	59.44	54.53
Long term maturities of lease liabilities		
Lease Liabilities	165.22	35.49
Less: Current maturities of term loans [refer note 18]	(1,742.97)	(1,355.02)
Less: Current maturities of finance lease liabilities [refer note 18]	(44.87)	(2.51)
Total non-current borrowings	13,808.43	6,527.66

A) Terms of non-current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Non current, secured borrowings		
The SVC Bank Ltd	10.3% to 10.55%	Repayable in monthly installments
HDFC Bank	(1 year MCLR + 0.95%)	Repayable in quarterly installments post 18 months of moratorium
Yes Bank Ltd	(MCLR + 1.5%)	Repayable in quarterly installments
ICICI Bank	11.70%	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 lease liabilities	12.00%	Monthly/quarterly/annual installments

* The Company has an 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 Private Limited

B) Nature of security :

i. Term Loan from SVC Bank has been secured by charge on the current and future Property, plant and equipment of Hyderabad factory of the Company.

ii. Term Loan from HDFC Bank has been secured by charge on the current and future Property, plant and equipment of Hyderabad factory of the Company.

iii. Term Loan from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Company.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

iv. Term Loan from ICICI Bank was secured by charge on the current and future Property, plant and equipment of Hyderabad factory 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 (b) Current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Secured		
From banks		
Cash credits	824.27	1,978.47
	824.27	1,978.47

A) Terms of current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Current, secured borrowings		
Bank of Maharashtra (cash credit)	CDR Rate+1.30%	Repayable on demand
The SVC Bank (cash credit)	PLR-7.5%	Repayable on demand
Yes Bank (cash credit)	MCLR + 1.5%	Repayable on demand

B) Nature of security :

i. Cash credit Rs. 20 lakhs from Bank of Maharashtra is secured by hypothecation of stock and book debts and cash credit of Rs. 50 lakhs from Bank of Maharashtra is secured by pledge of fixed deposits of M/s. V S Dempo Holdings Private Limited.

ii. Cash credit from SVC Bank has been secured by charge on the current and future Property, plant and equipment of the Hyderabad unit of the Company.

iii. 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

18 Other financial liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Capital creditors	-	1,880.33	81.52	-
Current maturities of long term loan [refer note 17 (a)]	-	1,742.97	-	1,355.03
Current maturities of finance lease obligation [refer note 17 (a)]	-	44.87	-	2.51
Payable for business Purchase [refer note 37(a)(II)(ii), 40]	-	710.00	-	710.00
Interest accrued but not due on borrowings	-	122.34	-	118.56
Security deposit received	-	1.25	-	0.75
Employee related payable	-	95.11	-	24.32
Book overdraft	-	36.12	-	215.79
Total other financial liabilities	-	4,632.99	81.52	2,426.96

19 Employee benefits obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Provision for employee benefits [refer note 36]				
- Provision for gratuity (funded)	108.54	48.25	22.97	61.31
- Leave encashment (unfunded)	36.91	5.29	17.78	4.07
Total employee benefits obligation	145.45	53.54	40.75	65.38

20 Other non-current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Security deposits	84.67	84.67
	84.67	84.67

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

21 Trade payables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Outstanding dues of micro enterprises and small enterprises	0.11	0.17
Outstanding dues of creditors other than micro enterprises and small enterprises	13,963.09	7,652.96
Total trade payables	**13,963.20**	**7,653.13**

Disclosure relating to suppliers registered under MSMED Act, 2006 based on the information available with the Company:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	0.11	0.17
Interest	-	-
Total	**0.11**	**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.	0.01	-
(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.	-	-

22 Other current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Statutory dues payable	59.16	133.84
Advance from customers	34.99	25.71
Other advances	2.15	-
Other payables	-	26.72
Total other current liabilities	**96.30**	**186.27**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

23 Current tax liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Current tax payable (net)	194.93	238.15
Total current income tax liabilities	**194.93**	**238.15**

24 Revenue from operations

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Revenue from contracts with customers:		
- Sale of products	76,715.89	48,594.86
- Trading of goods	19.73	31.86
- Sale of services	49.94	12.48
Other operating revenue (including export incentives, scrap sales etc.)	403.94	552.22
Total revenue from operations	**77,189.50**	**49,191.42**

A. Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major service lines.

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
- Sale of products - contract manufacturing	76,715.89	48,594.86
- Trading of goods	19.73	31.86
- Sale of services	49.94	12.48
Total	**76,785.56**	**48,639.20**

B. Trade receivables and contract balances

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Receivables, which are included in trade receivables	3,746.63	4,260.79
Unbilled revenue	544.40	327.48
Advances from customers	34.99	25.71
Total	**4,326.02**	**4,613.98**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

C. Transaction price allocated to the remaining performance obligation

There are no unsatisfied long-term contracts / performance obligation that have impact on standalone financial statements.

D. Reconciliation of revenue recognised:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Gross revenue	77,266.89	49,231.23
Adjustment for credit notes	(77.39)	(39.81)
Revenue from operations	**77,189.50**	**49,191.42**

25 Other income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Interest income on fixed deposits	82.68	19.90
Other interest on loans [refer note 40]	34.24	1.36
Income from insurance claim	-	37.14
Gain on sale of property, plant and equipment	-	4.00
Foreign exchange gain (net)	-	0.70
Miscellaneous income	3.93	1.75
Total other income	**120.85**	**64.85**

26 Cost of material consumed

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Raw material		
Inventory at the beginning of the year	2,537.84	2,050.37
Add: Purchases	59,510.49	34,086.47
Add: Acquisition through business transfer [refer note 37(b)]	-	76.32
Less: Inventory at the end of the year	4,611.85	2,537.84
Cost of raw material consumed	**57,436.48**	**33,675.32**
Packaging material		
Inventory at the beginning of the year	468.62	417.88
Add : Purchases	8,407.22	4,044.74
Less : Inventory at the end of the year	1,449.97	468.62
Cost of packaging material consumed	**7,425.87**	**3,994.00**
Total cost of materials consumed	**64,862.35**	**37,669.32**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

27 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Inventories at the beginning of the year		
- Finished goods	1,264.14	916.48
- Stock in trade	53.62	4.59
- Work-in-progress	533.51	210.30
	1,851.27	**1,131.37**
Less: Inventories at the end of the year		
- Finished goods	3,219.96	1,264.14
- Stock in trade	77.91	53.62
- Work-in-progress	1,593.91	533.51
	4,891.78	**1,851.27**
Net increase	**(3,040.51)**	**(719.90)**

28 Employee benefits expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Salaries, wages and bonus	2,162.60	1,650.08
Contribution to funds	84.43	68.72
Gratuity expense [refer note 36]	64.11	17.05
Staff welfare expenses	111.13	113.44
Total employee benefits expense	**2,422.27**	**1,849.29**

29 Finance costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Interest on borrowing	1,066.60	726.83
Interest expense on lease Liabilities	19.90	-
Interest on redeemable non cumulative non convertible preference shares	4.91	4.50
Other finance charge	7.27	4.00
Total finance costs	**1,098.68**	**735.33**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

30 Depreciation and amortisation expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Depreciation [refer note 4 I]	1,023.84	710.94
Depreciation on right of use assets [refer note 4 II]	51.13	-
amortisation [refer note 5]	53.23	35.27
Total depreciation and amortisation expense	**1,128.20**	**746.21**

31 Manufacturing and operating costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Job work expenses	1,790.72	1,960.25
Power, fuel & electricity	964.02	881.71
Repairs and maintenance - plant & machinery	307.49	364.43
Repairs and maintenance - building	15.85	3.85
Repairs and maintenance - others	111.36	92.48
Contract labour charges	2,202.85	1,958.08
Other manufacturing expenses	166.69	43.04
Total manufacturing and operating costs	**5,558.98**	**5,303.84**

32 Other expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Stores and spares consumed	137.66	138.71
Insurance	64.46	37.32
Rent [refer note 38 (a)]	131.95	115.47
Rates and taxes	102.30	100.22
Carriage and freight	346.16	340.30
Travel and conveyance	189.95	183.32
Postage and courier	32.31	36.77
Printing and stationery	45.57	33.92
Legal and professional charges	237.95	195.08
Advertisement	1.37	3.15
Commission	64.08	70.54
Business promotion	20.53	9.43
Other receivable written off	28.00	119.00
Provision for doubtful debts	7.73	7.48

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Foreign exchange loss (net)	1.30	29.57
CSR [refer note 45]	20.35	6.42
Security charges	173.01	155.01
Bank charges	14.48	16.54
Impairment loss on intangible assets	25.00	-
Donation	-	1.95
Audit expenses [refer note (a) below]	22.75	14.05
Director's sitting fees [refer note 40]	9.01	5.44
Miscellaneous expenses	93.25	193.00
Total other expenses	**1,769.17**	**1,812.69**

(a) Audit expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
As auditor:		
Statutory audit	14.00	9.50
In other capacity:		
Limited review fees	6.00	3.50
Other matters	2.75	1.05
Total	**22.75**	**14.05**

33 Income tax

A) Income tax expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Current tax		
Current tax	-	386.09
Minimum alternate tax (MAT)	602.78	-
	602.78	**386.09**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Deferred tax		
Decrease/ (Increase) in deferred tax asset	(19.89)	(46.37)
(Decrease)/ Increase in deferred tax liabilities	618.09	265.30
MAT credit entitlement	(10.92)	-
MAT credit utilisation	-	25.93
Income tax expense	**587.28**	**244.86**

B) Reconciliation of tax charge

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Profit before tax	3,463.20	1,822.40
Enacted income tax rate in India applicable to the Company	34.94%	34.94%
Income tax expense at tax rates applicable	1,210.18	636.82
Tax effects of:		
Exempt income	-	(4.45)
Non-deductible expenses	(20.12)	(1.42)
Income tax expense	**1,190.06**	**630.95**
Effective tax rate	34.36%	34.62%

C) Deferred tax relates to the following:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Deferred tax assets		
On provision for employee benefits	69.53	37.18
On provision for doubtful debts	5.31	2.61
On impairment loss	8.74	-
On lease liabilities	4.58	12.40
On Share issue expenses	-	16.08
	88.16	**68.27**
Deferred tax liabilities		
On property, plant and equipment	1,568.44	949.00
On non redeemable non cumulative non convertible preference shares	35.14	36.85
On unamortised processing cost	5.91	6.62
	1,609.49	**992.47**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Deferred tax liabilities net	(1,521.33)	(924.20)
Minimum alternative tax (MAT) entitlements	117.70	106.78
Deferred tax asset/(liability), net	**(1,403.63)**	**(817.42)**

D) Deferred tax assets/ (liabilities) to be recognised in Statement of Profit and Loss

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Deferred tax assets/(liabilities), net	(1,403.63)	(817.42)
Less: Opening deferred tax liabilities	817.42	579.45
Deferred tax expense for the year	**(582.64)**	**(241.54)**
Tax liability recognised in Statement of Profit and Loss	(587.28)	(244.86)
Tax liability recognised in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	4.64	3.32
Total deferred tax expenses recognised in the statement of profit and loss	**(582.64)**	**(241.54)**

34 Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Profit attributable to equity holders	2,273.14	1,191.45
Add: Impact of dilutive potential equity shares	-	-
Attributable to equity holders adjusted for the effect of dilution	**2,273.14**	**1,191.45**
Weighted average number of equity shares for basic and diluted EPS	189.97	182.60
Basic per share (Rs)	11.97	6.52
Diluted per share (Rs)	11.97	6.52

35 Contingent liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Claim for expired goods	7.13	7.13
Letter of credit issued	120.06	-
Bank guarantees	17.13	-
	144.32	**7.13**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Capital commitments		
Civil works for the project	-	434.50
Pre engineered building structure	-	1,300.00
Design engineering and project management	-	41.09
Capital expenses for Piparia factory	388.66	-
Capital expenses for Telangana factory	958.93	4,195.10
	1,347.59	**5,970.69**

36 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 28]

(B) **Defined benefit plans**

Gratuity payable to employees

i) **Actuarial assumptions**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (per annum)	6.60%	7.15%
Rate of increase in Salary	7.00%	7.00%
Expected average remaining working lives of employees (years)	24.73	20.93
Attrition rate	2% - 10%	2% - 10%

ii) **Changes in the present value of defined benefit obligation**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Present value of obligation at the beginning of the year	120.83	85.30
Transfer in/out obligation	-	13.80
Current service cost	58.89	14.25
Past service cost	-	-
Interest cost	7.95	5.63
Benefits paid	(17.52)	(9.23)
Actuarial (gain)/ loss on obligations	12.65	11.08
Present value of obligation at the end of the year	**182.80**	**120.83**

iii) **Change in the fair value of plan assets:**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	36.55	39.85
Interest income	2.73	2.85
Contributions by employer	2.91	3.41
Benefits paid	(15.56)	(9.23)
Actuarial (losses)/ gains	(0.62)	(0.33)
Closing fair value of plan assets	**26.01**	**36.55**

iv) **Expense recognised in the Statement of Profit and Loss**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Current service cost	58.89	14.25
Past service cost	-	-
Interest cost	5.22	2.80
Total expenses recognised in the Statement Profit and Loss	**64.11**	**17.05**

v) **Expense recognised in the statement of other comprehensive income**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Actuarial (gain) / loss on obligations	12.65	11.08
Actuarial gain /(loss) for the year on asset	0.62	0.33
Total expenses recognised in the statement of other comprehensive Income	**13.27**	**11.41**

vi) **Assets and liabilities recognised in the Balance Sheet:**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Present value of funded obligation	182.80	120.83
Less: fair value of plan assets	(26.01)	(36.55)
Net liability recognised in Balance Sheet*	**156.79**	**84.28**

*Included in provision for employee benefits [refer note 19]

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

vii) Expected contribution to the fund in the next year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Gratuity	48.24	22.97

viii) A quantitative sensitivity analysis for significant assumption is as shown below:

(Amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Discount rate		
0.5% increase	176.09	117.31
0.5% decrease	189.98	124.52
Rate of increase in salary		
0.5% increase	189.31	123.94
0.5% decrease	176.72	117.89
Withdrawal rate		
110% change	182.31	120.69
90% change	183.29	120.93

ix) Maturity profile of defined benefit obligation Year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Apr 2019- Mar 2020	-	19.18
Apr 2020- Mar 2021	18.33	14.69
Apr 2021- Mar 2022	20.48	16.87
Apr 2022- Mar 2023	10.47	7.21
Apr 2023- Mar 2024	18.83	12.97
Apr 2024 onwards	116.96	55.04

(C) Other long term employee benefit obligation

Leave entitlement

The liability for leave entitlement is recognised in the same manner as gratuity aggregating Rs. 22.65 lakhs for the year ended March 31, 2020 (March 31, 2019: Rs. 7.94 lakhs).

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

37(a) Acquisitions during current year

37(a)(I) Merger Information

(i) The Scheme of Arrangement ('the Scheme'); presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private limited ('ACPL') with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated November 25, 2019 (""the NCLT Order""). The Certified copy of the NCLT order was filed with Registrar of Companies on December 27, 2019 . Consequently, the Scheme became operative from December 27, 2019 and effective from April 1, 2018 i.e. appointed date.

The said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and the previously issued financial statements of the Company for the year ended March 31, 2019 have been restated to give effect to the Scheme. All the assets and liabilities of the Detergent Manufacturing Unit of ACPL have been transferred to and vested in the Company at it's carrying value w.e.f. April 1, 2018 and the amount of Rs. 444.77 lakhs is recorded as Capital Reserve on account of the Scheme.

Further, in terms of the Scheme, during the year, 49,27,799 ordinary (equity) shares of Rs. 10 each in the Company have been issued and allotted as fully paid up to the shareholders of ACPL, in the ratio of 42.15 ordinary (equity) shares of Rs. 10 each fully paid-up in the capital of the Company for every fully paid-up equity shares of Rs. 10 each held in ACPL. Consequently, an amount of Rs. 492.78 lakhs representing difference between the consideration paid and value of net identifiable assets acquired, has been recorded as a debit to Capital Reserve in the standalone Financial Statements as at April 1, 2018. The same is presented as "Share Pending Issuance" under "Other Equity" as at April 1, 2018 and March 31, 2019.

Pursuant to the business combination between Detergent Manufacturing Unit of ACPL and the Company with effect from April 1, 2018, the profit attributable to the equity shareholders for the comparative year has been restated to include the figures of Detergent Manufacturing Unit of ACPL. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per share of the comparative year has been restated taking into consideration the equity shares issued to the shareholders of ACPL. Further the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination. The effective tax rate has changed from 26.67% to 34.62% due to change in applicable tax rate to the Company based on 'Total Turnover' criteria from previously applicable 25% (plus surcharge and cess) to 30% (plus surcharge and cess). The additional tax provision for the year ended March 31, 2019 considering revised tax rates amounts to Rs. 153.61 lakhs and Rs. 106.39 lakhs for current tax (including MAT credit) and deferred tax respectively.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(ii) Details of purchase consideration, assets and liabilities acquired are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Amount
A) Assets acquired on April 1, 2018	
Property, plant and equipment	4,666.11
Capital work-in-progress	168.40
Financial assets	
i) Loans	55.28
Non-current tax assets	31.16
Other non current assets	20.45
Inventories	1,196.35
Trade receivables	1,007.10
Cash and cash equivalents	422.69
Other current financial assets	3.88
Other current assets	74.37
Total Assets acquired (A)	**7,645.79**
B) Liabilities assumed on April 1, 2018	
Other equity	(196.87)
Financial liabilities	
Non current borrowings	2,613.43
Deferred tax liabilities (net)	166.60
Current borrowings	434.78
Trade payables	3,638.25
Other current financial liabilities	-
Other current liabilities	989.60
Total liabilities assumed (B)	**7,645.79**
Net assets acquired (A-B)	**-**
Less: shares issued	**(492.78)**
Net assets acquired transferred to capital reserve	**492.78**

(iii) On business combination of the Detergent Manufacturing Unit of Avalon Cosmetics Private limited ('ACPL'), ACPL was following the written down value method for accounting of depreciation however the method has been changed to the Straight line method leading to a change in the accounting policy. The abovementioned change in accounting policy resulted into creation of capital reserve amounting to Rs 1,370.88 lakhs and a deferred tax liability amounting to Rs. 433.33 lakhs.

(iv) Acquisition related cost

Acquisition cost of Rs. 18.82 lakhs (March 31, 2019 - Rs 36.61 lakhs) are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

37(a)(II) Business Combination Information

i) The Company has purchased the businesses on slump sale basis from M/s Galaxy Healthcare Products (Galaxy)and from M/s Shivom Industries (Shivom) vide respective Business Transfer Agreements on February 24, 2020. The said business transfers were approved by the Board on November 11, 2019. The business purchases have been accounted using the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and comparative numbers for the year ended March 31, 2019 have been restated with effect from April 1, 2018. Accordingly, financial statements of Galaxy and Shivom have been included in the previous year numbers of the standalone financial statements presented and an amount of Rs. 668.52 lakhs has been recorded as a debit to the capital reserve on account of the said business combination.

ii) Details of purchase consideration, assets and liabilities acquired are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Descriptions	As at April 1, 2018	As at April 1, 2018
	M/s Shivom Industries	M/s Galaxy Healthcare Products
Purchase Consideration (A)		
Cash	390.00	320.00
Purchase Consideration (A)	**390.00**	**320.00**
Net assets acquired		
Property, plant and equipment's	31.62	8.66
Inventory	-	-
Trade receivables	-	1.21
Total assets acquired	**31.62**	**9.87**
Less: total liabilities assumed	**-**	**-**
Net assets acquired (B)	**31.62**	**9.87**
Capital Reserve (A - B)	**358.38**	**310.13**

iii) Acquisition related cost

Acquisition cost of Rs. NIL are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

37(b) Acquisition during the previous year

i) 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.

ii) Details of purchase consideration, assets and liabilities acquired are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Year ended March 31, 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)	**-**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Amount
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**

38 Leases

(a) Effective April 01, 2019, the Company adopted Ind AS 116 ""Leases"" and applied the standard to all lease contracts existing on April 01, 2019 using the 'retrospective approach with the cumulative effect at the date of initial application'. On that date, the Company recognised a lease liability measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate as at April 01, 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of prepaid lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at April 1, 2019, with no restatement of comparative information. Comparatives as at and for the year ended March 31, 2019 will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs. 165.74 lakhs , and a lease liability of Rs. 165.74 lakhs . The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

The following is a summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

(Amounts in Rs. lakhs, unless otherwise stated)

Lease expenses	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Expense relating to short-term leases [included in other expenses - refer note 32]	106.11	-
Expense related to leases of low value assets that are not shown above as short-term leases (included in other expenses - refer note 32)	25.84	-
Expense relating to variable lease payments not included in lease liabilities	-	-
The total lease cash out flow for leases for the year ended March 31, 2020 is Rs. 188.52 lakhs		

The total future minimum lease rentals payable against non-cancellable leases at the Balance Sheet date are as under:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
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 December 27, 2017. Future minimum lease payments under finance leases with the present value of the net minimum lease payments are, as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	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
More than five years	-	-	1,340.40	22.90
Total minimum lease payments	**-**	**-**	**1,358.10**	**35.49**
Less: amounts representing finance charge	-	-	(1,322.61)	-
Present value of minimum lease payments	**-**	**-**	**35.49**	**35.49**

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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

39 The Ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020 notified first ever nation-wide lockdown in India to contain the outbreak of COVID 19. As a result, the operations were temporarily disrupted at few manufacturing locations of the Company which have been subsequently restarted and brought back to normal production capacities. In assessing the recoverability of receivables including unbilled receivables tangible and intangible assets, investments and carrying value of inventories, the Company has considered internal and external information up to the date of approval of these standalone financial statements including economic forecasts. The Company has used assumptions based on current indicators of future economic conditions and based on the same the Company expects to recover the carrying amount of these assets. Further, the management is continuously assessing the impact of the outbreak of COVID 19 on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not materially impact the current financial year ended March 31, 2020, however, in view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is difficult.

Accordingly, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements.

40 Related party disclosures:

(A) Names of related parties and description of relationship as identified and certified by the Company:

Holding company

Vanity Case (India) Private Limited

Entity under common control

V.S Dempo Private Limited

Avalon Cosmetics Private Limited

Motown Trading Private Limited

Adonia Cosmetics Private Limited

Christine Valmy Institute Private Limited

Mahak Cosmetics and Credit Private Limited

Firm in which Directors of Company are Partner

M/s Shivom Industries

M/s Athene Laboratories

M/s Sundaram Cosmetics

M/s Galaxy Healthcare Products

Associate

ATC Beverages Private Limited

Employee Benefit Trust

Hindustan Foods Management staff Superannuation Fund Trust

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

Key Management Personnel (KMP)

Shrinivas Dempo	Non-Independent Non-Executive Director
Sameer Kothari	Managing Director
Ganesh Argekar	Executive Director
Kedar Swain	Chief Financial Officer (up to 11 November 2019)
Mayank Samdani	Chief Financial Officer (w.e.f 12 November 2019)
Beena Mahambrey	Company Secretary (up to 18 April 2019)
Nikhil Vora	Non-Independent Non-Executive Director
Rajesh Dempo	Non-Independent Non-Executive Director (up to 16 April 2019)
Honey Vazirani	Independent Non-Executive Director (woman)
Sudin M S Usgaonkar	Independent Non-Executive Director (up to 26 September 2019)
Shashi Kalathil	Independent Non-Executive Director
Neeraj Chandra	Independent Non-Executive Director (w.e.f 25 January 2019)
Bankim Purohit	Company Secretary (w.e.f 19 April 2019)
Sarvjit Singh Bedi	Non-Independent Non-Executive Director (w.e.f 18 April 2019)
Sandeep Mehta	Independent Non-Executive Director (w.e.f 9 August 2019)
Harsha Raghavan	Non-Independent Non-Executive Director (w.e.f 11 November 2019)

Relatives of Directors

Asha R Kothari	Mother of Managing Director

(B) Details of transactions with related party for the year ended:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(i) Avalon Cosmetics Private Limited		
Sale of products	1.50	-
Purchase of land	-	280.25
Finance cost	11.04	-
Purchase of consumables	45.56	42.60
Sale of property, plant and equipment	-	4.00
Rent paid	12.00	15.00
(ii) Motown Trading Private Limited		
Sale of leather goods	-	7.40
Purchase of trading goods	8.39	12.06
Business promotion	6.98	-

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(iii) Athene Laboratories		
Sale of products	1.63	-
Rent paid	42.00	19.00
Recharge of salaries to Company	29.33	-
Advance given	42.00	-
(iv) Shivom Industries		
Business purchase	390.00	-
Recharge of salaries to Company	12.58	-
(v) Galaxy Healthcare Products		
Business purchase	320.00	-
Recharge of salaries to Company	3.06	-
(vi) Sundaram Cosmetics		
Purchase of land	111.32	-
(vii) Mahak Cosmetics and Credit Private Limited		
Purchase of land	80.75	-
(viii) V.S Dempo Private Limited		
Interest accrual on borrowing	32.95	-
Loan repayment	468.40	-
Interest payment	111.51	-
(ix) ATC Beverages Private Limited		
Interest income accrued on loans granted	34.24	-
Investment in equity shares	317.66	-
Loans granted	542.55	-
(x) Sameer Kothari		
Equity shares issued*	189.68	-
(xi) Asha R Kothari		
Equity shares issued*	189.68	-
(xii) Christine Valmy Institute Private Limited		
Sale of products	0.58	-
Trading of goods	0.19	
Recharge of salaries to Company	0.49	-
(xiii) Vanity Case (India) Private Limited		
Equity shares issued*	113.43	-

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(xiv) Sitting fees		
Shrinivas Dempo	1.41	0.49
Sandeep Mehta	0.85	-
Sudin M. Usgoankar	0.16	0.18
Shashi K. Kalathil	1.95	1.17
Rajesh S. Dempo	-	0.34
Sameer Kothari	0.21	1.05
Honey Vazirani	1.77	1.17
Nikhil K Vora	1.40	0.90
Neeraj Chandra	1.26	0.15
(xv) Compensation of key management personnel		
Ganesh Argekar	34.00	17.00
Mayank Samdani	20.74	-
Kedar Swain	8.39	10.78
Beena Mahambrey	1.00	12.20
Bankim Purohit	14.86	-
Sameer Kothari	74.00	-

(C) Amount due to/from related party as on:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(i) Avalon Cosmetics Private Limited		
Other receivables#	729.05	16.13
Trade payables	14.74	57.60
Trade receivables	2.62	-
Advances given	0.60	0.85
(ii) Motown Trading Private Limited		
Trade receivables	-	7.40
Trade payable	-	8.06
(iii) Adonia Cosmetics Private Limited		
Trade Payables	2.25	-
Other receivables	0.01	2.90

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(iv) V.S Dempo Private Limited		
Non-current borrowings	-	468.40
Interest accrued on borrowings	-	78.56
(v) ATC Beverages Private Limited		
Investment in equity shares	317.66	-
Loans given	542.55	-
Interest accrued on loan given	34.64	-
(vi) Shivom Industries		
Payable for business Purchase	390.00	-
Advance	0.04	0.04
Other receivables$	12.58	-
Other payables$	9.74	0.75
(vii) Galaxy Healthcare Products		
Payable for business Purchase	320.00	-
Other receivables$	349.28	239.94
Other payables$	332.78	264.43
(viii) Sundaram Cosmetics		
Payable against the land purchase	111.32	-
(ix) Mahak Cosmetics and Credit Private Limited		
Payable against the land purchase	80.75	-
(x) Athene Laboratories		
Advance given	36.23	-
Trade receivables	1.92	-
Other receivables	29.33	-
(xi) Christine Valmy Institute Private Limited		
Trade Receivables	0.91	-
Other receivables	0.49	-
(xii) Vanity Case (India) Private Limited		
Advance given	0.04	-

* Shared issued during the year as per the NCLT approved scheme for Avalon Cosmetics Private limited (Hyderabad unit) merger

Represents receivables for which payment has been/would be received by Avalon Cosmetics Private Limited for the debtors which have been taken over in accordance with approved Scheme [refer note 37(a)(I)]

$ Represents receivables/ payables for the income received/expenses incurred by others

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(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 March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

41 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 is as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Contract Manufacturing		Others		Total	
	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Segment revenue						
External revenue	77,303.37	49,253.99	6.98	2.28	77,310.35	49,256.27
Inter- segment revenue	-	-	-	-	-	-
Total revenue	**77,303.37**	**49,253.99**	**6.98**	**2.28**	**77,310.35**	**49,256.27**
Segment result	4,621.41	2,580.70	(68.16)	(31.06)	4,553.25	2,549.64
Add/ (less)						
Finance cost	-	-	-	-	(1,098.68)	(735.33)
Provision for tax	-	-	-	-	(1,190.06)	(630.95)
Net profit/ (loss)	**4,621.41**	**2,580.70**	**(68.16)**	**(31.06)**	**2,264.51**	**1,183.36**
Segment assets	53,902.68	26,456.12	91.52	166.66	53,994.20	26,622.78
Unallocated asset	-	-	-	-	-	-
Total assets	**53,902.68**	**26,456.12**	**91.52**	**166.66**	**53,994.20**	**26,622.78**
Segment liabilities	35,207.41	20,100.38	-	-	35,207.41	20,100.38
Unallocated liability	-	-	-	-	-	-
Total liabilities	**35,207.41**	**20,100.38**	**-**	**-**	**35,207.41**	**20,100.38**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Contract Manufacturing		Others		Total	
	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Capital expenditure						
Segment capital expenditure	15,170.03	(3,603.01)	-	7,411.88	15,170.03	3,808.87
Unallocated capital expenditure	-	-	-	-	-	-
Total capital expenditure	**15,170.03**	**(3,603.01)**	**-**	**7,411.88**	**15,170.03**	**3,808.87**
Significant non- cash expenditure						
Segment significant non-cash expenditure	1,118.89	842.33	75.14	33.34	1,194.03	875.67
Unallocated non- cash expenditure	-	-	-	-	-	-
Total significant non-cash expenditure	**1,118.89**	**842.33**	**75.14**	**33.34**	**1,194.03**	**875.67**

b) Revenue contribution from major customers which account for more than 10% of the total revenue are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Customer 1*	57,386.07	26,733.79
Customer 2*	10,758.44	12,388.64
	68,144.51	**39,122.43**

* 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:

(Amounts in Rs. lakhs, unless otherwise stated)

Revenue from external customers	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
India	72,015.65	41,321.11
Germany	4,314.47	5,031.05
France	14.65	131.48
United Kingdom	356.72	-
Other countries	84.07	2,155.56
	76,785.56	**48,639.20**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

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:

(Amounts in Rs. lakhs, unless otherwise stated)

Non current assets	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Within India	28,595.41	14,732.22
Outside India	-	-

42 Fair values of financial assets and financial liabilities

Financial Instrument measured at Amortised cost:

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 amortised 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.

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows

(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						
Investments	11	317.66	-	-	-	317.66
Security Deposits	6	215.79	-	-	-	215.79
Non current other financial assets	7	20.03	-	-	-	20.03
Current other financial assets	7	1,424.06	-	-	-	1,424.06
Trade receivable	12	3,746.63	-	-	-	3,746.63
Cash and cash equivalents	13	2,879.04	-	-	-	2,879.04
Bank balances other than cash and cash equivalents	14	1,018.71	-	-	-	1,018.71
Loan	6	542.55	-	-	-	542.55
		10,164.47	**-**	**-**	**-**	**10,164.47**
Financial liabilities						
Non current Borrowings	17	13,808.43	-	-	-	13,808.43
Current Borrowings	17	824.27				824.27
Other non current financial liabilities	18	-	-	-	-	-
Other current financial liabilities	18	4,632.99	-	-	-	4,632.99
Trade payables	21	13,963.20	-	-	-	13,963.20
		33,228.89	**-**	**-**	**-**	**33,228.89**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

The carrying value and fair value of financial instruments by categories as at March 31, 2019 were as follows [refer note 37(a)]

(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						
Investments	11	-	-	-	-	-
Security Deposits	6	72.76	-	-	-	72.76
Other loan, repayable on demand	6	125.00	-	-	-	125.00
Non current other financial assets	7	50.47	-	-	-	50.47
Current other financial assets	7	374.70	-	-	-	374.70
Trade receivable	12	4,260.79	-	-	-	4,260.79
Cash and cash equivalents	13	438.86	-	-	-	438.86
Bank balances other than cash and cash equivalents	14	13.95	-	-	-	13.95
		5,336.53	**-**	**-**	**-**	**5,336.53**
Financial liabilities						
Non current Borrowings	17	6,527.66	-	-	-	6,527.66
Current Borrowings	17	1,978.47	-	-	-	1,978.47
Other non current financial liabilities	18	81.52	-	-	-	81.52
Other current financial liabilities	18	2,426.96	-	-	-	2,426.96
Trade payables	21	7,653.13	-	-	-	7,653.13
		18,667.74	**-**	**-**	**-**	**18,667.74**

43 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.

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy of assets	March 31, 2020	March 31, 2019 [refer note 37(a)]
Level 3		
Financial assets measured at amortised cost		
Investments	317.66	-
Security deposits	215.79	72.76
Non current other financial assets	20.03	50.47
Current other financial assets	1,424.06	374.70
Trade receivable	3,746.63	4,260.79
Cash and cash equivalents	2,879.04	438.86
Bank balances other than cash and cash equivalents	1,018.71	13.95
Loans	542.55	125.00
	10,164.47	**5,336.53**

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	March 31, 2020	March 31, 2019 [refer note 37(a)]
Level 3		
Financial liabilities measured at amortised cost		
Non current Borrowings	13,808.43	6,527.66
Current Borrowings	824.27	1,978.47
Non current other financial liabilities	-	81.52
Current other financial liabilities	4,632.99	2,426.96
Trade payables	13,963.20	7,653.13
	33,228.89	**18,667.74**

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 counterparty credit risk.

44 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorised 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 the standalone financial statements for the year ended March 31, 2020 (Contd.)

(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 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:

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2020		
Rs	+50	(80.98)
Rs	(50)	80.98

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2019		
Rs	+50	(21.37)
Rs	(50)	21.37

(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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars		March 31, 2020		March 31, 2019 [refer note 37(a)]	
		Foreign currency in lakhs	Rs. in lakhs	Foreign currency in lakhs	Rs. in lakhs
Trade receivables	EURO	3.26	271.02	4.04	313.79
	GBP	0.18	16.63	0.06	5.39
Cash and cash equivalents	EURO	1.59	132.58	4.53	352.18
	USD	-	-	0.73	50.48
	GBP	0.22	20.37	-	-
Trade payables	EURO	0.22	18.48	-	-
	USD	0.01	0.46	-	-
Capital creditors	EURO	0.47	39.44	-	-

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).

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Effect on profit- total gain / (loss)			
	5% increase in exchange rate		5% decrease in exchange rate	
	March 31, 2020	March 31, 2019 [refer note 37(a)]	March 31, 2020	March 31, 2019 [refer note 37(a)]
Trade receivables	14.38	15.96	(14.38)	(15.96)
Cash and cash equivalents	7.65	20.13	(7.65)	(20.13)
Trade payables	0.95	-	(0.95)	-
Capital creditors	1.97	-	(1.97)	-
	24.95	**36.09**	**(24.95)**	**(36.09)**

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty 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:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019 [refer note 37(a)]
Not due	2,634.48	3,021.41
0-3 months	971.01	1,155.75
3-6 months	123.76	51.94
6 months to 12 months	6.65	30.26
beyond 12 months	10.73	1.43
	3,746.63	**4,260.79**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(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 summarises the maturity profile of the Company's financial liabilities:

(Amounts in Rs. lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Years	Total
March 31, 2020			
Long-term borrowings	-	13,808.43	13,808.43
Short term borrowings	824.27	-	824.27
Trade payables	13,963.20	-	13,963.20
Other financial liability	4,632.99	-	4,632.99
	19,420.46	**13,808.43**	**33,228.89**

(Amounts in Rs. lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Years	Total
March 31, 2019 [refer note 37(a)]			
Long-term borrowings	-	6,527.66	6,527.66
Short term borrowings	1,978.47	-	1,978.47
Trade payables	7,653.13	-	7,653.13
Other financial liability	2,508.48	-	2,508.48
	12,140.08	**6,527.66**	**18,667.74**

45 Corporate social responsibility

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Gross amount required to be spent :	18.40	6.26

Amount spent during the year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
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	20.35	4.35
	20.35	**6.42**
Less: Amount capitalised as Corporate social responsibility assets	-	-
	20.35	**6.42**

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

46 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 maximise 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 as well as current borrowings. 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.

(Amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Total equity	(i)	18,786.79	6,522.40
Total borrowings (including liability portion of redeemable non cumulative non convertible preference shares and interest payable)		16,542.88	9,982.23
Less: cash and cash equivalents		(2,879.04)	(438.86)
Net debt	(ii)	**13,663.84**	**9,543.37**
Overall financing	(iii) = (i) + (ii)	32,450.63	16,065.77
Gearing ratio	(ii)/ (iii)	0.42	0.59

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

47 Disclosure as required by Ind AS 7 - "Cash Flow Statements" - changes in liabilities arising from financing activities:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Opening balance (net of cash and cash equivalents)	9,543.37	5,320.74
Non cash movement		
- Accrual of interest	1,086.50	726.82
- Interest on redeemable non cumulative non convertible preference shares	4.91	4.50
- Other finance charge	7.27	4.00
- Finance cost capitalised	280.39	-
Lease Liability assumed during the year	165.74	-
Cash movement		
- Further borrowings	9,618.96	3,610.32
- Principle repayment	(3,188.32)	(86.79)
- Interest payment	(1,358.24)	(670.21)

Notes forming part of the standalone financial statements for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
- Lease rentals paid against lease liability	(56.57)	-
Cash and cash equivalents		
Cash flows	2,440.18	(633.99)
Closing balance	**13,663.84**	**9,543.37**

48 On March 16, 2020, the Board of Directors has approved the Composite Scheme of Arrangement and Amalgamation for demerger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited and Merger of ATC Beverages Private Limited with the Company with effect from the appointment date April 1, 2020. The Company is awaiting approval from Bombay Stock Exchange.

49 These standalone financial statements were authorised for issue by the Board of Directors on June 26, 2020.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hindustan Foods Limited (hereinafter referred to as the "Company") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of associates, the aforesaid consolidated 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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Company and its associates as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

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 Consolidated Financial Statements section of our report. We are independent of the Company and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements . We believe that the audit evidence obtained by us and other auditor in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 39 to the consolidated financial statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no material impact which is required to be recognised in the consolidated financial statements. Accordingly, no adjustments have been made to the consolidated financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Accounting for Common Control Business Combination - refer note 37(a)(I) to the consolidated financial statements

The Scheme of Arrangement ('the Scheme') presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private Limited ('ACPL') with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated November 25, 2019 (" the NCLT Order"). The Certified copy of the NCLT order was filed with Registrar of Companies on December 27, 2019. Consequently, the Scheme became operative from December 27, 2019 and effective from April 1, 2018 i.e. appointed date. The said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and comparatives have been restated for business combination with effect from April 1, 2018.

Our audit procedures included the following:

- We evaluated the appropriateness of 'Pooling of interest' method of accounting adopted by the management to account for the common control business combination.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- We corroborated management's alignment of accounting policies and estimates by comparing the significant accounting policies and estimates of ACPL and comparing with the Company's accounting policies and estimates.
- We read the Scheme and focused on accounting of the same as per Appendix C - Ind AS 103 Business Combination and calculation of capital reserve on the business combination.
- We evaluated appropriateness of the disclosures in respect of this business combination in the consolidated financial statement and assessed the completeness and mathematical accuracy of the relevant disclosures.

Information Other than the Consolidated 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 but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Company and of its associates are responsible for assessing the ability of the Company and of its associates 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 and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and of its associates are responsible for overseeing the financial reporting process of the Company and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the consolidated financial statements.

Other Matters

a. The consolidated financial statements include Company's share of net loss after tax of Rs.82.06 lakhs and other comprehensive income of Rs. (0.48) lakhs for year ended March 31, 2020 in respect of an associate, as considered in the consolidated financial statements, which have been audited by its independent auditor. The independent auditors' reports on financial statements of this entity has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

b. We draw attention to note 37(a) to the consolidated financial statements which states the comparative consolidated financial statement of the Company for the year ended March 31, 2019 have been restated to record the common control business combinations with effect from April 1, 2018. The financial information in respect of the Detergent Manufacturing Unit of Avalon Cosmetics Private Limited, M/s Galaxy Healthcare Products and M/s Shivom Industries for the year ended March 31, 2019 included in these consolidated financial statements of the Company have been approved by the Company's Board of Director but have not been subjected to audit by us. The adjustments made to the previously issued financial statements to give effect of the common control business combinations have been audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d. In our opinion, the aforesaid consolidated 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 of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the Company, its associate company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

    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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

INDEPENDENT AUDITOR'S REPORT (Contd.)

i. There were no pending litigations which would impact the consolidated financial position of the Company and its associate.

ii. The Company, its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate company incorporated in India.

2. 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 except in case of an associate company as the provisions of the aforesaid section is not applicable to private company.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 20101739AAAADI7180

Place: Mumbai
Date: June 26, 2020

Annexure A to the Independent Auditor's Report

On Even Date on the Consolidated Financial Statements of Hindustan Foods Limited

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 ability of the Company and its associate 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 consolidated 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 and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditor, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company 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 consolidated 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
UDIN: 20101739AAAADI7180

Place: Mumbai
Date: June 26, 2020

Annexure B to the Independent Auditor's Report

Of Even Date on the Consolidated Financial Statements of Hindustan Foods Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Hindustan Foods Limited on the Consolidated Financial Statements for the year ended March 31, 2020]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Hindustan Foods Limited (hereinafter referred to as "the Company") and its associate company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its associate company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Company and its associate company, which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Company, its associate company, which is company incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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, and to the best of our information and according to the explanations given to us, the Company and its associate company, which is company incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over Financial Reporting relates to the associate company, as the said report on internal Financial Control is not applicable to the associate company basis the exemption available to the company under MCA Notification no. G.S.R 583 (E) dated June 13, 2017, read with corrigendum, dated July 13, 2017 on reporting on internal financial controls over financial reporting.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 20101739AAAADI7180

Place: Mumbai
Date: June 26, 2020

Consolidated Balance Sheet
as at March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
ASSETS			
Non-current assets			
Property, plant and equipments	4	24,873.48	13,139.85
Capital work-in-progress		2,556.35	34.05
Other intangible assets	5	102.81	176.34
Financial assets			
Loans	6	215.79	72.76
Other financial assets	7	20.03	50.47
Non-current tax assets (net)	8	353.41	222.34
Other non-current assets	9	473.54	1,036.41
Total non-current assets		**28,595.41**	**14,732.22**
Current assets			
Inventories	10	10,972.56	4,904.48
Financial assets			
Investments	11	235.12	-
Trade receivables	12	3,746.63	4,260.79
Cash and cash equivalents	13	2,879.04	438.86
Bank balances other than cash and cash equivalents	14	1,018.71	13.95
Loans	6	542.55	125.00
Other financial assets	7	1,424.06	374.70
Other current assets	9	4,497.58	1,772.78
Total current assets		**25,316.25**	**11,890.56**
Total assets		**53,911.66**	**26,622.78**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	2,119.81	1,349.25
Other equity	16	16,584.44	5,173.15
Total equity		**18,704.25**	**6,522.40**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	13,808.43	6,527.66
Other financial liabilities	18	-	81.52
Employee benefits obligation	19	145.45	40.75
Deferred tax liabilities (net)	33	1,403.63	817.42
Other non current liabilities	20	84.67	84.67
Total non-current liabilities		**15,442.18**	**7,552.02**
Current liabilities			
Financial liabilities			
Borrowings	17	824.27	1,978.47
Trade payables	21		
i) outstanding dues of micro enterprises and small enterprises		0.11	0.17
ii) outstanding dues of creditors other than micro enterprises and small enterprises		13,963.09	7,652.96
Other financial liabilities	18	4,632.99	2,426.96
Other current liabilities	22	96.30	186.27
Employee benefits obligation	19	53.54	65.38
Current income tax (net)	23	194.93	238.15
Total current liabilities		**19,765.23**	**12,548.36**
Total liabilities		**35,207.41**	**20,100.38**
Total equity and liabilities		**53,911.66**	**26,622.78**
Summary of significant accounting policies	2-3		

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

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

Amrish Vaidya
Partner
Membership No: 101739

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Place : Mumbai
June 26, 2020

Consolidated Statement of Profit and Loss
for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Income			
Revenue from operations	24	77,189.50	49,191.42
Other income	25	120.85	64.85
Total income		**77,310.35**	**49,256.27**
Expenses			
Cost of material consumed	26	64,862.35	37,669.32
Purchase of stock-in-trade		48.01	37.09
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(3,040.51)	(719.90)
Employee benefits expense	28	2,422.27	1,849.29
Finance costs	29	1,098.68	735.33
Depreciation and amortisation expenses	30	1,128.20	746.21
Manufacturing and operating costs	31	5,558.98	5,303.84
Other expenses	32	1,769.17	1,812.69
Total expenses		**73,847.15**	**47,433.87**
Profit before share of loss from associate		**3,463.20**	**1,822.40**
Share of loss from associate		(82.06)	-
Profit before tax		**3,381.14**	**1,822.40**
Tax expense			
Current tax -			
Current Tax	33	-	386.09
Tax under MAT	33	602.78	-
Less: MAT credit entitlement	33	(10.92)	-
Add: MAT credit utilisation	33	-	25.93
Deferred tax (excluding MAT credit entitlement/ utilisation)	33	598.20	218.93
Total tax expense		**1,190.06**	**630.95**
Profit for the year		**2,191.08**	**1,191.45**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss :			
- Re-measurement gains on defined benefit plans		(13.27)	(11.41)
- Income tax effect on above		4.64	3.32
- Share of other comprehensive income of investments accounted for using the equity method		(0.48)	-
Total other comprehensive income		**(9.11)**	**(8.09)**
Total comprehensive income for the year		**2,181.97**	**1,183.36**
Earnings per share (face value Rs. 10 each) [refer note 37(a)(I)]			
Basic earnings per share (Rs)	34	11.53	6.52
Diluted earnings per share (Rs)	34	11.53	6.52
Summary of significant accounting policies	2-3		

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

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

Amrish Vaidya
Partner
Membership No: 101739

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Place : Mumbai
June 26, 2020

Consolidated Statement of Cash Flows

for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Cash flows from operating activities		
Profit before tax	3,381.14	1,822.40
Adjustments for:		
Depreciation and amortisation expenses	1,128.20	746.21
Interest on borrowing	1,086.50	726.82
Interest on redeemable non cumulative non convertible preference shares	4.91	4.50
Other finance charge	7.27	4.00
Interest income	(116.92)	(19.90)
Impairment loss on intangible assets	25.00	-
Share of loss from associate	82.06	-
Gain on sale of property, plant and equipment	-	(4.00)
Provision for doubtful debts	7.73	7.48
Other receivable written off	28.00	119.00
Re-measurement gains on defined benefit plans reclassified to OCI	(13.27)	(11.41)
Unrealised foreign exchange translation (gain)/loss	5.10	2.98
Operating profit before working capital changes	**5,625.72**	**3,398.08**
Changes in working capital		
Increase in inventories	(6,068.08)	(1,195.51)
(Increase)/ decrease in trade receivables	501.33	(357.01)
Increase in other assets	(2,724.80)	(994.74)
Increase in financial assets	(1,105.58)	(193.00)
Increase/ (decrease) in trade payables	6,310.08	(137.95)
Decrease in other liabilities	(89.97)	(863.22)
(Decrease)/ Increase in financial liabilities	(65.96)	233.60
Increase in provisions	92.87	45.01
Cash (used in) / generated from operations	**2,475.61**	**(64.74)**
Income tax paid	(773.50)	(421.42)
Net cash inflow / (outflow) from operating activities (A)	**1,702.11**	**(486.16)**
Cash flows from Investing activities		
Interest received	65.82	17.93
Payment for property, plant and equipment and intangible assets (net)	(12,808.36)	(4,112.76)
Bank balances other than cash and cash equivalents	(1,004.76)	(3.39)
Investment in associate	(317.66)	-
Loans given to associate	(450.83)	-
Payment for acquisition of business [refer note 37(b)]	-	(349.42)
Net cash outflow from investing activities (B)	**(14,515.79)**	**(4,447.64)**

Consolidated Statement of Cash Flows

for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Cash flows from financing activities		
Proceeds from issue of equity shares [refer note (iii) below]	10,000.00	1,500.00
Share issues expenses paid	-	(57.51)
Proceeds from long-term borrowings	9,250.27	2,379.92
Repayment of long term borrowings	(1,695.65)	(86.79)
Proceeds from short-term borrowings	368.69	1,230.39
Repayment of short term borrowings	(1,522.89)	-
Lease rentals paid against lease liability	(56.57)	-
Interest paid	(1,089.99)	(666.20)
Net cash inflow from financing activities (C)	**15,253.86**	**4,299.81**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	2,440.18	(633.99)
Cash and cash equivalents at the beginning of the year	438.86	650.16
Cash acquired pursuant to business combination [refer note 37(a) (I) (ii)]	-	422.69
Cash and cash equivalents at the end of the year	**2,879.04**	**438.86**
Cash and cash equivalents comprise of [Refer note 13]		
On current accounts	1,350.91	421.59
Fixed deposits with original maturity of less than 3 months	1,521.16	13.24
Cash on hand	6.97	4.03
Total cash and cash equivalents at end of the year	**2,879.04**	**438.86**

(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 the Section 133 of the Companies Act, 2013.

(iii) The Company has issued 49,27,799 equity shares of Rs. 10 each to the shareholders of Avalon Cosmetics Private Limited on account of the purchase consideration pursuant to the Scheme of Arrangement and this being the non cash transaction, the above statement of consolidated cash flows excludes the impact of the same.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

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

(Amounts in Rs. lakhs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Opening	1,34,92,500	1,349.25	1,29,92,500	1,299.25
Add: issue during the year [refer note 15 (e), 15 (f), 15 (g)]	77,04,600	770.56	5,00,000	50.00
Closing	**2,11,97,100**	**2,119.81**	**1,34,92,500**	**1,349.25**

(B) Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

	Equity component of redeemable non cumulative non convertible preference shares	Securities premium	Capital reserve [refer note 37(a)]	Retained earnings [refer note 37(a)]	Share pending issuance [refer note 37(a)]	Total
Balance as at April 1, 2018	86.29	2,362.46	0.05	76.33	-	2,525.13
Profit for the year	-	-	-	1,191.45	-	1,191.45
Acquired on business combination [refer note 37(a)]	-	-	(223.74)	(196.87)	492.78	72.17
Other comprehensive income	-	-	-	(8.09)	-	(8.09)
Total comprehensive income for the year	**86.29**	**2,362.46**	**(223.69)**	**1,062.82**	**492.78**	**3,780.66**
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 March 31, 2019	**86.29**	**3,754.95**	**(223.69)**	**1,062.82**	**492.78**	**5,173.15**
Balance as at April 1, 2019	86.29	3,754.95	(223.69)	1,062.82	492.78	5,173.15
Profit for the year	-	-	-	2,191.08	-	2,191.08
Other comprehensive income	-	-	-	(9.11)	-	(9.11)
Total comprehensive income for the year	**86.29**	**3,754.95**	**(223.69)**	**3,244.79**	**492.78**	**7,355.12**

Consolidated Statement of Changes in Equity
for the year ended March 31, 2020 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

	Equity component of redeemable non cumulative non convertible preference shares	Securities premium	Capital reserve [refer note 37(a)]	Retained earnings [refer note 37(a)]	Share pending issuance [refer note 37(a)]	Total
Transaction with owners in their capacity as owners						
Security premium on shares issue	-	9,722.10	-	-	-	9,722.10
Issue of shares pending issuance issued [refer note 15(g)]	-	-	-	-	(492.78)	(492.78)
Balance as at March 31, 2020	**86.29**	**13,477.05**	**(223.69)**	**3,244.79**	**-**	**16,584.44**

The accompanying notes are an integral part of the consolidated 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
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

1. General information

Hindustan Foods Limited (the "Company") and its associate ATC Beverages Private Limited mainly deals in the business of contract manufacturing of FMCG products comprising primarily of Home Care, Personal Care, Foods & Refreshments and Job Working of Shoes. The Company is a public company domiciled in India. The Company was incorporated in the year 1984 under the provisions of the Companies Act, 1956 applicable in India. The registered and principal office of business for the Company is located at office No. 03, Level 2, Centrium, Phoenix Market City, Kurla, Mumbai- 400070. The equity shares of the Company are listed in India on the Bombay Stock Exchange.

The financial statements comprises the financial statements of the Company and its associate. These Consolidated Financial Statements are the first set of Consolidated Financial Statements and hence the financial statements for the year ended March 31, 2019 are not comparable.

2. Significant accounting policies

Significant accounting policies adopted by the Company are as under:

2.1 Basis of preparation of consolidated 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 and certain financial assets and financial liabilities.

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 consolidated 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

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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 consolidated 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 (Rs. 00,000).

2.2 Principles of consolidation and equity accounting

a) Associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

b) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in statement of profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Such further losses are disclosed as part of Current Liabilities.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2.5 below.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

2.3 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 recognised 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 derecognised 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 amortised 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 Consolidated 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.

2.4 Other intangible assets

Other 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".

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Amortisation method and periods

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful lives and amortisation 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 amortised intangible assets over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:

Other intangible assets	Estimated useful life
Brand	4 years
Computer software	6 years

2.5 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 recognised 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 amortisation or depreciation) had no impairment loss been recognised 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.

2.6 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 Consolidated Statement of Profit and Loss.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

2.7 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, maximising the use of relevant observable inputs and minimising 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 categorised 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.

2.8 Revenue Recognition

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised goods or services to a customer. The promised good or service is transferred when (or as) the customer obtains control over a good or service. Revenue is reported net of taxes and duties as applicable.

For sale of goods, the Company recognises 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 the service is satisfied by the Company based on terms of the agreement with customers

Receivable is recognised 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

2.9 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 realise 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 utilise 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 recognised in Consolidated 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.

2.10 Leases

With effect from April 1, 2019 on adoption of Ind-AS 116:

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Till 31 March 2019 :

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 lessor) are charged to Consolidated 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 capitalised 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 Consolidated 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.

2.11 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 realisable 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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

Net realisable 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 realisable value is made on item by item basis.

2.12 Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 recognised 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 recognised 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.

2.13 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 recognised in Consolidated Statement of profit on loss on accrual basis. No provision is made against unspent amount, if any.

2.14 Cash and cash equivalents

Cash and cash equivalent in the consolidated 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.

2.15 Borrowing costs

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

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

2.16 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 amortised 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.

Amortised 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 amortised 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 recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised 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 amortised 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 recognised 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 recognised in the profit and loss.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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 amortised 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 recognising 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) recognised during the year is recognised as income/expense in the statement of profit and loss. In consolidated balance sheet ECL for financial assets measured at amortised cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the consolidated 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 derecognised 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 derecognised 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 derecognised.

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 amortised cost, as appropriate.

All financial liabilities are recognised 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

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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 recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation 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 derecognised 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 recognised 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 consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise 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.

2.17 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 recognised 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 consolidated 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

ii. Defined benefit plans

Gratuity (funded): 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 recognised 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 recognised in the statement of profit and loss in the year in which they arise.

2.18 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.

2.19 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.

2.20 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 Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss.

2.21 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised 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.

2.22 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

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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 Consolidated 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 Consolidated Statement of profit and loss.

Business Combinations under common control are accounted as per Appendix C in Ind AS 103 - Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognised as capital reserve on common control business combination.

2.23 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 recognised.

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 recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, 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

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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 36.

c) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. During the year, the Company recognised an impairment loss on brand (refer note 32).

d) Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

e) Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

4 Property, plant and equipment

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2019	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2020	As at April 1, 2019	Acquisition through business purchase	For the year	Deductions/ Adjustments	As at March 31, 2020	As at March 31, 2020
I Owned Assets											
Freehold land	584.85	192.07	-	-	776.92	-	-	-	-	-	776.92
Buildings#	6,209.47	4,025.59	-	-	10,235.06	590.71	-	257.06	-	847.77	9,387.29
Plant and machinery#	6,986.72	7,194.29	-	0.12	14,180.89	1,260.84	-	619.81	-	1,880.65	12,300.24
Furniture and fixtures	132.86	50.35	-	-	183.21	47.19	-	14.57	-	61.76	121.45
Electrical equipment	713.43	1,107.49	-	-	1,820.92	269.79	-	93.22	-	363.01	1,457.91
Computers	77.22	10.88	-	0.05	88.05	23.88	-	23.24	-	47.12	40.93
Vehicles	12.43	10.69	-	-	23.12	7.96	-	0.66	-	8.62	14.50
Office equipment's	86.74	48.39	-	-	135.13	7.26	-	12.74	-	20.00	115.13
Leasehold improvement	12.20	3.28	-	-	15.48	0.75	-	2.54	-	3.29	12.19
II Right of Use Assets*											
Building	118.33	-	-	-	118.33	-	-	27.31	-	27.31	91.02
Plant and machinery	47.41	-	-	-	47.41	-	-	17.24	-	17.24	30.17
Leasehold land	540.42	-	-	-	540.42	8.11	-	6.58	-	14.69	525.73
Total	**15,522.08**	**12,643.03**	**-**	**0.17**	**28,164.94**	**2,216.49**	**-**	**1,074.97**	**-**	**3,291.46**	**24,873.48**

* Represents assets recognised on introduction of Ind AS 116 w.e.f 1st April 2019

Includes finance cost capitalised during the year amounting to Rs. 67.77 lakhs in Building, Rs. 203.32 lakhs in Plant and Machinery. Further, Rs. 9.30 lakhs capitalised in Capital Work-in-progress.

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37(a) and 37(b)]	Deductions/ Adjustments	As at March 31, 2019	As at April 1, 2018	Acquisition through business purchase [refer note 37(a) and 37(b)]	For the year	Deductions/ Adjustments	As at March 31, 2019	As at March 31, 2019
Freehold land	5.57	280.25	299.03	-	584.85	-	-	-	-	-	584.85
Leasehold land	540.42	-	-	-	540.42	1.60	-	6.51	-	8.11	532.31
Buildings	1,834.65	1,847.02	2,527.80	-	6,209.47	93.86	309.75	187.10	-	590.71	5,618.76
Plant and machinery	1,719.01	1,432.99	3,848.59	13.87	6,986.72	153.13	701.58	420.00	13.87	1,260.84	5,725.88
Furniture and fixtures	22.17	39.35	71.34	-	132.86	7.21	27.85	12.13	-	47.19	85.67
Electrical equipment	-	88.48	624.95	-	713.43	-	203.60	66.19	-	269.79	443.64
Computers	21.91	42.30	13.01	-	77.22	1.80	10.40	11.68	-	23.88	53.34
Vehicles	5.17	-	7.26	-	12.43	0.29	6.02	1.65	-	7.96	4.47
Office equipment's	1.26	65.58	19.90	-	86.74	0.04	2.29	4.93	-	7.26	79.48
Leasehold improvement	-	12.20	-	-	12.20	-	-	0.75	-	0.75	11.45
Total	**4,150.16**	**3,808.17**	**7,411.88**	**13.87**	**15,356.34**	**257.93**	**1,261.49**	**710.94**	**13.87**	**2,216.49**	**13,139.85**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

5 Intangible assets

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation and impairment					Net block
	As at April 1, 2019	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2020	As at April 1, 2019	Acquisition through business purchase	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2020	As at March 31, 2020
Other intangible assets											
Computer software	10.91	4.70	-	-	15.61	1.82	-	2.87	-	4.69	10.92
Trademark	0.70	-	-	-	0.70	0.11	-	0.22	-	0.33	0.37
Brand	200.00	-	-	-	200.00	33.34	-	50.14	25.00	108.48	91.52
Total	**211.61**	**4.70**	**-**	**-**	**216.31**	**35.27**	**-**	**53.23**	**25.00**	**113.50**	**102.81**

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation and impairment					Net block
	As at April 1, 2018	Additions/ Adjustments	Acquisition through business purchase [refer note 37(b)]	Deductions/ Adjustments	As at March 31, 2019	As at April 1, 2018	Acquisition through business purchase [refer note 37(b)]	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2019	As at March 31, 2019
Other 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**

6 Financial assets - Loans

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits	215.79	-	72.76	-
Other loan, repayable on demand	-	542.55	-	125.00
	215.79	542.55	72.76	125.00

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

7 Other financial assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
In fixed deposit accounts with original maturity for more than 12 months#	20.03	-	50.47	-
Interest accrued on deposits	-	55.37	-	4.27
Interest accrued on loans given [refer note 40]	-	34.64	-	1.36
Unbilled revenue	-	544.40	-	327.48
Other receivable	-	789.65	-	41.59
Total other financial assets	**20.03**	**1,424.06**	**50.47**	**374.70**
(# Includes Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board)	10.85	-	-	-

8 Non-current tax assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Advance income tax (net)	353.41	222.34
Total non-current tax assets	**353.41**	**222.34**

9 Other assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Capital advances	473.54	-	1,036.41	-
Export incentive receivable	-	335.65	-	448.35
Balance with Government authorities (other than income tax)	-	3,463.51	-	1,019.45
Prepaid expenses	-	84.06	-	57.50
Advances to suppliers	-	611.02	-	245.72
Advances to employees	-	2.57	-	0.88
Advances to others	-	0.77	-	0.88
Total other assets	**473.54**	**4,497.58**	**1,036.41**	**1,772.78**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

10 Inventories (valued at lower of cost and net realisable value)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Raw material and intermediate in stock	4,611.85	2,537.83
Work in progress in stock	1,593.91	533.51
Finished goods in stock	3,219.96	1,264.14
Stock in trade	77.91	53.62
Packing material	1,449.97	468.62
Store and spares parts	18.96	46.76
Total inventories	**10,972.56**	**4,904.48**

11 Investments

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Investments accounted for using the equity method		
Investment in equity instruments at cost		
93,94,084 equity shares of Rs. 10 each fully paid up in ATC Beverages Private Limited [refer note 48]	235.12	-
	235.12	**-**

12 Trade receivables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Trade receivables	3,756.39	4,268.27
Receivables from related party [refer note 40]	5.45	-
Less: Loss allowance	(15.21)	(7.48)
Total trade receivables	**3,746.63**	**4,260.79**
Current portion	**3,746.63**	**4,260.79**
Non current portion	**-**	**-**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Breakup of security details

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Trade receivable considered good- secured	-	-
Trade receivable considered good- unsecured	3,761.84	4,268.27
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
Total	**3,761.84**	**4,268.27**
Loss allowance	(15.21)	(7.48)
Total trade receivables	**3,746.63**	**4,260.79**

13 Cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Cash and cash equivalents		
Balances with banks		
- On current accounts	1,350.91	421.59
- Fixed deposits with original maturity of less than 3 months	1,521.16	13.24
Cash on hand	6.97	4.03
Total cash and cash equivalents	**2,879.04**	**438.86**

14 Bank balances other than cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
In fixed deposit with original maturity for more than 3 months but less than 12 months *	1,018.71	13.95
Total bank balances other than cash and cash equivalents	**1,018.71**	**13.95**
(*Includes Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board and margin money deposit against the borrowings for the Hyderabad facility)	1,006.28	13.95

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

15 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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of Rs.10 each	220.00	2,200.00	215.00	2,150.00
	220.00	**2,200.00**	**215.00**	**2,150.00**
Issued, subscribed and paid up				
Equity shares of Rs.10 each	211.98	2,119.81	134.93	1,349.25
Total	**211.98**	**2,119.81**	**134.93**	**1,349.25**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	134.93	1,349.25	129.93	1,299.25
Add: Issued during the year [refer note 15 (e),15 (f), 15 (g)]	77.05	770.56	5.00	50.00
Outstanding at the end of the year	**211.98**	**2,119.81**	**134.93**	**1,349.25**

(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.

During the year ended March 31, 2020, the amount of per share dividend recognised as distributions to equity shareholders was Nil (March 31, 2019: 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

(Amounts in Rs. lakhs, unless otherwise stated)

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
M/s. Vanity Case (India) Private Limited	89.82	42.37%	78.47	58.16%
M/s. Jwalamukhi Investment Holdings	13.40	6.32%	13.40	9.93%
Asha R. Kothari	18.97	8.95%	-	0.00%
Sameer R. Kothari	18.97	8.95%	-	0.00%

(d) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

(e) The Company has issued 5,00,000 equity shares on preferential basis to the promoters/ promoters group of the Company in the year ended March 31, 2019.

(f) The warrant holders of the Company have exercised their option for the conversion of 27,77,779 warrants into equivalent equity shares of Rs. 10/- each fully paid up of the Company. Accordingly the Company has allotted 27,77,779 Equity Shares of Rs. 10/- each fully paid up to the warrant holders on January 16, 2020.

(g) In consideration of the business combination, Company has allotted 49,27,799 equity shares of Rs. 10 each credited as fully paid up shares of Company to the shareholders of Avalon Cosmetics Private Limited (ACPL) for each equity share held in ACPL in accordance with Scheme of Arrangement on January 16, 2020 [refer note 37(a)(I)]. Other than the above, 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.

16 Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Capital reserve	(223.69)	(223.69)
Securities premium	13,477.05	3,754.95
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Shares pending issuance [refer note 37(a)(I)]	-	492.78
Retained earnings	3,244.79	1,062.82
	16,584.44	**5,173.15**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Nature and purpose of other reserves	
Capital reserve (including reserve created on common control business combination)	The Company recognises 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 Companies Act, 2013.
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.

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
(A) Capital reserve		
Opening balance	(223.69)	0.05
Less: Capital reserve on business combination [refer note 37(a)]	-	(223.74)
Closing balance	**(223.69)**	**(223.69)**
(B) Securities premium		
Opening balance	3,754.95	2,362.46
Add : Securities premium on share issue	9,722.10	1,450.00
Less - Share issues expenses	-	57.51
Closing balance	**13,477.05**	**3,754.95**
(C) Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
(D) Shares pending issuance		
Opening balance	492.78	-
Add: Shares pending issuance pursuant to business combination [refer note 37(a)(I)]	-	492.78
Less: Issue of Shares pending issuance [refer note 15(g)]	(492.78)	-
Closing balance	**-**	**492.78**
(E) Retained earnings		
Opening balance	1,062.82	76.33
Add: Net profit for the current year	2,191.08	1,191.45
Add: Reserves acquired on business combination [refer note 37(a)(I)]	-	(196.87)
(Less): Item of OCI for the year, net of tax	(9.11)	(8.09)
Closing balance	**3,244.79**	**1,062.82**
Total other equity	**16,584.44**	**5,173.15**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

17 (a) Non-current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Secured		
Term loan		
Banks	15,371.61	7,326.77
Borrowings from related party [refer note 40]	-	468.40
Unsecured		
Liability component of compound financial instruments		
9% redeemable non cumulative non convertible preference shares*	59.44	54.53
Long term maturities of lease liabilities		
Lease Liabilities	165.22	35.49
Less: Current maturities of term loans [refer note 18]	(1,742.97)	(1,355.02)
Less: Current maturities of finance lease liabilities [refer note 18]	(44.87)	(2.51)
Total non-current borrowings	**13,808.43**	**6,527.66**

A) Terms of non-current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Non current, secured borrowings		
The SVC Bank Ltd	10.3% to 10.55%	Repayable in monthly installments
HDFC Bank	(1 year MCLR + 0.95%)	Repayable in quarterly installments post 18 months of moratorium
Yes Bank Ltd	(MCLR + 1.5%)	Repayable in quarterly installments
ICICI Bank	11.70%	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 lease liabilities	12.00%	Monthly/quarterly/annual installments

* The Company has an 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 Private Limited

B) Nature of security :

i. Term Loan from SVC Bank has been secured by charge on the current and future Property, plant and equipment of Hyderabad factory of the Company.

ii. Term Loan from HDFC Bank has been secured by charge on the current and future Property, plant and equipment of Hyderabad factory of the Company.

iii. Term Loan from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Company.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

iv. Term Loan from ICICI Bank was secured by charge on the current and future Property, plant and equipment of Hyderabad factory 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 (b) Current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Secured		
From banks		
Cash credits	824.27	1,978.47
	824.27	**1,978.47**

A) Terms of current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Current, secured borrowings		
Bank of Maharashtra (cash credit)	CDR Rate+1.30%	Repayable on demand
The SVC Bank (cash credit)	PLR-7.5%	Repayable on demand
Yes Bank (cash credit)	MCLR + 1.5%	Repayable on demand

B) Nature of security :

i. Cash credit Rs. 20 lakhs from Bank of Maharashtra is secured by hypothecation of stock and book debts and cash credit of Rs. 50 lakhs from Bank of Maharashtra is secured by pledge of fixed deposits of M/s. V S Dempo Holdings Private Limited.

ii. Cash credit from SVC Bank has been secured by charge on the current and future Property, plant and equipment of the Hyderabad unit of the Company.

iii. 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

18 Other financial liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Capital creditors	-	1,880.33	81.52	-
Current maturities of long term loan [refer note 17 (a)]	-	1,742.97	-	1,355.03
Current maturities of finance lease obligation [refer note 17 (a)]	-	44.87	-	2.51
Payable for business Purchase [refer note 37(a)(II)(ii), 40]	-	710.00	-	710.00
Interest accrued but not due on borrowings	-	122.34	-	118.56
Security deposit received	-	1.25	-	0.75
Employee related payable	-	95.11	-	24.32
Book overdraft	-	36.12	-	215.79
Total other financial liabilities	**-**	**4,632.99**	**81.52**	**2,426.96**

19 Employee benefits obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	Non-current	Current	Non-current	Current
Provision for employee benefits [refer note 36]				
- Provision for gratuity (funded)	108.54	48.25	22.97	61.31
- Leave encashment (unfunded)	36.91	5.29	17.78	4.07
Total employee benefits obligation	**145.45**	**53.54**	**40.75**	**65.38**

20 Other non-current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Security deposits	84.67	84.67
	84.67	**84.67**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

21 Trade payables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Outstanding dues of micro enterprises and small enterprises	0.11	0.17
Outstanding dues of creditors other than micro enterprises and small enterprises	13,963.09	7,652.96
Total trade payables	**13,963.20**	**7,653.13**

Disclosure relating to suppliers registered under MSMED Act, 2006 based on the information available with the Company:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	0.11	0.17
Interest	-	-
Total	**0.11**	**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.	0.01	-
(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.	-	-

22 Other current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Statutory dues payable	59.16	133.84
Advance from customers	34.99	25.71
Other advances	2.15	-
Other payables	-	26.72
Total other current liabilities	**96.30**	**186.27**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

23 Current tax liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Current tax payable (net)	194.93	238.15
Total current income tax liabilities	**194.93**	**238.15**

24 Revenue from operations

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Revenue from contracts with customers:		
- Sale of products	76,715.89	48,594.86
- Trading of goods	19.73	31.86
- Sale of services	49.94	12.48
Other operating revenue (including export incentives, scrap sales etc.)	403.94	552.22
Total revenue from operations	**77,189.50**	**49,191.42**

A. Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major service lines.

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
- Sale of products - contract manufacturing	76,715.89	48,594.86
- Trading of goods	19.73	31.86
- Sale of services	49.94	12.48
Total	**76,785.56**	**48,639.20**

B. Trade receivables and contract balances

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Receivables, which are included in trade receivables	3,746.63	4,260.79
Unbilled revenue	544.40	327.48
Advances from customers	34.99	25.71
Total	**4,326.02**	**4,613.98**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

C. Transaction price allocated to the remaining performance obligation

There are no unsatisfied long-term contracts / performance obligation that have impact on consolidated financial statements.

D. Reconciliation of revenue recognised:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Gross revenue	77,266.89	49,231.23
Adjustment for credit notes	(77.39)	(39.81)
Revenue from operations	**77,189.50**	**49,191.42**

25 Other income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Interest income on fixed deposits	82.68	19.90
Other interest on loans [refer note 40]	34.24	1.36
Income from insurance claim	-	37.14
Gain on sale of property, plant and equipment	-	4.00
Foreign exchange gain (net)	-	0.70
Miscellaneous income	3.93	1.75
Total other income	**120.85**	**64.85**

26 Cost of material consumed

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Raw material		
Inventory at the beginning of the year	2,537.84	2,050.37
Add: Purchases	59,510.49	34,086.47
Add: Acquisition through business transfer [refer note 37(b)]	-	76.32
Less: Inventory at the end of the year	4,611.85	2,537.84
Cost of raw material consumed	**57,436.48**	**33,675.32**
Packaging material		
Inventory at the beginning of the year	468.62	417.88
Add : Purchases	8,407.22	4,044.74
Less : Inventory at the end of the year	1,449.97	468.62
Cost of packaging material consumed	**7,425.87**	**3,994.00**
Total cost of materials consumed	**64,862.35**	**37,669.32**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

27 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Inventories at the beginning of the year		
- Finished goods	1,264.14	916.48
- Stock in trade	53.62	4.59
- Work-in-progress	533.51	210.30
	1,851.27	**1,131.37**
Less: Inventories at the end of the year		
- Finished goods	3,219.96	1,264.14
- Stock in trade	77.91	53.62
- Work-in-progress	1,593.91	533.51
	4,891.78	**1,851.27**
Net increase	**(3,040.51)**	**(719.90)**

28 Employee benefits expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Salaries, wages and bonus	2,162.60	1,650.08
Contribution to funds	84.43	68.72
Gratuity expense [refer note 36]	64.11	17.05
Staff welfare expenses	111.13	113.44
Total employee benefits expense	**2,422.27**	**1,849.29**

29 Finance costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Interest on borrowing	1,066.60	726.83
Interest expense on lease Liabilities	19.90	-
Interest on redeemable non cumulative non convertible preference shares	4.91	4.50
Other finance charge	7.27	4.00
Total finance costs	**1,098.68**	**735.33**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

30 Depreciation and Amortisation expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Depreciation [refer note 4 I]	1,023.84	710.94
Depreciation on right of use assets [refer note 4 II]	51.13	-
amortisation [refer note 5]	53.23	35.27
Total depreciation and amortisation expense	**1,128.20**	**746.21**

31 Manufacturing and operating costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Job work expenses	1,790.72	1,960.25
Power, fuel & electricity	964.02	881.71
Repairs and maintenance - plant & machinery	307.49	364.43
Repairs and maintenance - building	15.85	3.85
Repairs and maintenance - others	111.36	92.48
Contract labour charges	2,202.85	1,958.08
Other manufacturing expenses	166.69	43.04
Total manufacturing and operating costs	**5,558.98**	**5,303.84**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

32 Other expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Stores and spares consumed	137.66	138.71
Insurance	64.46	37.32
Rent [refer note 38 (a)]	131.95	115.47
Rates and taxes	102.30	100.22
Carriage and freight	346.16	340.30
Travel and conveyance	189.95	183.32
Postage and courier	32.31	36.77
Printing and stationery	45.57	33.92
Legal and professional charges	237.95	195.08
Advertisement	1.37	3.15
Commission	64.08	70.54
Business promotion	20.53	9.43
Other receivable written off	28.00	119.00
Provision for doubtful debts	7.73	7.48
Foreign exchange loss (net)	1.30	29.57
CSR [refer note 45]	20.35	6.42
Security charges	173.01	155.01
Bank charges	14.48	16.54
Impairment loss on intangible assets	25.00	-
Donation	-	1.95
Audit expenses [refer note (a) below]	22.75	14.05
Director's sitting fees [refer note 40]	9.01	5.44
Miscellaneous expenses	93.25	193.00
Total other expenses	**1,769.17**	**1,812.69**

(a) Audit expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
As auditor:		
Statutory audit	14.00	9.50
In other capacity:		
Limited review fees	6.00	3.50
Other matters	2.75	1.05
Total	**22.75**	**14.05**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

33 Income tax

A) Income tax expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Current tax		
Current tax	-	386.09
Minimum alternate tax (MAT)	602.78	-
	602.78	**386.09**
Deferred tax		
Decrease/ (Increase) in deferred tax asset	(19.89)	(46.37)
(Decrease)/ Increase in deferred tax liabilities	618.09	265.30
MAT credit entitlement	(10.92)	-
MAT credit utilisation	-	25.93
Income tax expense	**587.28**	**244.86**

B) Reconciliation of tax charge

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Profit before tax	3,381.14	1,822.40
Enacted income tax rate in India applicable to the Company	34.94%	34.94%
Income tax expense at tax rates applicable	1,181.51	636.82
Tax effects of:		
Loss of share of associate not taxable	28.67	-
Exempt income	-	(4.45)
Non-deductible expenses	(20.12)	(1.42)
Income tax expense	**1,190.06**	**630.95**
Effective tax rate	35.20%	34.62%

C) Deferred tax relates to the following:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Deferred tax assets		
On provision for employee benefits	69.53	37.18
On provision for doubtful debts	5.31	2.61
On impairment loss	8.74	-
On lease liabilities	4.58	12.40

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
On Share issue expenses	-	16.08
	88.16	**68.27**
Deferred tax liabilities		
On property, plant and equipment	1,568.44	949.00
On non redeemable non cumulative non convertible preference shares	35.14	36.85
On unamortised processing cost	5.91	6.62
	1,609.49	**992.47**
Deferred tax liabilities net	(1,521.33)	(924.20)
Minimum alternative tax (MAT) entitlements	117.70	106.78
Deferred tax asset/(liability), net	**(1,403.63)**	**(817.42)**

D) **Deferred tax assets/ (liabilities) to be recognised in Statement of Profit and Loss**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Deferred tax assets/(liabilities), net	(1,403.63)	(817.42)
Less: Opening deferred tax liabilities	817.42	579.45
Deferred tax expense for the year	**(582.64)**	**(241.54)**
Tax liability recognised in Statement of Profit and Loss	(587.28)	(244.86)
Tax liability recognised in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	4.64	3.32
Total deferred tax expenses recognised in the statement of profit and loss	**(582.64)**	**(241.54)**

34 Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Profit attributable to equity holders of Company	2,191.08	1,191.45
Add: Impact of dilutive potential equity shares	-	-
Attributable to equity holders adjusted for the effect of dilution	**2,191.08**	**1,191.45**
Weighted average number of equity shares for basic and diluted EPS	189.97	182.60
Basic per share (Rs)	11.53	6.52
Diluted per share (Rs)	11.53	6.52

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

35 Contingent liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Claim for expired goods	7.13	7.13
Letter of credit issued	120.06	-
Bank guarantees	17.13	-
	144.32	**7.13**
Capital commitments		
Civil works for the project	-	434.50
Pre engineered building structure	-	1,300.00
Design engineering and project management	-	41.09
Capital expenses for Piparia factory	388.66	-
Capital expenses for Telangana factory	958.93	4,195.10
	1,347.59	**5,970.69**

36 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 28]

(B) **Defined benefit plans**

Gratuity payable to employees

i) **Actuarial assumptions**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (per annum)	6.60%	7.15%
Rate of increase in Salary	7.00%	7.00%
Expected average remaining working lives of employees (years)	24.73	20.93
Attrition rate	2% - 10%	2% - 10%

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

ii) Changes in the present value of defined benefit obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Present value of obligation at the beginning of the year	**120.83**	**85.30**
Transfer in/out obligation	-	13.80
Current service cost	58.89	14.25
Past service cost	-	-
Interest cost	7.95	5.63
Benefits paid	(17.52)	(9.23)
Actuarial (gain)/ loss on obligations	12.65	11.08
Present value of obligation at the end of the year	**182.80**	**120.83**

iii) Change in the fair value of plan assets:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	36.55	39.85
Interest income	2.73	2.85
Contributions by employer	2.91	3.41
Benefits paid	(15.56)	(9.23)
Actuarial (losses)/ gains	(0.62)	(0.33)
Closing fair value of plan assets	**26.01**	**36.55**

iv) Expense recognised in the Statement of Profit and Loss

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Current service cost	58.89	14.25
Past service cost	-	-
Interest cost	5.22	2.80
Total expenses recognised in the Statement Profit and Loss	**64.11**	**17.05**

v) Expense recognised in the statement of other comprehensive income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Actuarial (gain) / loss on obligations	12.65	11.08
Actuarial gain /(loss) for the year on asset	0.62	0.33
Total expenses recognised in the statement of other comprehensive Income	**13.27**	**11.41**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

vi) Assets and liabilities recognised in the Balance Sheet:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Present value of funded obligation	182.80	120.83
Less: fair value of plan assets	(26.01)	(36.55)
Net liability recognised in Balance Sheet*	**156.79**	**84.28**

*Included in provision for employee benefits [refer note 19]

vii) Expected contribution to the fund in the next year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Gratuity	48.24	22.97

viii) A quantitative sensitivity analysis for significant assumption is as shown below:

(Amounts in Rs. lakhs, unless otherwise stated)

Impact on defined benefit obligation	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Discount rate		
0.5% increase	176.09	117.31
0.5% decrease	189.98	124.52
Rate of increase in salary		
0.5% increase	189.31	123.94
0.5% decrease	176.72	117.89
Withdrawal rate		
110% change	182.31	120.69
90% change	183.29	120.93

ix) Maturity profile of defined benefit obligation Year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2020	March 31, 2019
Apr 2019- Mar 2020	-	19.18
Apr 2020- Mar 2021	18.33	14.69
Apr 2021- Mar 2022	20.48	16.87
Apr 2022- Mar 2023	10.47	7.21
Apr 2023- Mar 2024	18.83	12.97
Apr 2024 onwards	116.96	55.04

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(C) Other long term employee benefit obligation

Leave entitlement

The liability for leave entitlement is recognised in the same manner as gratuity aggregating Rs. 22.65 lakhs for the year ended March 31, 2020 (March 31, 2019: Rs. 7.94 lakhs).

37(a) Acquisitions during current year

37(a)(I) Merger Information

(i) The Scheme of Arrangement ('the Scheme'); presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Detergent Manufacturing Unit of Avalon Cosmetics Private limited ('ACPL') with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated November 25, 2019 (""the NCLT Order""). The Certified copy of the NCLT order was filed with Registrar of Companies on December 27, 2019 . Consequently, the Scheme became operative from December 27, 2019 and effective from April 1, 2018 i.e. appointed date.

The said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and the previously issued financial statements of the Company for the year ended March 31, 2019 have been restated to give effect to the Scheme. All the assets and liabilities of the Detergent Manufacturing Unit of ACPL have been transferred to and vested in the Company at it's carrying value w.e.f. April 1, 2018 and the amount of Rs. 444.77 lakhs is recorded as Capital Reserve on account of the Scheme.

Further, in terms of the Scheme, during the year, 49,27,799 ordinary (equity) shares of Rs. 10 each in the Company have been issued and allotted as fully paid up to the shareholders of ACPL, in the ratio of 42.15 ordinary (equity) shares of Rs. 10 each fully paid-up in the capital of the Company for every fully paid-up equity shares of Rs. 10 each held in ACPL. Consequently, an amount of Rs. 492.78 lakhs representing difference between the consideration paid and value of net identifiable assets acquired, has been recorded as a debit to Capital Reserve in the Consolidated Financial Statements as at April 1, 2018. The same is presented as "Share Pending Issuance" under "Other Equity" as at April 1, 2018 and March 31, 2019.

Pursuant to the business combination between Detergent Manufacturing Unit of ACPL and the Company with effect from April 1, 2018, the profit attributable to the equity shareholders for the comparative year has been restated to include the figures of Detergent Manufacturing Unit of ACPL. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per share of the comparative year has been restated taking into consideration the equity shares issued to the shareholders of ACPL. Further the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination. The effective tax rate has changed from 26.67% to 34.62% due to change in applicable tax rate to the Company based on 'Total Turnover' criteria from previously applicable 25% (plus surcharge and cess) to 30% (plus surcharge and cess). The additional tax provision for the year ended March 31, 2019 considering revised tax rates amounts to Rs. 153.61 lakhs and Rs. 106.39 lakhs for current tax (including MAT credit) and deferred tax respectively.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(ii) Details of purchase consideration, assets and liabilities acquired are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Amount
A) Assets acquired on April 1, 2018	
Property, plant and equipment	4,666.11
Capital work-in-progress	168.40
Financial assets	
i) Loans	55.28
Non-current tax assets	31.16
Other non current assets	20.45
Inventories	1,196.35
Trade receivables	1,007.10
Cash and cash equivalents	422.69
Other current financial assets	3.88
Other current assets	74.37
Total assets acquired (A)	**7,645.79**
B) Liabilities assumed on April 1, 2018	
Other equity	(196.87)
Financial liabilities	
Non current borrowings	2,613.43
Deferred tax liabilities (net)	166.60
Current borrowings	434.78
Trade payables	3,638.25
Other current financial liabilities	-
Other current liabilities	989.60
Total liabilities assumed (B)	**7,645.79**
Net assets acquired (A-B)	**-**
Less: shares issued	**(492.78)**
Net assets acquired transferred to capital reserve	**492.78**

(iii) On business combination of the Detergent Manufacturing Unit of Avalon Cosmetics Private limited ('ACPL'), ACPL was following the written down value method for accounting of depreciation however the method has been changed to the Straight line method leading to a change in the accounting policy. The abovementioned change in accounting policy resulted into creation of capital reserve amounting to Rs 1,370.88 lakhs and a deferred tax liability amounting to Rs. 433.33 lakhs.

(iv) Acquisition related cost

Acquisition cost of Rs. 18.82 lakhs (March 31, 2019 - Rs. 36.61 lakhs) are included in other expenses in consolidated profit or loss and in operating cash flows in consolidated statement of cash flows.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

37(a)(II) Business Combination Information

i) The Company has purchased the businesses on slump sale basis from M/s Galaxy Healthcare Products (Galaxy)and from M/s Shivom Industries (Shivom) vide respective Business Transfer Agreements on February 24, 2020. The said business transfers were approved by the Board on November 11, 2019. The business purchases have been accounted using the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and comparative numbers for the year ended March 31, 2019 have been restated with effect from April 1, 2018. Accordingly, financial statements of Galaxy and Shivom have been included in the previous year numbers of the consolidated financial statements presented and an amount of Rs. 668.52 lakhs has been recorded as a debit to the capital reserve on account of the said business combination.

ii) Details of purchase consideration, assets and liabilities acquired are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Descriptions	As at April 1, 2018 M/s Shivom Industries	As at April 1, 2018 M/s Galaxy Healthcare Products
Purchase Consideration (A)		
Cash	390.00	320.00
Purchase Consideration (A)	**390.00**	**320.00**
Net assets acquired		
Property, plant and equipment's	31.62	8.66
Inventory	-	-
Trade receivables	-	1.21
Total assets acquired	**31.62**	**9.87**
Less: total liabilities assumed	**-**	**-**
Net assets acquired (B)	**31.62**	**9.87**
Capital Reserve (A - B)	**358.38**	**310.13**

iii) Acquisition related cost

Acquisition cost of Rs. NIL are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

37(b) Acquisition during the previous year

i) On August 14, 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.

ii) Details of purchase consideration, assets and liabilities acquired are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Year ended March 31, 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)	**-**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Descriptions	Amount
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**

38 Leases

(a) Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the 'retrospective approach with the cumulative effect at the date of initial application'. On that date, the Company recognised a lease liability measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate as at April 01, 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability adjusted by the amount of prepaid lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at April 1, 2019, with no restatement of comparative information. Comparatives as at and for the year ended March 31, 2019 will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs. 165.74 lakhs , and a lease liability of Rs. 165.74 lakhs . The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

The following is a summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

(Amounts in Rs. lakhs, unless otherwise stated)

Lease expenses	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Expense relating to short-term leases [included in other expenses - refer note 32]	106.11	-
Expense related to leases of low value assets that are not shown above as short-term leases (included in other expenses - refer note 32)	25.84	-
Expense relating to variable lease payments not included in lease liabilities	-	-
The total lease cash out flow for leases for the year ended March 31, 2020 is Rs. 188.52 lakhs		

The total future minimum lease rentals payable against non-cancellable leases at the Balance Sheet date are as under:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
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:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019 [refer note 37(a)]	
	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
More than five years	-	-	1,340.40	22.90
Total minimum lease payments	**-**	**-**	**1,358.10**	**35.49**
Less: amounts representing finance charge	-	-	(1,322.61)	-
Present value of minimum lease payments	**-**	**-**	**35.49**	**35.49**

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.

39 The Ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020 notified first ever nation-wide lockdown in India to contain the outbreak of COVID 19. As a result, the operations were temporarily disrupted at few manufacturing locations of the Company which have been subsequently restarted and brought back to normal production capacities. In assessing the recoverability of receivables including unbilled receivables tangible and intangible assets, investments and carrying value of inventories, the Company has considered internal and external information up to the date of approval of these consolidated financial statements including economic forecasts. The Company has used assumptions based on current indicators of future economic conditions and based on the same the Company expects to recover the carrying amount of these assets. Further, the management is continuously assessing the impact of the outbreak of COVID 19 on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not materially impact the current financial year ended March 31, 2020, however, in view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is difficult.

Accordingly, the impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements.

40 Related party disclosures:

(A) **Names of related parties and description of relationship as identified and certified by the Company:**

Holding company

Vanity Case (India) Private Limited

Entity under common control

V.S Dempo Private Limited

Avalon Cosmetics Private Limited

Motown Trading Private Limited

Adonia Cosmetics Private Limited

Christine Valmy Institute Private Limited

Mahak Cosmetics and Credit Private Limited

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Firm in which Directors of Company are Partner

M/s Shivom Industries

M/s Athene Laboratories

M/s Sundaram Cosmetics

M/s Galaxy Healthcare Products

Associate

ATC Beverages Private Limited

Employee Benefit Trust

Hindustan Foods Management staff Superannuation Fund Trust

Key Management Personnel (KMP)

Shrinivas Dempo	Non-Independent Non-Executive Director
Sameer Kothari	Managing Director
Ganesh Argekar	Executive Director
Kedar Swain	Chief Financial Officer (up to 11 November 2019)
Mayank Samdani	Chief Financial Officer (w.e.f 12 November 2019)
Beena Mahambrey	Company Secretary (up to 18 April 2019)
Nikhil Vora	Non-Independent Non-Executive Director
Rajesh Dempo	Non-Independent Non-Executive Director (up to 16 April 2019)
Honey Vazirani	Independent Non-Executive Director (woman)
Sudin M S Usgaonkar	Independent Non-Executive Director
Shashi Kalathil	Independent Non-Executive Director
Neeraj Chandra	Independent Non-Executive Director (w.e.f 25 January 2019)
Bankim Purohit	Company Secretary (w.e.f 19 April 2019)
Sarvjit Singh Bedi	Non-Independent Non-Executive Director (w.e.f 18 April 2019)
Sandeep Mehta	Independent Non-Executive Director (w.e.f 9 August 2019)
Harsha Raghavan	Non-Independent Non-Executive Director (w.e.f 11 November 2019)

Relatives of Directors

Asha R Kothari	Mother of Managing Director

(B) **Details of transactions with related party for the year ended:**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(i) Avalon Cosmetics Private Limited		
Sale of products	1.50	-
Purchase of land	-	280.25
Finance cost	11.04	-

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Purchase of consumables	45.56	42.60
Sale of property, plant and equipment	-	4.00
Rent paid	12.00	15.00
(ii) Motown Trading Private Limited		
Sale of leather goods	-	7.40
Purchase of trading goods	8.39	12.06
Business promotion	6.98	-
(iii) Athene Laboratories		
Sale of products	1.63	-
Rent paid	42.00	19.00
Recharge of salaries to Company	29.33	-
Advance given	42.00	-
(iv) Shivom Industries		
Business purchase	390.00	-
Recharge of salaries to Company	12.58	-
(v) Galaxy Healthcare Products		
Business purchase	320.00	-
Recharge of salaries to Company	3.06	-
(vi) Sundaram Cosmetics		
Purchase of land	111.32	-
(vii) Mahak Cosmetics and Credit Private Limited		
Purchase of land	80.75	-
(viii) V.S Dempo Private Limited		
Interest accrual on borrowing	32.95	-
Loan repayment	468.40	-
Interest payment	111.51	-
(ix) ATC Beverages Private Limited		
Interest income accrued on loans granted	34.24	-
Investment in equity shares	317.66	-
Loans granted	542.55	-

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(x) Sameer Kothari		
Equity shares issued*	189.68	-
(xi) Asha R Kothari		
Equity shares issued*	189.68	-
(xii) Christine Valmy Institute Private Limited		
Sale of products	0.58	-
Trading of goods	0.19	
Recharge of salaries to Company	0.49	-
(xiii) Vanity Case (India) Private Limited		
Equity shares issued*	113.43	-
(xiv) Sitting fees		
Shrinivas Dempo	1.41	0.49
Sandeep Mehta	0.85	-
Sudin M. Usgoankar	0.16	0.18
Shashi K. Kalathil	1.95	1.17
Rajesh S. Dempo	-	0.34
Sameer Kothari	0.21	1.05
Honey Vazirani	1.77	1.17
Nikhil K Vora	1.40	0.90
Neeraj Chandra	1.26	0.15
(xv) Compensation of key management personnel		
Ganesh Argekar	34.00	17.00
Mayank Samdani	20.74	-
Kedar Swain	8.39	10.78
Beena Mahambrey	1.00	12.20
Bankim Purohit	14.86	-
Sameer Kothari	74.00	-

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(C) Amount due to/from related party as on:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(i) Avalon Cosmetics Private Limited		
Other receivables#	729.05	16.13
Trade payables	14.74	57.60
Trade receivables	2.62	-
Advances given	0.60	0.85
(ii) Motown Trading Private Limited		
Trade receivables	-	7.40
Trade payable	-	8.06
(iii) Adonia Cosmetics Private Limited		
Trade Payables	2.25	-
Other receivables	0.01	2.90
(iv) V.S Dempo Private Limited		
Non-current borrowings	-	468.40
Interest accrued on borrowings	-	78.56
(v) ATC Beverages Private Limited		
Loans given	542.55	-
Interest accrued on loan given	34.64	-
(vi) Shivom Industries		
Payable for business Purchase	390.00	-
Advance	0.04	0.04
Other receivables$	12.58	-
Other payables$	9.74	0.75
(vii) Galaxy Healthcare Products		
Payable for business Purchase	320.00	-
Other receivables$	349.28	239.94
Other payables$	332.78	264.43
(viii) Sundaram Cosmetics		
Payable against the land purchase	111.32	-
(ix) Mahak Cosmetics and Credit Private Limited		
Payable against the land purchase	80.75	-
(x) Athene Laboratories		
Advance given	36.23	-
Trade receivables	1.92	-
Other receivables	29.33	-

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
(xi) Christine Valmy Institute Private Limited		
Trade Receivables	0.91	-
Other receivables	0.49	-
(xii) Vanity Case (India) Private Limited		
Advance given	0.04	-

* Shared issued during the year as per the NCLT approved scheme for Avalon Cosmetics Private limited (Hyderabad unit) merger

Represents receivables for which payment has been/would be received by Avalon Cosmetics Private Limited for the debtors which have been taken over in accordance with approved Scheme [refer note 37(a)(I)]

$ Represents receivables/ payables for the income received/expenses incurred by others

(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 March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

41 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 is as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Contract Manufacturing		Others		Total	
	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Segment revenue						
External revenue	77,303.37	49,253.99	6.98	2.28	77,310.35	49,256.27
Inter- segment revenue	-	-	-	-	-	-
Total revenue	**77,303.37**	**49,253.99**	**6.98**	**2.28**	**77,310.35**	**49,256.27**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Contract Manufacturing		Others		Total	
	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Segment result	4,538.87	2,580.70	(68.16)	(31.06)	4,470.71	2,549.64
Add/ (less)						
Finance cost	-	-	-	-	(1,098.68)	(735.33)
Provision for tax	-	-	-	-	(1,190.06)	(630.95)
Net profit/ (loss)	**4,538.87**	**2,580.70**	**(68.16)**	**(31.06)**	**2,181.97**	**1,183.36**
Segment assets	53,820.14	26,456.12	91.52	166.66	53,911.66	26,622.78
Unallocated asset	-	-	-	-	-	-
Total assets	**53,820.14**	**26,456.12**	**91.52**	**166.66**	**53,911.66**	**26,622.78**
Segment liabilities	35,207.41	20,100.38	-	-	35,207.41	20,100.38
Unallocated liability	-	-	-	-	-	-
Total liabilities	**35,207.41**	**20,100.38**	**-**	**-**	**35,207.41**	**20,100.38**
Capital expenditure						
Segment capital expenditure	15,170.03	(3,603.01)	-	7,411.88	15,170.03	3,808.87
Unallocated capital expenditure	-	-	-	-	-	-
Total capital expenditure	**15,170.03**	**(3,603.01)**	**-**	**7,411.88**	**15,170.03**	**3,808.87**
Significant non- cash expenditure						
Segment significant non-cash expenditure	1,118.89	842.33	75.14	33.34	1,194.03	875.67
Unallocated non- cash expenditure	-	-	-	-	-	-
Total significant non-cash expenditure	**1,118.89**	**842.33**	**75.14**	**33.34**	**1,194.03**	**875.67**

b) Revenue contribution from major customers which account for more than 10% of the total revenue are as follows:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Customer 1*	57,386.07	26,733.79
Customer 2*	10,758.44	12,388.64
	68,144.51	**39,122.43**

* This pertains to revenue from contract manufacturing

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

c) The amount of its revenue from external customers, broken down by location of its customers is shown in the table below:

(Amounts in Rs. lakhs, unless otherwise stated)

Revenue from external customers	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
India	72,015.65	41,321.11
Germany	4,314.47	5,031.05
France	14.65	131.48
United Kingdom	356.72	-
Other countries	84.07	2,155.56
	76,785.56	**48,639.20**

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:

(Amounts in Rs. lakhs, unless otherwise stated)

Non current assets	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Within India	28,595.41	14,732.22
Outside India	-	-

42 Fair values of financial assets and financial liabilities

Financial Instrument measured at Amortised cost:

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 amortised 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.

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows

(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						
Investments	11	235.12	-	-	-	235.12
Security Deposits	6	215.79	-	-	-	215.79
Non current other financial assets	7	20.03	-	-	-	20.03
Current other financial assets	7	1,424.06	-	-	-	1,424.06
Trade receivable	12	3,746.63	-	-	-	3,746.63
Cash and cash equivalents	13	2,879.04	-	-	-	2,879.04
Bank balances other than cash and cash equivalents	14	1,018.71	-	-	-	1,018.71
Loan	6	542.55	-	-	-	542.55
		10,081.93	**-**	**-**	**-**	**10,081.93**
Financial liabilities						
Non current Borrowings	17	13,808.43	-	-	-	13,808.43
Current Borrowings	17	824.27				824.27
Other non current financial liabilities	18	-	-	-	-	-
Other current financial liabilities	18	4,632.99	-	-	-	4,632.99
Trade payables	21	13,963.20	-	-	-	13,963.20
		33,228.89	**-**	**-**	**-**	**33,228.89**

The carrying value and fair value of financial instruments by categories as at March 31, 2019 were as follows [refer note 37(a)]

(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						
Investments	11	-	-	-	-	-
Security Deposits	6	72.76	-	-	-	72.76
Other loan, repayable on demand	6	125.00	-	-	-	125.00
Non current other financial assets	7	50.47	-	-	-	50.47
Current other financial assets	7	374.70	-	-	-	374.70
Trade receivable	12	4,260.79	-	-	-	4,260.79
Cash and cash equivalents	13	438.86	-	-	-	438.86
Bank balances other than cash and cash equivalents	14	13.95	-	-	-	13.95
		5,336.53	**-**	**-**	**-**	**5,336.53**
Financial liabilities						
Non current Borrowings	17	6,527.66	-	-	-	6,527.66
Current Borrowings	17	1,978.47	-	-	-	1,978.47
Other non current financial liabilities	18	81.52	-	-	-	81.52
Other current financial liabilities	18	2,426.96	-	-	-	2,426.96
Trade payables	21	7,653.13	-	-	-	7,653.13
		18,667.74	**-**	**-**	**-**	**18,667.74**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

43 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:

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy of assets	March 31, 2020	March 31, 2019 [refer note 37(a)]
Level 3		
Financial assets measured at amortised cost		
Investments	235.12	-
Security deposits	215.79	72.76
Non current other financial assets	20.03	50.47
Current other financial assets	1,424.06	374.70
Trade receivable	3,746.63	4,260.79
Cash and cash equivalents	2,879.04	438.86
Bank balances other than cash and cash equivalents	1,018.71	13.95
Loans	542.55	125.00
	10,081.93	**5,336.53**

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	March 31, 2020	March 31, 2019 [refer note 37(a)]
Level 3		
Financial liabilities measured at amortised cost		
Non current Borrowings	13,808.43	6,527.66
Current Borrowings	824.27	1,978.47
Non current other financial liabilities	-	81.52
Current other financial liabilities	4,632.99	2,426.96
Trade payables	13,963.20	7,653.13
	33,228.89	**18,667.74**

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 counterparty credit risk.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

44 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorised 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.

(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 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:

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2020		
Rs	+50	(80.98)
Rs	(50)	80.98

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2019		
Rs	+50	(21.37)
Rs	(50)	21.37

(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).

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

The following table shows foreign currency exposures receivable and payable at the end of the reporting period

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars		March 31, 2020		March 31, 2019 [refer note 37(a)]	
		Foreign currency in lakhs	Rs. in lakhs	Foreign currency in lakhs	Rs. in lakhs
Trade receivables	EURO	3.26	271.02	4.04	313.79
	GBP	0.18	16.63	0.06	5.39
Cash and cash equivalents	EURO	1.59	132.58	4.53	352.18
	USD	-	-	0.73	50.48
	GBP	0.22	20.37	-	-
Trade payables	EURO	0.22	18.48	-	-
	USD	0.01	0.46	-	-
Capital creditors	EURO	0.47	39.44	-	-

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).

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Effect on profit- total gain / (loss)			
	5% increase in exchange rate		5% decrease in exchange rate	
	March 31, 2020	March 31, 2019 [refer note 37(a)]	March 31, 2020	March 31, 2019 [refer note 37(a)]
Trade receivables	14.38	15.96	(14.38)	(15.96)
Cash and cash equivalents	7.65	20.13	(7.65)	(20.13)
Trade payables	0.95	-	(0.95)	-
Capital creditors	1.97	-	(1.97)	-
	24.95	36.09	(24.95)	(36.09)

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty 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 consolidated 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019 [refer note 37(a)]
Not due	2,634.48	3,021.41
0-3 months	971.01	1,155.75
3-6 months	123.76	51.94
6 months to 12 months	6.65	30.26
beyond 12 months	10.73	1.43
	3,746.63	4,260.79

(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 summarises the maturity profile of the Company's financial liabilities:

(Amounts in Rs. lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Years	Total
March 31, 2020			
Long-term borrowings	-	13,808.43	13,808.43
Short term borrowings	824.27	-	824.27
Trade payables	13,963.20	-	13,963.20
Other financial liability	4,632.99	-	4,632.99
	19,420.46	13,808.43	33,228.89

(Amounts in Rs. lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Years	Total
March 31, 2019 [refer note 37(a)]			
Long-term borrowings	-	6,527.66	6,527.66
Short term borrowings	1,978.47	-	1,978.47
Trade payables	7,653.13	-	7,653.13
Other financial liability	2,508.48	-	2,508.48
	12,140.08	6,527.66	18,667.74

45 Corporate social responsibility

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
Gross amount required to be spent :	18.40	6.26

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Amount spent during the year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019 [refer note 37(a)]
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	20.35	4.35
	20.35	**6.42**
Less: Amount capitalised as Corporate social responsibility assets	-	-
	20.35	**6.42**

46 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 maximise 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 as well as current borrowings. 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.

(Amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Total equity	(i)	18,704.25	6,522.40
Total borrowings (including liability portion of redeemable non cumulative non convertible preference shares and interest payable)		16,542.88	9,982.23
Less: cash and cash equivalents		(2,879.04)	(438.86)
Net debt	(ii)	**13,663.84**	**9,543.37**
Overall financing	(iii) = (i) + (ii)	32,368.09	16,065.77
Gearing ratio	(ii)/ (iii)	0.42	0.59

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

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

47 Disclosure as required by Ind AS 7 - "Cash Flow Statements" - changes in liabilities arising from financing activities:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019 [refer note 37(a)]
Opening balance (net of cash and cash equivalents)	9,543.37	5,320.74
Non cash movement		
- Accrual of interest	1,086.50	726.82
- Interest on redeemable non cumulative non convertible preference shares	4.91	4.50
- Other finance charge	7.27	4.00
- Finance cost capitalised	280.39	-
Lease Liability assumed during the year	165.74	-
Cash movement		
- Further borrowings	9,618.96	3,610.32
- Principle repayment	(3,188.32)	(86.79)
- Interest payment	(1,358.24)	(670.21)
- Lease rentals paid against lease liability	(56.57)	-
Cash and cash equivalents		
Cash flows	2,440.18	(633.99)
Closing balance	**13,663.84**	**9,543.37**

48 Disclosure of interest in other entities

(i) Details of Summarised Financial Information, Summarised Performance and other details of Associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Country of incorporation	Percentage of ownership interest# As at March 31, 2020
ATC Beverages Private Limited	India	44.43%

The Company has acquired additional shares in ATC Beverages Private limited on August 01, 2019 to increase its stake from 8.46% to 36.04% and further to 44.43%. As a result, the Company has consolidated the results of ATC Beverages Private Limited using the equity method as per Ind AS 28- Investments in Associates and Joint Ventures with effect from August 1, 2019

(ii) Summarised Financial Information of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020
(A) Non current assets	1,968.93
(B) Current assets	
i) Cash and cash equivalent	14.89
ii) Others	497.27
Total current assets	**512.16**
Total assets (A+B)	**2,481.09**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020
(A) Non current liabilities	
i) Financial liabilities	-
ii) Non financial liabilities	37.23
Total non current liabilities	**37.23**
(B) Current Liabilities	
i) Financial liabilities	2026.16
ii) Non financial liabilities	139.21
Total current liabilities	**2165.37**
Total liabilities (A+B)	**2,202.60**
Net assets/(liabilities)	**278.49**

(iii) Summarised peformance of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2020
Revenue	862.41
Profit/(Loss) before Tax	(298.86)
Tax Expense	-
Profit/(Loss) after Tax	(298.86)
Other comprehensive Income - gain/(loss)	(3.51)
Total comprehensive Income - gain/(loss)	(302.37)
Depreciation and Amortisation	239.20
Interest Income	1.37
Interest Expense	146.29

(iv) Reconciliation of net assets considered for consolidated financial statements to net assets as per financial statements of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2020
Net assets as per entity's financial statements	123.73
Add/ (less) : Consolidation adjustment	
(i) Fair value of Investment	111.39
Net assets per consolidated financial statements	**235.12**

Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(v) Reconciliation of profit and loss/ other comprehensive income (OCI) considered for consolidated financial statements to profit and loss/ OCI as per financial statements of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2020
Profit/ (loss) as per entity's financial statements	(82.06)
Add/ (less) : Consolidation adjustment	
(i) Dividend distributed	-
(ii) Others	-
Net Profit / (loss) as per consolidated financial statements	**(82.06)**
OCI as per entity's financial statements	(0.48)
Add/ (less) : Consolidation adjustment	
(i) Fair valuation	-
(ii) Others	-
OCI as per consolidated financial statements	**(0.48)**

(vi) Movement of Investment using equity method

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2020
Interest in ATC Beverages Private Limited	
Interest on Aquisition	317.66
Add:- Share of profit for the period	(82.06)
Add:- Share of OCI for the period	(0.48)
Balance as at March 31, 2020	**235.12**

49 On March 16, 2020, the Board of Directors has approved the Composite Scheme of Arrangement and Amalgamation for demerger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited and Merger of ATC Beverages Private Limited with the Company with effect from the appointment date April 1, 2020. The Company is awaiting approval from Bombay Stock Exchange.

50 These consolidated financial statements were authorised for issue by the Board of Directors on June 26, 2020.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
June 26, 2020

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No:ACS21865

Place : Mumbai
June 26, 2020

Annexure

FORM NO. AOC.1

Statement containing salient features of the financial statement of
Subsidiaries/associate companies/joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of
Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries
– NOT APPLICABLE

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. in lakhs)

Name of Associates/Joint Ventures	ATC Beverages Private Limited
Latest audited Balance Sheet Date	31-03-2020
Shares of Associates / Joint Ventures held by the Company on the year end	
- Number	93,94,084
- Amount of Investment in Associate / Joint Venture	317.66
- Extent of Holding %	44.43%
Description of how there is significant influence	Based on shareholding
Reason why the associate / joint venture is not consolidated	Not Applicable
Net worth attributable to Shareholding as per latest audited Balance Sheet	278.49
Profit / Loss for the year	
i. Considered in Consolidation	(82.06)
ii. Not considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations. – Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year. -Not Applicable

HINDUSTAN FOODS LIMITED

Registered Office:
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Phoenix Market City,
15 Lal Bahadur Shastri Road,
Kurla (W), Mumbai 400 070, India

CIN No.: L15139MH1984PLC316003