



# HINDUSTAN FOODS LIMITED

A Vanity Case Group Company

A Government Recognised Star Export House

**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](mailto:business@thevanitycase.com) Website: [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com)

Tel. No. +91-22-69801700 / 01 CIN: L15139MH1984PLC316003

Company Scrip Code: 519126

Date: 26<sup>th</sup> August, 2022

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 37<sup>th</sup> Annual General Meeting of the Members of the Company and Annual Report for the FY 2021-2022**

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 37<sup>th</sup> Annual General Meeting (AGM) of the Members of the Company for the Financial Year 2021-22 has been scheduled to be held on **Thursday, 22<sup>nd</sup> September, 2022 at 11.30 a.m.(IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")** facility interalia to transact the businesses stated in the Notice dated 09<sup>th</sup> August, 2022.

Please find enclosed herewith, a copy of the Annual Report for the F.Y. 2021-2022 including the Notice of the 37<sup>th</sup> Annual General Meeting of the Members of the Company scheduled aforesaid, which is being sent only through electronic mode to the Members of the Company.

The said 37<sup>th</sup> Annual Report of the Company for the FY 2021-2022, containing the Notice will be made available on the website of the Company viz. [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

Further, in terms of Section 108 of the Companies Act, 2013 and relevant rules, the Company has fixed 15<sup>th</sup> September, 2022 as the cut – off date for determining the eligibility of the Members to cast their vote through electronic means through remote E-voting prior to the Meeting or E-voting during the Meeting for the resolutions proposed in the said Notice of 37<sup>th</sup> AGM.

The Notice of the AGM of the Members of the Company interalia indicates the process and the manner of voting by electronic means prior and during the AGM and instructions for participating at the AGM through VC/ OAVM.

We request you to take the above on record.

Thanking you,

Yours faithfully  
for HINDUSTAN FOODS LIMITED

  
Bankim Purohit  
Company Secretary  
ACS 21865



Encl.: As above

**VANITYCASE**  
Integrity Initiative Innovation



HINDUSTAN FOODS LIMITED

37<sup>th</sup> ANNUAL REPORT

2021-22



**L.E.A.D.**

LEARN. EXECUTE. ADAPT. DELIVER.





This year, we have dedicated our Annual Report to Athena - the Greek Goddess of Civilisation, Strategy, War and Wisdom. In Greek mythology, Goddess Athena is the Patroness of Spinning & Weaving and Handicrafts. She is also known for her military prowess and as the Goddess of Wisdom.

We, at Hindustan Foods Limited ('HFL' or 'We' or 'the Company'), are inspired by Athena's contrasting yet complementary characteristics. Spinning and Weaving for us is representative of the manufacturing industry. Her wisdom and ability to formulate military strategies are the inspiration behind our aggressive Mergers & Acquisitions.

These qualities made her a perfect partner for Greek heroes in achieving their goals. And thus, she was the one who helped Jason and Perseus in achieving their quests. At HFL, we aim to develop these skills to consolidate ourselves as a leader in the 'Contract Manufacturing' space and thereby help our Heroes, our Customers, achieve their quests for greater market share and better customer satisfaction.

While we call upon her patronage to improve our manufacturing abilities, we also continue to use her wisdom and military skills to acquire facilities through Mergers & Acquisitions, which are value accretive to the Company. HFL intends to LEAD the 'Contract Manufacturing' journey, just as Goddess Athena, through impeccable Learning spirit, seamless Execution, swift Adaptation and prompt Delivery of promises. This year's cover represents Goddess Athena in her full glory. It depicts the confidence, the support, the might and the wisdom with which the Greek Goddess led from the front, helping her Heroes lead and win.



# ACROSS THE PAGES

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### Cautionary Statement Regarding Forward-Looking Statement

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.

## Financial Statements

Standalone	125
Consolidated	194
AOC-1	264
Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/Joint Ventures	

## Investor Information

- ▶ Market Capitalisation : Rs. 4,121.96 cr.\* as at March 31, 2022
- ▶ CIN : L15139MH1984PLC316003
- ▶ BSE Code : 519126
- ▶ NSE Symbol : HNDFDS
- ▶ Bloomberg Code : HFD:IN
- ▶ AGM Date : September 22, 2022
- ▶ AGM Day : Thursday
- ▶ AGM Mode : Video Conferencing (VC) and Other Audio Visual Means (OAVM)

\*includes 13,50,460 Equity Shares allotted in March 2022, pursuant to the Demerger of CBE Plant and Merger of ABPL for which listing and trading approval was received in April 2022.

An electronic version of this Report is available online at:  
<https://www.hindustanfoodslimited.com/annual-reports.php>  
Scan this QR code to navigate investor-related information





# L.E.A.D. (LEARN. EXECUTE. ADAPT. DELIVER. )

Inspired by the Greek Goddess Athena, our theme this year highlights the unique strengths of the Patroness who excelled at Weaving & Spinning and was known for her Wisdom and Might. She stood tall as a rock with her Heroes and assisted them until the end of their pursuits, turning their goals into reality.

At HFL, we have taken inspiration from the strengths of Goddess Athena, as a Protector and Guide with the right abilities, power of Judgement and Foresight. With our experience and expertise in the 'Contract Manufacturing' space, we recognise ourselves as the 'Athena of Contract Manufacturing Space'.

As a one-stop solution for product development, testing, manufacturing and distribution, we endeavour to support our Heroes – our Customers – to help them

LEAD their respective sectors and achieve their objectives. All our endeavours are purely directed towards helping our Heroes **Learn** better about their manufacturing and product development requirements, **Executing** with excellence, **Adapting** to amplify potential and possibilities and **Delivering** on promises. Like the Olympian Goddess, who personified Wisdom and Righteousness while using her skills to the ultimate best, we too don many hats to help our Heroes deliver on their promises, expectations and commitments and help them LEAD.

**This Report is a celebration of all our efforts in the field of Contract Manufacturing as we carefully advance, demonstrating the characteristics of the Olympian Patroness, Athena. It is a testament to how we have moved ahead with optimism while constantly paving the way for the industry.**

## Numbers Testifying our Execution Prowess

Rs. **2,026** cr.  
Total Revenue

Rs. **120** cr.  
EBITDA

Rs. **50** cr.  
PAT

Rs. **633** cr.  
Gross Block

Rs. **308** cr.  
Net Worth





# L.E.A.D.ING THE WAY



A pioneer in Contract Manufacturing for the Fast Moving Consumer Goods (FMCG) industry, we, at HFL, have successfully positioned ourselves as India's most trusted and diversified FMCG Contract Manufacturer. Our long-standing relationship with industry majors has supported us in becoming the preferred choice for marquee brands. We offer a plethora of products through our flexible business models that enable us to serve industries of various sizes, categories and niches. Our business model helps us meet the requirements of every Customer in the most fulfilling manner. Established in 1988, today HFL touches 3 Mn lives daily. Through our 17 plants equipped with state-of-the-art manufacturing techniques, we produce some of the country's most popular brands for our Customers.

## 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

**17**  
Sites

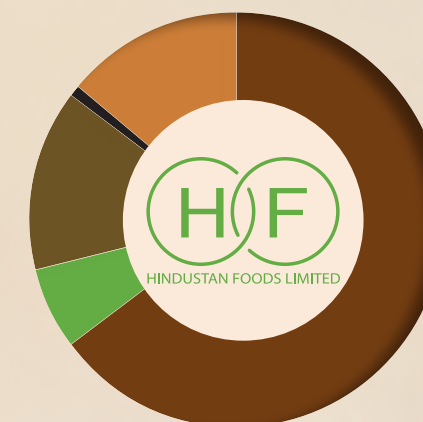
**30+**  
Years of  
Experience

**3 Mn+**  
Lives Touched  
Daily

**3,400+**  
Team Strength

*\*Direct and Indirect*

## SHAREHOLDING PATTERN



Promoters and Promoters' Group

**64.85%**

Alternate Investment Funds (AIF)

**6.50%**

Investors (FPI)

**13.93%**

Bodies Corporate

**1.02%**

Public

**13.70%**



# A JOURNEY OF UNABATED LEARNING AND EXTRAORDINARY EXECUTION

HFL is one of the largest organised players with more than 3 decades of experience and management expertise in Contract Manufacturing. Our redefined business models create Contract Manufacturing solutions suitable for any FMCG Company. Our abilities, coupled with the quality of our products, help us attract leading FMCG clients. HFL has always emphasised self-reliance and sourcing localisation to help generate new opportunities. Over the years, our clients have reposed their unwavering faith in us as we helped them through their growth journeys.

The timeline of our journey so far:

## FY 1983-1984

- Incorporated as a JV between Glaxo India Ltd. and the Dempo Group
- Set up the facility at Goa for manufacturing 'Farex'

## FY 2012-2013

Strategic partnership with the Vanity Case Group of Companies

## FY 2013-2014

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

## FY 2015-2016

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

## FY 2016-2017

Acquired Ponds Exports Ltd.'s shoe manufacturing unit from Hindustan Unilever Ltd. and started manufacturing for marquee clients like TBS, Gabor, and Richter, among others. Gradually added Steve Madden, US Polo, Hush Puppies and Arrow, to the portfolio

## FY 2017-2018

Acquired Reckitt's plant in Jammu and entered a 'manufacture and supply' agreement for the brand 'Mortein' for 7 years

## FY 2018-2019

- Commenced the merger of the Detergent Powder manufacturing unit at Hyderabad into HFL (completed in 2019-2020)
- 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

## FY 2019-2020

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

## FY 2020-2021

- Established a plant to manufacture Disinfectant Toilet Cleaner and Surface Cleaner in Silvassa for Reckitt
- Commenced the project for manufacturing bath soaps and detergent bars in Hyderabad
- Commenced work for the Greenfield F&B plant in Uttar Pradesh

## FY 2021-2022

- Started production of Floor & Surface Cleaner at Silvassa plant in May 2022
- Started project work for manufacturing Bath Soaps and Detergent Bars in Hyderabad
- Started project work at Tamil Nadu for manufacturing Sports & knitted shoes
- Acquired Colour Cosmetics plant in January 2022, and its turnover has been subsequently consolidated into HFL from MQ
- Received the final order of NCLT in December 2021, approving the scheme of arrangement for merger of Malt Beverages plant in Coimbatore and merger of Beverages plant in Mysuru. The scheme came into effect in Q4 2021-2022
- Progressed with the project work for a Greenfield Ice Cream plant in Uttar Pradesh
- Started manufacturing Injection Moulded Flip-flops & Sandals for a national brand at the Shoe plant in Vasai, Mumbai

## FY 2022-2023

- Acquired 100% stake in Reckitt Benckiser Scholl India Private Limited to expand OTC Healthcare & Wellness segment
- Commenced commercial production of the Ice Cream plant in Uttar Pradesh
- Set up new Shoe factory in Tindivanam





# LEADING THE MARKET THROUGH OUR CAPABILITIES

## FOOD AND BEVERAGES

### Extruded Cereals & Snacks, Ready-To-Cook, Ready-To-Eat

► Breakfast Cereals ► Instant Porridges ► Rice Crispies ► Instant Mixes ► Soups & Soup Powder ► Spices & Masala ► Sauces, Dips, Pastes ► Jams, Jellies, Preserves ► Gravies ► Cookies, Protein Bars, Granola Bars, Chikkis ► Muesli

### Hot & Cold Beverages & Energy Drink Concentrates

► Carbonated Soft Drinks ► Ice Cream & Desserts ► Tea & Coffee ► Malt-based Foods ► Soups ► Glucose Powder ► Dry Mix Powder

## HOME CARE

### Fabric Care

► Liquid Detergent ► Powder Detergent ► Fabric Conditioner

### Home Care

► Surface Cleaner ► Glass Cleaner ► Toilet Cleaner ► Liquid Dish Wash

## BEAUTY AND MAKE-UP

► Lipstick, Lip Colour ► Lip Crayon, Lip Paint ► Chap Stick ► Pressed/Compact Powders ► Eye Make-up

## PERSONAL CARE

### Hair Care

► Shampoo, Hair Oil & Hair Foods ► Hair Gel & Hair Cream

### Toiletries & Fragrances

► Talc, Shaving Cream ► Hand Wash Liquid ► Hand Wash Powder ► Eau de Toilette ► After Shave Lotion

### Baby Care

► Cream, Shampoo & Lotion ► Hair Oil & Powder

### Skin Care

► Body Lotion, Moisturiser, Cream ► Petroleum Jelly ► Shower Gel, Face Wash & Scrub ► Body Scrubs & Wipes ► Dusting Powder

## HEALTHCARE AND WELLNESS

► Vitamins, Minerals & Nutraceuticals ► Nutrition – Super Foods, Plant-based, Organic Foods ► Cosmeceutical & Skin Care – Allopathic, Herbal & Ayurvedic ► Foot Care – Medicated and Non-medicated Plasters ► Medicated Lozenges ► Digestive Remedies ► Gels & Ointments ► Oral Liquids ► Allopathic Tablets ► Nutrition Products – Diabetic & High Protein ► Dusting and Cosmetic Powders

## LEATHER AND SPORTS SHOES

### Leather, Sports & Knitted Shoes and Accessories

► Men's Footwear ► Women's Footwear ► Sports Shoes ► Slippers & Flip-flops ► Footwear for Juniors ► Uppers ► Accessories

## PEST CONTROL

► Coils ► Aerosols ► Liquid Vaporizer ► Mosquito Mats ► Activ Cards

### Hot Beverages

Energising  
4 Mn+  
tea/coffee lovers daily

### Beauty & Personal Care

Making  
2 Mn  
women & men look and feel  
good everyday

### Home Care

Providing cleaning solutions to  
1.5 Mn  
people everyday

### Baby Food

Delivering healthy baby food to  
50K  
infants daily

### Soups, Dips & Sauces

Satiating hunger of  
30K  
soup & sauce lovers daily

### Protein Health Drinks

Providing nutrition to  
1 Mn  
families per day

### Carbonated Drinks & Juices

Refreshing  
1 Lakh  
families per day

### Foot Care

Protecting  
12 Mn  
pairs of feet from discomfort and  
ache every year

### Leather & Sports Shoes

Delighting  
8K  
customers across the world  
each day

### Pest Control

Protecting  
4 Mn  
families daily from deadly insect  
borne diseases



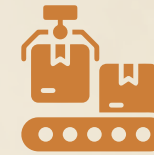
# OUR BUSINESS MODEL

Leading and Redefining the Contract Manufacturing Space



## DEDICATED MANUFACTURING

Under this model, we provide complete exclusivity for our Customers. The entire manufacturing facility is **built-to-suit**, exclusively utilised for the Principal Company. It means that HFL is end-to-end responsible for the finalisation of location, design, capacity and other parameters – offering bespoke services according to the requirements of the Principal Company. Additionally, all the expenses and investments are the sole responsibility of HFL under this model. This enables our Customers to focus on their core operations while we ensure complete manufacturing for them.



1 Unit



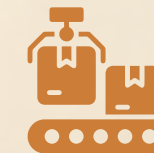
1 Customer



1 or more Brand/s or  
Category/ies

## SHARED MANUFACTURING

Under this model, the manufacturing facility is shared by various companies for a longer period of the agreement and is not dedicated to a single Principal Company. Simply put, it means that a single facility is shared by various companies - leading to lower costs and overhead expenses. To ensure exclusivity, competitive products are made in the same facility with strong secrecy codes.



1 Unit



1 Anchor  
Customer



Few Small  
Customers



Multiple  
Brands/Products

## PRIVATE LABEL MANUFACTURING

Under this model, we own the product formula made for Private Labels and ensure that Customers are provided with complete turnkey private labelling solutions. Based on extensive research and testing methods, we offer customisable options at competitive prices. We make use of our skilled team of designers in conceptualising products' unique brand identity.



Your Concept



Our Expertise



# LETTER FROM THE MANAGING DIRECTOR



*We are excited about the future and are working hard on a pipeline that will ensure that the Company continues to move onward and upward. From a single product, single location, and single customer Company to becoming one of the country's most diversified FMCG Contract Manufacturers, we have witnessed an all-pervasive growth. This growth is expected to further amplify on the back of the various Greenfield and Brownfield expansions we are undertaking along with the other acquisitions.*

## DEAR SHAREHOLDERS,

Kronos, the God of Opportunity, inspired our Annual Report for FY 2020-2021. We were cautiously optimistic that amid the 'shadow' of the Covid-19 pandemic, we will find opportunities and that the pandemic will end up being a tailwind for the Company's growth. I am happy to write that some of that optimism has translated into results. We had spoken about the possibilities of more acquisitions as the pandemic-induced economic slowdown resulted in consolidation and made companies realise the benefits of outsourcing versus having their own factories. Accordingly, we were able to post the highest-ever revenues and profitability numbers in the Company's history and achieve our goal of Rs. 2,000 cr.

While the Company had started a manufacturing facility in Goa in FY 1983-1984, the magic of Kronos only came to bear fruit in the last 7-8 years, where we have been able to hold strong partnerships with our Customers in various geographies and various product categories. This, backed by a solid team of professionals, has led to multi-fold revenue growth.

Focusing on absolute numbers, it gives me pleasure to report that our total revenue for the year stood at Rs. 2,026 cr., recording a 44% y-o-y growth and a super strong 120.4% growth over the revenues in FY 2016-2017. Additionally, Profit After tax for the year stood at Rs. 50 cr., i.e., 41% growth y-o-y and a 134.9% increase compared to FY 2016-2017. We also clocked an EBITDA of Rs. 120 cr. as against Rs. 93 cr. in the previous year.

Our continued investment in capex, financed from internal accruals and debt, has led to a significant gross block of Rs. 633 cr. (on a consolidated basis, including Capital WiP). This has further led to scalable performance prompting a rating upgrade from India Ratings.

Further, we invested in Aero Care Personal Products LLP. Aero Care is involved in manufacturing various colour cosmetics like lipsticks, eye makeup, face powder, lip

gloss, oral care and aftershaves. The unit was taken over in January 2022, and we are very excited about ramping up this facility to its full potential. Also, we completed the merger of the Malted Beverages packaging unit in Coimbatore and ATC Beverages Private Limited.

Our colour cosmetics plant achieved its highest turnover in March 2022. Likewise, even though the performance of the ATC business was unsatisfactory for the entire year, the unit achieved its highest turnover in the last quarter of FY 2021-2022, post the conclusion of the merger and expansion.

Besides, the new plant in Tamil Nadu started its commercial production of shoe and the shoe-making facility at Vasai (Mumbai) also started producing Injection Moulded Sandals and Flip-flops.

As we look at the next phase of growth for the Company, we find that the environment around us is changing rapidly.

Coming to the immediate future, like the other industries, even the FMCG industry – our idiomatic bread and butter – took a bit of a beating on account of the reducing rural demand, increased volatility in commodity pricing, supply chain disruptions, constant inflationary pressures.

In the medium term, with the pandemic serving as a catalyst, we are seeing consumer behavioural changes. Increasingly, consumers rely on social media and digital channels to learn more about products and buy them. This has led to an explosion of D2C brands, and incumbent brands are also having to relook at their advertising and distribution strategies. This, in turn, is making FMCG brands demand new capabilities and capacities from their manufacturing partners - From the ability to scale up new categories of products to setting up factories in new geographies.

Lastly, we are seeing the need to scale the business responsibly – whether, in terms of environmental



obligations, statutory obligations or sustainability and corporate governance-led obligations.

Thus, we have decided to get inspired by Goddess Athena and LEAD! Athena, the Patron Goddess of Weaving and Spinning is also the Goddess of Wisdom and War. These contrasting qualities are what she uses in helping Heroes like Perseus and Jason to achieve their quests.

We have decided to help our Heroes, our Customers, achieve their quests of higher market share by –

**Learning** about their manufacturing and product development requirements

**Executing** by building and running factories that can deliver their FMCG products

**Adapting** to changing market conditions by offering them flexibility in manufacturing models

**Delivering** to them the right product at the right time.

We plan to **learn** the Customer's requirements – whether they are of taking small batches to enable a rapid launch of new products or to optimise distribution costs by establishing factories closer to the markets. To this end, we will build our capabilities to handle different geographies and product categories.

**Execution** continues to remain the foundation on which we build our customer relationships. This execution takes the form of building up an Ice Cream facility in 10 months in a state where we have had no prior experience and ensure that the projects are as per the budget even if the external environment sees massive commodity inflation.

As a Contract Manufacturer, we need to **adapt** to the changing needs of our Customers – from being able to deliver 1,500 pieces of fresh Hummus for the launch of a new brand to 15,000 litons of ice cream. We need to adapt to changing seasonality of demands and the dynamic nature of the external environment with global and macro variables.

The ability to **deliver** the product in full and on time (IFOT) is what our Customers rely on us for and to be able to execute.

Together, these developments will continue to result in a healthy financial performance, strengthening our stand of being the 'go-to' Contract Manufacturer, while redefining this largely 'unorganised' and fragmented sector.

While standing by her Heroes, Athena always carried a shield and a lance to protect them and help them emerge victorious. Brave and disciplined soldiers win wars and our teams are like the proverbial 300 standing at the side of our Customers. On the other hand, peace is won by the wisdom to understand what wars to avoid. Our M&A strategy so far has been able to differentiate between the genuine opportunities to grow our businesses versus milestones around our neck which could down us.

We have also been quite active in the M&A space and have tried to be optimal in terms of our capital allocation to acquisitions. To name a few, we acquired a 100% stake in Reckitt Benckiser Scholl India Private Limited, marking our entry into the fast-growing OTC healthcare and wellness segment as a Contract Manufacturer. The acquired facility is registered as an export-oriented unit and currently exports to more than 20 countries. We also acquired ATC Beverages in Mysuru to open up a new product category for us, but the Covid-19 pandemic ravaged the Company. Our acquisition of Aero Care has also paved our entry into colour cosmetics and opened up a new market for us. Both of these acquisitions posted their highest ever turnovers in the last quarter of FY 2021-2022.

To summarise, we are highly convinced that Contract Manufacturing, as a subcategory of the FMCG universe, is very relevant and is becoming even more relevant with time. This is expected to have a simultaneous impact on the Contract Manufacturing sector. We believe the next couple of years are going to be exciting in terms of growth for the Contract Manufacturing industry.

***We strongly believe that long-term success is possible only by connecting economic growth with environmental stewardship and financial performance with social responsibility. As a socially responsible company, we will always strive to ensure that our ESG focus is embedded into our strategy and that our growth ambitions are well-suited with sustainable development practices, conscientiously using the right approach.***

We are excited about the future and are working hard on a pipeline that shall propel the Company onward and upward. From a single product, single location, and single customer Company to becoming one of the country's most diversified FMCG Contract Manufacturers, we have witnessed an all-pervasive growth. This growth is expected to further amplify on

the back of the various Greenfield and Brownfield expansions we are undertaking along with the other acquisitions. In order to derisk our business model and further decentralise the operations, we have also commenced evaluating adjacent fast-growing sectors within the FMCG space, like health and wellness, ice-creams and colour cosmetics, which have witnessed tremendous growth in the last one year. We will continue to invest in CAPEX across various geographies.

We are confident that our Customers will look at our track record of executing greenfield projects flawlessly & integrating the acquisitions seamlessly. We are hopeful that they will continue to propel us towards our next goal of achieving the target of Rs. 4,000 cr. of turnover by FY 2024-2025.

We strongly believe that long-term success is possible only by connecting economic growth with environmental stewardship and financial performance with social responsibility. As a socially responsible company, we will always strive to ensure that our ESG focus is embedded into our strategy and that our growth ambitions are well-suited with sustainable development practices, conscientiously using the right approach.

On behalf of the Board, I would like to thank all the stakeholders for their continued loyalty and support. I am also thankful for the strong encouragement of our Customers, bankers, and business associates. We are looking forward to your assistance to help us achieve a better year ahead and beyond. Last but not least, I would like to thank all the employees, Board members and management for their dedicated services and support that helped us achieve milestones.

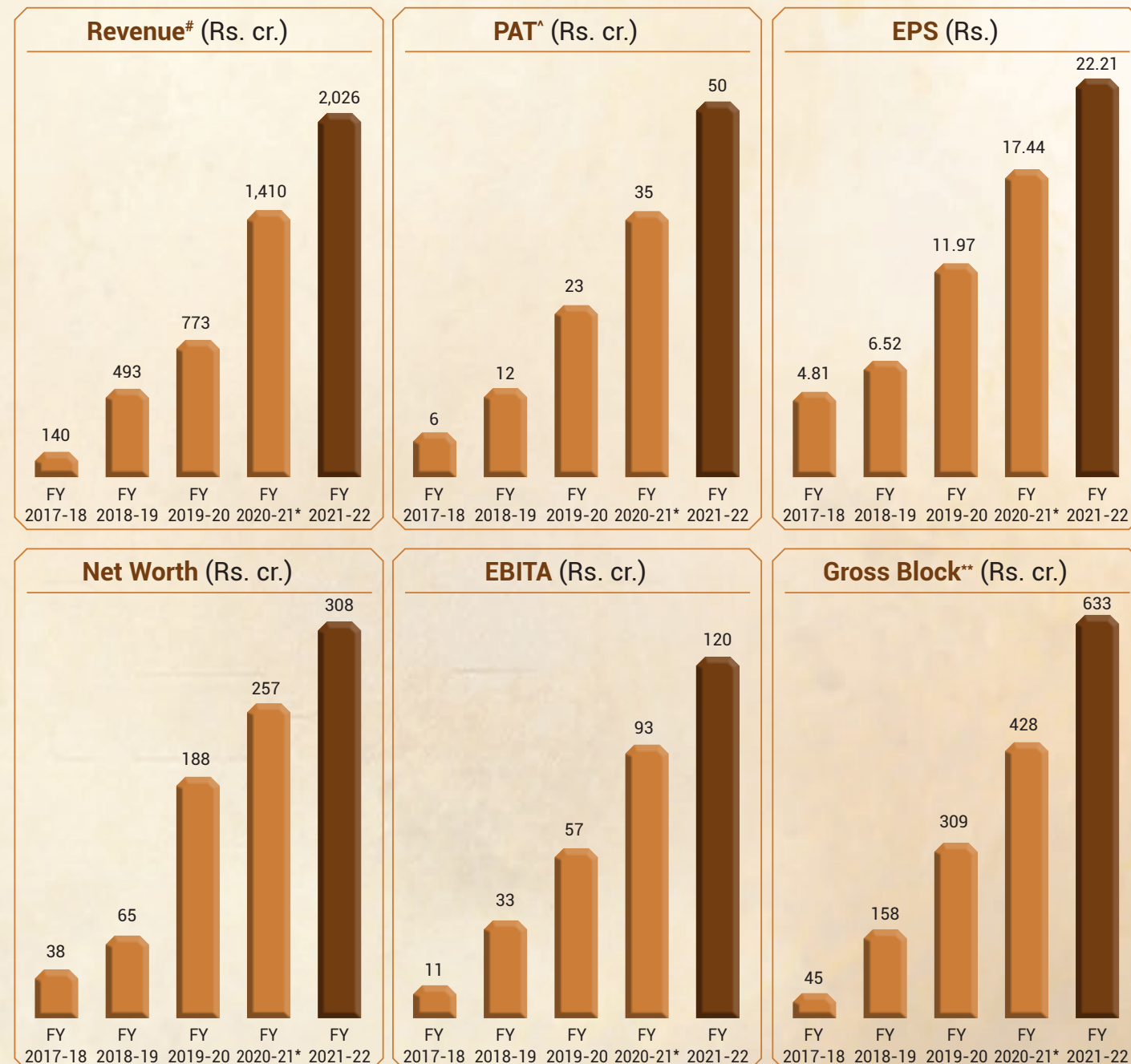
Regards,

**Sameer R Kothari**



# PERFORMANCE HIGHLIGHTING OUR IMMACULATE EXECUTION

## FINANCIAL HIGHLIGHTS



\* Numbers are restated | # Includes Other Income | ^ PAT for FY 2020-2021 excludes tax adjustment pertaining to previous year

\*\* Gross block for FY 2021-2022 and FY 2020-2021 includes wholly-owned subsidiary and CWIP

# PRESENCE THAT PROMISES EXTENSIVE REACH

## GEOGRAPHICAL PRESENCE





# FACILITIES THAT HELP US DELIVER ON COMMITMENTS

## OUR MANUFACTURING FACILITIES

HFL's state-of-the-art manufacturing facilities enable us to provide wide-ranging Concept to Market solutions. Our automated facilities have been a constant source of strength in catering to domestic and export markets, thereby helping us deliver on our commitments and expectations.



### JAMMU

#### Aggregate Capacity:

Coils: 1,200 Mn PA

Vaporisers: 43.2 Mn PA

Aerosols: 7.2 Mn PA

#### Short Description:

- Spread across 35,143 square metres of area at IGC II, SIDCO Samba
- Acquired unit from Reckitt by the end of the year 2017 and commenced commercial production from January 2, 2018
- Involved in manufacturing pest control products such as coil, aerosols and vaporisers



### LUCKNOW

Capacity: 20,000 litons

#### Short Description:

- Engaged in manufacturing Ice Creams & Desserts – Sticks, Cones, Cups, Candies, Choco-bars
- Production from the unit is expected to be ramped up to 15,000 litons of ice cream by the end of FY 2022-2023



### SILVASSA I & II

#### Capacity:

Liquids: 20,000 KL PA

#### Short Description:

- Established floor cleaner and toilet cleaner manufacturing facility in Silvassa for leading home care brands
- Invested Rs. 30 cr. in the facility, which includes buying out the existing factory of the Promoter Group and additional investments



### SILVASSA III

Capacity: 3,500 TPA

#### Short Description:

- Manufactures Colour Cosmetics, Oral Care, After Shave Lotions, Eau de Parfum



### MUMBAI

#### Capacity:

Shoes & Sandals: 0.37 Mn pairs PA

#### Short Description:

- Acquired unit as an ongoing concern
- Commenced production in June 2018
- Utilised for manufacturing leather products for women, men and children - slippers, sandals, open toe, high heels, huarache and mules. Additionally, also produces Injection moulded footwear



### GOA

Extrusion Capacity: 6,000 Tons PA

Dry-Mix Blending Capacity: 1,000 Tons PA

#### Short Description:

- Spread across 52,625 square metres of area and plant located at Usgaon, Ponda
- Utilised for manufacturing food products such as breakfast cereals, porridges and snacks
- Facility equipped with the state-of-the-art twin-screw extruder technology to manufacture superior quality cereal-based food products
- Holds certification: Factory BIS, ISO 9001 and ISO 22000:2005





## HYDERABAD I

### Capacity:

**Powder: 70,000 TPA**

### Short Description:

- Engaged in the manufacturing of detergent powders
- Unit backed by a fully automated end-to-end material handling where 70,000 Tons of detergent powder is manufactured for national brands



## HYDERABAD II

### Capacity:

**Liquids: 70,000 KL PA**

### Short Description:

- Engaged in the manufacturing of liquid detergent, fabric conditioner & softener, liquid soaps and shampoos



## MYSURU

### Capacity:

**Beverages: 5.84 Mn Cs PA**

### Short Description:

- The facility is spread across 15.5 acres of land and produces, manufactures and distributes beverages like Carbonated Soft Drinks, Energy Drinks, Active Water and Fruit Drinks
- Fully automated filling and packing lines at the facility



## PUDUCHERRY

### Capacity:

**Full Shoes Production: 0.5 Mn pairs**

**Shoes Uppers Production: 0.7 Mn pairs**

### Short Description:

- Acquired Ponds Exports Ltd.'s – a subsidiary of Hindustan Unilever Ltd. – facility in FY 2016-2017
- Utilised to manufacture leather shoes and accessories
- Established with robust quality assurance system, excellent manufacturing practices with the use of KPIs to measure and monitor performance
- Well-equipped design studio with CAD-CAM facility



## COIMBATORE I

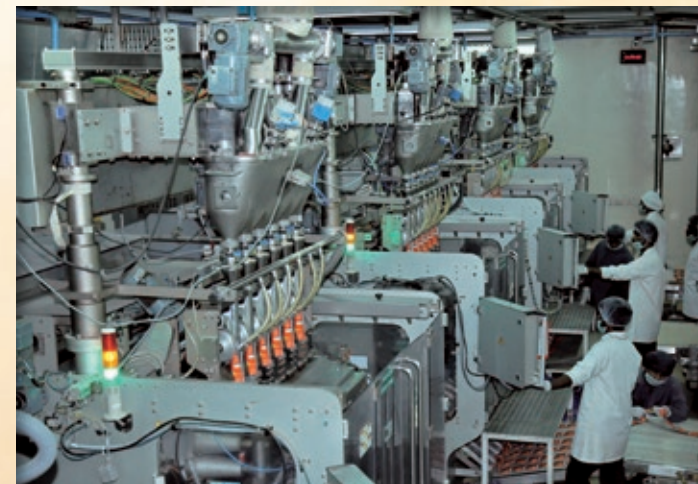
### Capacity:

**Tea Production: 700 Tons a week**

**Coffee Production: 30 Tons a week**

### Short Description:

- Spread across 85,000 square feet and the facility commenced production in December 2018
- Involved in processing, blending and packing of malt beverages, tea, coffee and soup products
- Well planned high-speed single-track and multi-track packing line, entirely automated with end-to-end pneumatic material handling



## COIMBATORE II

**Capacity: 180 tonnes/day**

### Short Description:

- Processes, blends and packs Malt Beverages



## TINDIVANAM (TN)

**Capacity: 2,000 pairs/day**

### Short Description:

- The facility is involved in manufacturing of sports & knitted shoes



# LEARNING WITH ENTHUSIASM

*Goddess Athena was the guide who showed the way to Heroes. But to be able to do that, she mastered several skills that enabled her to help her Heroes. At HFL, just like Athena, we stand for good counsel and strength, paving the way for the industry. All our efforts aim to learn and better understand our Customers' manufacturing and development requirements.*



Over the last three decades, we have successfully earned the name of the most trusted and diversified player in our industry. We specialise in setting up one-stop Contract Manufacturing solutions and have consistently been delivering quality products. This ability places us in the position of being a preferred service provider for our Heroes – Customers. Thereby being their guide, support, and confidence as we help them LEAD in their endeavours.

HFL acts as a strong pillar of support for its Heroes – Customers. Through our learnings, we enable our Customers to achieve their quest to better serve their customers' needs. All this, while also allowing them to focus on their core operations as we help them deliver, from research to manufacturing to even helping reach out to the end consumers. In this journey, we are accompanied by our strong team who help make the organisation prepared for achieving greater targets and meeting the needs of the FMCG players in the market through constant learning.

Some of the core competencies that have helped us build our credibility include:

## Customer Centricity

As one of the most diversified and organised players in the FMCG Contract Manufacturing sector, we specialise in providing our Customers with versatile product and service offerings. Backed by a visionary management team, we have imbibed the mantra of customer centricity deep within ourselves. We are our Customers' preferred choice, owing to our in-depth knowledge, timely execution, on-time delivery and superior product quality that has helped us build a reputation over time and led to our unwavering faith in our Customers.

## State-of-the-art Capabilities

Our fully integrated facilities enable us to process, package and fulfil the needs of our Customers. Our logistics, facilities and ability to handle a wide range of formulations, batch sizes, packaging formats and flexible business models set us apart from the rest. We are redefining the 'Contract Manufacturing' space and have become the 'Go-to Contract Manufacturer' for our esteemed Customers.

## Team that Backs as Pillars of Strength

At HFL, we are ardent believers in the notion that our employees are our core strength and

competency. With all the hands working together in sync to achieve a larger objective, we are getting closer to our goals with each passing day. From a 20-member team in FY 2012-2013 to 3,400+ in FY 2021-2022, we have surely come a long way.

## Cost-effective Solutions through Efficient Capital Allocation

Through strategies like effective budgeting, optimum utilisation of resources and phenomenal project management skills, we are ultimately helping bring in cost-effectiveness for our Customers. Additionally, our ability to allocate capital effectively enables us to create value for our shareholders while expanding on our growth opportunities.

## Strong Financials

Our strong financials are a by-product of the resilient efforts put by our employees throughout the year. The numbers are a testament to the fact that we functioned strongly, despite all the adversities.

## Quick Execution

HFL has been a pioneer in the Contract Manufacturing space; over time, we have been redefining the space with our learnings, efforts and performance. We executed and delivered in accordance with our Customers' expectations.

## Robust Strategies for Mergers & Acquisitions (M&A)

Our robust strategies power our growth ambitions through various integrations undertaken during the year and in the recent past with certain strategic acquisitions and greenfield expansion. In line with these, we will continue to grow organically and inorganically, through bolt-on acquisitions, fast-tracking our growth journey forward.



# EXECUTING WITH EXCELLENCE

*Goddess Athena was known for her Wisdom and Judgement. At HFL, we take pride in our prudent decisions and practical insight, which help us Execute our plans and strategies to great detail.*

At HFL, we are always ready to serve our Customers by making the most of the opportunities available. Our prowess and time-tested competencies help us fulfil the expectations of our Customers. Our strategic expertise, coupled with our experience spanning three decades, enable us to have a far-sighted vision, i.e. onwards and upwards. Additionally, our core values of efficiency, customer satisfaction and employee-centric strategies lead us to achieve the larger objectives of the Company.



Execution being one of our core competencies, our strength lies in understanding the market/demand, handling ground-level situations and delivering products: OTIF (On time in full), and FTR (First time right). We are the brawn behind the brands of our customers and our flexible models enable our Customers to avail the best-fitted model for them. This ultimately helps them leverage our capabilities while focusing on their core areas. Doing what it takes for our Customers is *raison d'être* for the Company.

## A Primary Support to the FMCG Majors

As one of the primary entrants of Contract Manufacturing space, we help our Customers in various crucial aspects across their businesses. Thereby taking them closer to their goals and objectives, while helping them execute with excellence.

Owing to the competitive nature of the Contract Manufacturing space, we help our Customers manoeuvre this manufacturing minefield. We relieve them of the responsibility to allocate capital while allowing them to be asset-light. Our flexible operating models with three existing business models - Dedicated Manufacturing, Shared Manufacturing and Private Label Manufacturing - help our Customers choose the best model that suits them. And through these models, we assure our Customers that we are quick to serve without compromising on quality and consistency.

Our execution capabilities are backed by strong capital structure, better capital allocation strategy and visionary Board members who constantly strive to innovate and bring the best services to the table for our esteemed clientele.

## What Sets Us Apart and What Makes Us the Preferred Partner of Choice for our Customers:

### Flexible and Affordable Operating Models

We are entirely responsible for the operational complexities and costs of capital-intensive equipment on behalf of our Customers. We have always focussed on making it easier for our Customers to conduct business as they utilise our services to their advantage. In this manner, our Customers

remain asset-light and safeguard their interests while being assured that they do not have to incur unnecessary expenditures and bear overhead costs.

Our facilities, technical abilities and industry expertise help us to take care of all the operational complexities and handle tasks on behalf of our customers. Our large-scale manufacturing capabilities are trusted by our Customers and save on their CAPEX and related costs.

## Top Quality Delivered – Always

We ensure premium quality products are delivered to our customers through regular process reviews and checks. The practice of maintaining consistent quality enables us to win the trust of our clientele and also aids in achieving long-term contracts. Stringent internal quality checks and several external standards help us comply with various rules and regulations. We have been accredited with certifications like the ISO 9001:2008, BRC Food Certificates, ISO 14001, among others.

## Wide Umbrella of Services

HFL has attained the name of being a one-stop shop that caters to all the Contract Manufacturing needs of our Customers. Ranging from various functions like product development, testing, manufacturing and distribution, we serve our Customers in the best possible manner. Additionally, with the backing of our splendid manufacturing capacities and capabilities, we can offer several solutions to our Customers while they meet their objectives and also save costs.

## Fulfilling Licensing and Export-Import Requirements

We, at HFL, are fortunate to have a diversified and experienced team of professionals that works on the export and import needs of the Company. This helps ensure that the desired quality is met and also the rule, regulations and guidelines related to product development are met. Our team also has experience in the licensing field, which helps us add value to our service offerings. Overall, this enables us to create a unique and satisfactory experience for our clientele.



# ADAPTING TO AMPLIFY POTENTIAL AND POSSIBILITIES

*Goddess Athena personified adaptation on various levels. She was a woman of many skills who effortlessly switched between being the Protector of Heroes to being an exceptionally skilled Weaver and Spinner.*



Our foresight and ability to understand what will be needed tomorrow makes us prepared for those needs today while adapting to changes required in the process. We believe in planning and leveraging every opportunity that comes our way, making the best possible use of what we have. We believe 'Change is the only Constant'. Thus, we adopt new measures, practice adaptability and cultivate the habit of staying updated with the latest market trends. We ensure to remain 'Quick to Market' for our Customers and make the most strategic fit for their business.

We are a Company with the ability and agility to overcome adversities. We are prepared to explore and untap potential opportunities and face challenges head-on. Thereby coming out strong amidst all the trials and turbulences. We are always well-prepared to seize all opportunities and convert them into profitable business projects – thereby creating customer delight. These characteristics also enable us to serve our customers systematically as we cater to their ever-growing and ever-evolving needs for their products.

## The Golden Opportunity in the FMCG Space

**USD 220 Bn –  
Size of the FMCG  
sector**

**Fourth-largest  
sector in India**

**Favourable  
demographics that  
ensure incessant  
growth**

**Rising affluence in  
rural areas leading to  
rise in share of FMCG  
consumption**

**Increasing nuclear  
families and  
urbanisation**

**Outsourced  
manufacturing  
opportunity:  
Rs. 50,000 cr. -  
Rs. 1,00,000 cr.\***

## Redefining the Contract Manufacturing Space

With our attention to detail, we believe HFL is the Athena of the 'Contract Manufacturing' as the Goddess always believed in Meticulous Planning. We have consistently put in efforts, set targets and executed them with sheer hard work, planning and conviction. And, more importantly, adapting to the situations that may arise along the journey.

From being a single product, single location, single customer Company to the most diversified FMCG Contract Manufacturers, we have come a long way. From building new factories to identifying adjacencies across our product categories, integrating through acquisitions, and developing new customers and product categories, we have been able to adapt very well along our journey. Our adaptability to the changes in our dynamic business environment and our nimble-footed approach is to be credited for this ability.

\* Management estimates



## There are Sufficient Examples of How We have been able to Adapt Well and Move on:

- 1 We embraced opportunities despite the chaos created by the Covid-19 pandemic in the recent past which crippled supply chains. We ensured well-planned logistics and supply chain management to ensure timely delivery.
- 2 During COVID-19-induced lockdowns (esp. in FY 2019-2020), we promptly switched our factories to start producing more essential items. Despite lockdown-related regulations and restrictions, we adapted with agility to seize the opportunities present in the industry.
- 3 Similarly, owing to our innate strategy of having decentralised business models enabled us to successfully switch between product categories as and when required. This enabled us to manufacture 'high-in-demand' essential hygiene products like hand washes, sanitisers and other cleaning products. Even with transportation and logistics-related issues, we switched the manufacturing to a different facility to ensure that our end-users don't get affected.
- 4 Our business model not only shields us from the short-term vagaries of demand and inflationary pressures, but also provides us with a clear visibility of the medium term in terms of our performance. Our integrated, diversified, differentiated business models enable us to open new revenue streams. This, in turn, helps us mitigate the risk from focusing on a particular product/segment.
- 5 Last year was led by the raw material pricing volatility. We saw FMCG volumes witnessing a general slowdown but could successfully hedge the same through our product diversification strategy. For e.g. some categories were facing headwinds, and other categories like ice creams, beverages, colour cosmetics were witnessing a major spike due to the pent-up demand. Under this situation, our ability to adapt and switch business models helped us face this challenge seamlessly.
- 6 With Health and Wellness in demand and the need to adapt to its growing needs, our R&D team is persistently striving to develop newer and newer products and solutions. This approach reflects how, with the changing situation and focus around health, we are evolving the adaptability skill-set of the Company.

All-in-all, our ability to adapt to situations and the strategies we have implemented, give us the edge over our competitors, with us emerging victorious in our pursuit of achieving our goals.





# DELIVERING ON PROMISES

*Goddess Athena, as the Patroness of Wisdom and War, stood by her Heroes and provided them tools, helping them succeed and achieve their goals. At HFL, we have always believed in aiding our Heroes to help them deliver on their promises.*

HFL, through the years, has advanced the industry with various acquisitions and greenfield projects. Being a large and diverse setup, we have come a long way to become our customers' top choice for Contract Manufacturing. Moreover, our team's enthusiasm and dedication help our customers in making their dreams and goals a reality.

## A Year Led by Mergers & Acquisitions

During the year, our M&A transactions progressed, and factories integrated into our systems. Some of our factories even achieved their highest-ever turnovers, especially in the last quarter of the year. When we look ahead into the future, our deal pipeline looks strong. Despite all the adversities related to the general slowdown in the FMCG volumes, our strategy to diversify across product categories is only beginning to pay off.

In the last few years, we have successfully changed HFL from a single product, single location, and customer Company to one of the most diversified FMCG Contract Manufacturers in the country. This was achieved by building new factories, identifying adjacencies and integrating acquisitions and developing new customers and product categories. These, in turn, will enable us to deliver more for our Customers. We continue to invest in CAPEX across various geographies and are confident that things are beginning to sync in.

## The Realm of Mergers & Acquisitions and Other Marquee Corporate Activities

- ▶ Successfully commenced trial production for our Ice Cream project in Uttar Pradesh through our wholly-owned subsidiary, HFL Consumer Products – testifying to our ability to diversify across product categories and execute across geographies
- ▶ Completed the merger of the Beverage plant at Mysuru and commercialised the expansion at Mysuru which achieved the highest-ever turnover in Q4 FY 2021-2022 – a consolidation, along with the Ice Cream project in Uttar Pradesh, that has paved the way for the multi-billion dollar+ Foods and Beverages market in addition to the existing exposure.
- ▶ Completed the merger of the Malt Beverages plant at Coimbatore and sanctioned additional investment for the site
- ▶ Completely integrated the acquisition of Aero Care Personal Products – marking our foray into the Colour Cosmetics segment
- ▶ Progressed on the acquisition of the Reckitt Benckiser Scholl India Private Limited – anticipated to propel our foray into the fast-growing OTC Healthcare and Wellness portfolio
- ▶ Commenced commercial production at the new Sports Shoes plant in Tamil Nadu and also started producing moulded sandals and flip-flops at the shoe-making facility in Vasai, Mumbai
- ▶ The Hyderabad Bars & Soaps project is on track for completion and commercialisation

### We promised. We delivered. Unlocking the value delivery for our shareholders

Our story is a testament to how we have grown strength to strength through decades. Over the last few years, our journey has been an encouraging one. From Rs. 38 cr. of sales in FY 2016-2017 to Rs. 2,026 cr. in FY 2021-2022, we recorded an exponential growth clocking a CAGR of 120.4% for the period. With EBITDA growing from merely Rs. 3 cr. to Rs. 120 cr. and PAT rising from Rs. 1 cr. to Rs. 50 cr. over the corresponding period, we have consistently delivered stellar performances, creating value for our shareholders. Such performance stands for the fact that we promised and we also delivered.



# OUR PROMISE TO PROTECT AND PRESERVE



## ENVIRONMENT, SOCIAL AND GOVERNANCE

*At HFL, we understand our responsibility as a part of society. We realise it is important and essential to give back to society way more than what we take from it. And so, we have always laid stress on following and encouraging sustainable business practices.*

## ENVIRONMENT

At HFL, we have always believed in building a sustainable future for society. We promote this by ensuring efficient use of resources like energy and water, and packaging and production materials. As responsible corporate citizens, we embrace sustainable business practices to preserve natural resources and utilise them most fruitfully. Our employees are well trained in utilising resources judiciously to build a sustainable future together.

Here's a gist of some initiatives that we undertook during the year to conserve resources and preserve the environment:

- ▶ Installing new factories with solar power plants overhead, and rainwater harvesting
- ▶ Installing briquette boilers – replacing the traditional coal-fired ones
- ▶ Ensuring smart lights and air-conditioning, digital payments and signatures, minimal paper across the board

- ▶ Closely working with our Principals and Suppliers on environment-friendly and minimal product packaging
- ▶ Employing local labour at all factory locations
- ▶ Mandating cover of trees and plants across all the factories, in and around our plants

## SOCIAL

HFL is a name synonymous with caring for society. We have always focused on uplifting and developing the local communities we work with. We leverage our resources, experience and geographic spread, to undertake initiatives with lasting results, benefiting the communities around us. Our goal is to address social issues responsibly, as this helps us coexist sustainably and in harmony with the environment and communities. We believe that when we give back to society, we act responsibly and achieve milestones beyond numbers and strong financials.

We try our best to deliver excellence in terms of social betterment for our employees and the communities:

### Employees

Our employees have been a constant source of support and strength for us. From quality production to quick delivery, they have stood by us in every phase of the business. To ensure their safety, we adopted various measures like regular sanitisation of premises, compulsory wearing of masks and making sanitiser booths at all premises for the ease of our employees to use them.

We also work with speed and flexibility while training our employees to adopt technological means and work with greater efficiency. We organise training programs to train them for the future of work so that they are well adept with the changing landscape.

We promote women employees at all our sites. The footwear and colour cosmetics plants employ more women than men at all the sites.

### Communities

During the year, we continued touching many lives through our social initiatives entailing:

- ▶ A pledge to channel our CSR towards the Girl Child, focusing on her health, hygiene and education, to make studying better at Government schools
- ▶ Continued touching several lives through our social initiatives entailing building/renovating classrooms and toilets in Government schools; We also contributed laptops, books, uniforms, desks, sports kits, hygienic drinking water, and streetlights
- ▶ Contributed towards cancer care, eye surgeries and cataract for underprivileged women and girls. Also contributed towards wheel chairs and artificial limbs for the needy.





# GOVERNANCE

We, at HFL, believe in good governance, accountability and transparency to the greatest extent. We have clearly defined systems and robust processes focused on internal controls, operational excellence and governance structure. These are further perfectly aligned with our business objectives, resulting in consistent quality products while leading to improved efficiency.

Our good governance practices span multiple disciplines, including enterprise risk management, compliance, risk management, internal audit, and more. We strive to achieve optimum performance at all levels to create stakeholder delight. Our Board of Directors is actively involved in ensuring that we have the right strategies, policies and effective risk management processes in place.

# LEADERSHIP TEAM



**Shrinivas V Dempo**  
Chairman (Non-Executive)



**Sameer R Kothari**  
Managing Director



**Ganesh T Argekar**  
Executive Director



**Nikhil K Vora**  
Non-Executive Director



**Shashi Kalathil**  
Independent Director  
(Chairman – Audit Committee & Nomination and Remuneration Committee)



**Honey Vazirani**  
Independent Woman Director



**Neeraj Chandra**  
Independent Director  
(Chairman – Stakeholders' Relationship Committee)



**Harsha Raghavan**  
Non-Executive Director



**Sarvjit Singh Bedi**  
Non-Executive Director



**Sandeep Mehta**  
Independent Director



# OUR KEY MANAGEMENT TEAM



**Mayank Samdani**  
Group CFO

A Chartered Accountant with 19 years of experience and expertise in areas of Finance, Accounts, Audit, Legal and Compliance

**Previous experience:** Future Group & Ashok Piramal Group



**Sanjay Sehgal**  
President, Healthcare and Wellness

A B.Tech Graduate in Chemical Engineering from IIT Delhi, with 41 years of diverse industry experience. Has served on the board of Indian companies along with a global experience in APAC countries and Brazil

**Previous experience:** HUL, Sandoz & Hindalco with global experience



**Ravinder Rathi**  
GM, Operations (North)

An Operations and Manufacturing professional with expertise in Developing New Set-Ups and Restructuring Operations for the last 23 years

**Previous experience:** ITC Limited & Moser Baer



**Govind Singh Rawat**  
GM, Operations (South)

A Mechanical Engineer with 31 years of experience in Operations, Projects and Strategic Planning

**Previous experience:** PepsiCo, Parle Agro, Dukes & the Indian Navy



**Rajiv Bahadur**  
President, Leather Business

A Footwear specialist with 33 years of experience in Operations, Buying, Product Development and Sales

**Previous experience:** Bata, Tata Exports & AU Thomson & three years offshore assignment with Yanko/Pielsa in Spain



**BN Prasad**  
GM, Operations (South)

An engineer (B.Tech in Dairy Technology), with 30 years of experience in manufacturing and production of FMCG, Dairy & Health Care

**Previous experience:** EID Parry, Loctalis India, CavinKare, GlaxoSmithKline Consumer Healthcare



**Ashwini Agrawal**  
GM, Operations (West)

A Mechanical Engineer and MBA in Finance with 29 years of experience in leading industries

**Previous experience:** Sun Pharmaceuticals, Teva API, Cipla, Lupin & Piramal Healthcare



**Prasad Kali**  
GM, Projects

A Chemical Engineer with 24 years in Manufacturing Operations, Maintenance, Business Strategy, Project Execution, Erection, Commissioning Safety, Quality WCM/TPM

**Previous experience:** Hindustan Unilever Limited



**Robin D'Souza**  
GM, Business Development & Customer Service

A Commerce Graduate with 26 years of experience in New Product and Packaging Development, Business Development in Contract Manufacturing and Private Labels



**Nalini Kalra**  
GM, Private Labels

A Graduate in Political Science with 22 years experience in Personal Care

**Previous experience:** Worked in the cosmetics industry in New York for five years



**Ashish Vyawahare**  
Head, Corporate Quality and R&D

An accomplished professional with 27 years of experience in Project Management, Plant Operations, R&D and QA across F&B domain in India and abroad

**Previous experience:** Hindustan Unilever Limited



**Vimal Solanki**  
Head, Emerging Business & Corporate Communications

A Management Graduate with 29 years of experience in Launching and Managing FMCG brands in India and abroad

**Previous experience:** Shoppers Stop & Reliance Retail



# 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**  
Non-Executive Director
- **Mr Sarvjit Singh Bedi**  
Non-Executive Director
- **Mr Sandeep Mehta**  
Independent Director

## Chief Financial Officer

**Mr Mayank Samdani**

## Company Secretary

**Mr Bankim Purohit**

## 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

- **Jammu**  
IGC, SIDCO Phase II, Samba 184 121,  
Jammu & Kashmir
- **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
- **Silvassa III\***  
**Aero Care Personal Products LLP**  
Survey No. 284/2, Village Naroli,  
Silvassa 396 235, Dadra & Nagar Haveli  
\*Wholly-Owned Subsidiary LLP's Plant
- **Mumbai**  
Industrial Gala nos. 7 to 13,  
Survey no. 34 & 35, Rajprabha Landmark  
Industrial Estate Road, Gokhivare, Vasai  
East, Palghar, Mumbai 401 208
- **Goa**  
Usgaon, Ponda, Goa 403 406
- **Hyderabad I & II**  
Survey no. 44 & 49, Peddaipally Village,  
Jadcherla Taluk, District Mahbubnagar,  
Telangana 509 202, Andhra Pradesh
- **Lucknow\*\***  
**HFL Consumer Products Private Limited**  
Plot No C-3 & C-4, UPSIDC Industrial Area,  
Sandila Village 241 204, Som, Hardoi, Uttar  
Pradesh  
\*\*Wholly-Owned Subsidiary Company's Plant
- **Mysuru**  
Plot no. 11B & C, KIADB Industrial Area,  
Nanjangud 571 302, District Mysuru,  
Karnataka

- **Puducherry I & II**  
RS no. 254/1B, Gorimedu-Poothurai  
Road, Poothurai Rev Village, Vanur  
Taluk, District Villupuram,  
Tamil Nadu 605 111
- **Coimbatore I & II**  
SF no. 195/1A, 195/1B, 195/2A,  
Appanaickenpatti, Sulthanpet Road,  
Sulur, Coimbatore 641 402,  
Tamil Nadu
- **Tindivanam (TN)**  
Survey Nos. 4/1 to 4/8,  
Sheds A & B - Kambur Village,  
Tindivanam, Villupuram District,  
Tamil Nadu 604 101

## Statutory Auditors

M S K A & Associates

## Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.  
C-101, 247 Park, LBS Marg,  
Vikhroli (W), Mumbai 400 083  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Contact: +91 22 4918 6270

## Bankers

- HDFC Bank
- Yes Bank
- SVC Bank

## Website

[www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com)

## Investor Grievance Email Address

[investorrelations@thevanitycase.com](mailto:investorrelations@thevanitycase.com)

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# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC LANDSCAPE

### Global

Over the past couple of years, the world has witnessed tremendous change. During the years 2020 and 2021 the global economy plummeted due to the continuing spread of the Covid-19 pandemic, the resultant lockdowns and disruptions of supply chains. Multiple waves of the pandemic worsened the situation and many countries faced difficulties, owing to lack of abilities to cope with such unprecedented tough times.

As Central Banks turned on the liquidity tap, economies and people survived the pandemic with lesser damage than expected. Just as the vaccination-led attack on the pandemic was succeeding, a raging war between Russia and Ukraine has not only proven to be a humanitarian disaster, the resultant economic damage is being felt worldwide. To add to this, China again reinstated partial but severe lockdowns. The combined risks of these recent events are becoming increasingly severe and long-lasting.

According to the World Economic Outlook, published by the International Monetary Fund in April 2022, global growth is expected to decelerate to 3.6% in 2022, reflecting continued Covid-19 flare-ups, diminished fiscal support and lingering supply bottlenecks.

### 3.6% Global GDP Growth Expected in 2022

Emerging from the set of lockdowns and an increased pent-up demand, factories faced a huge backlog of orders which was exacerbated by supply chain and logistics issues.

Shipping costs steadily increased in 2021 and delivery times lengthened. Current indications are that these supply chain disruptions will persist well into 2022.

Output and investment in advanced economies are projected to return to pre-pandemic trends next year and their Central Banks have started withdrawing liquidity support while increasing interest rates. Emerging markets, however, continue to be vulnerable, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic. (Source: WorldBank)

Prior to the war between Russia and Ukraine, global recovery from the pandemic was expected to continue in 2022 and 2023, owing to progressive vaccination efforts, supportive macro-economic policies in major economies and favourable financial conditions. However, if the war continues, global growth is anticipated to be hindered, inflationary pressures will be further aggravated, resulting in supply shocks for the world economy.

Common commodities, raw material and food prices have witnessed a surge. With the global economy yet to fully recover from the Covid-19 pandemic, the impact of the war has only been hugely amplified. High inflation, supply chain bottlenecks, receding liquidity and rising interest rates will require multilateral efforts to respond to a humanitarian and economic crisis of this nature. The need to prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change and end the pandemic cannot be overstated.

### Outlook

As stated by the International Monetary Fund (IMF) in April 2022, war-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging markets and developing economies - 1.8% and 2.8% points higher, respectively, than projected in January 2022.

Despite vaccine rollouts and approvals, renewed waves, constant flare-ups and new variants of the virus pose continuing concerns. The pandemic has inflicted high and rising human costs worldwide and the global fall-out of the war will worsen these impacts.

### INDIA

India has displayed amazing resilience during this period and experts are cautiously optimistic that the economy will bounce back sooner than later.

According to the Economic Survey 2021-22, India's merchandise exports and imports rebounded strongly and surpassed pre-Covid levels during FY 2021-2022.

The Survey further states that the services sector was amongst the hardest hit by the pandemic, especially segments that involved human contact. The Sector is further estimated to grow by 8.2% in FY 2021-2022, following previous year's 8.4% contraction.

According to www.pib.gov.in, the growth projection for FY 2022-2023 is based on the assumption that there will be no further debilitating pandemic-related economic disruption, monsoon will be normal, withdrawal of global liquidity by major central banks will be broadly orderly, oil prices will be in a reasonable range, and global supply chain disruptions will steadily ease over the course of the year. The above projection is comparable with the World Bank's and Asian Development Bank's latest forecasts of real GDP growth of 8.7% and 7.5% respectively for FY 2022-2023.

As per the IMF's latest World Economic Outlook (WEO)

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

growth projections released in April 2022, India's real GDP is anticipated to grow at 8.2% in 2022, projecting India as the fastest-growing major economy in the world for the next three years.

However, as explained in the earlier section, how the combined risks of the recent highlighted events will play out will need to be continuously factored into the year's projections.

Rising fuel prices due to the war and inflation in food and edible, oil especially wheat and palm oil, could rock the progress and the rebound of the Indian economy. Owing to higher edible oil and fuel prices, retail inflation in India witnessed a steep increase to a multi-year high of 7.79% in April 2022, breaching upper tolerance levels set by the Reserve Bank of India (RBI). Persistent retail inflation above 6% will result in households cutting down expenditure on non-essential groceries.

Reflecting the cautions highlighted in the previous section, in May 2022 the RBI raised repo rates by 40 basis points to 4.4% and the Cash Reserve Ratio (CRR) by 50 basis points to 4.5%, making loans more expensive for borrowers. The RBI pointed out that heightened uncertainty surrounds the inflation trajectory, which is heavily contingent upon the evolving geopolitical situation. Global commodity price dynamics are driving the path of food inflation in India, including prices of inflation-sensitive items that are impacted by global shortages due to output losses and export restrictions by key producing countries.

### Outlook

Repeated waves of infection, supply-chain disruptions and more recently, global inflation have created particularly challenging times for policymaking. There are trends and contra trends e.g., with the revival of the economy, employment indicators bounced back to pre-pandemic levels during the last quarter of FY 2020-2021.

Supply chain disruptions have large real effects on firm inventories, production and sales. These effects were still in evidence in the first few weeks of 2022. High-frequency data from the United States show that the share of firms that reported foreign supplier delays increased from 9% in October 2020 to 20% in December 2021. A growing share of small businesses have also reported difficulties in locating alternative foreign suppliers. These developments are particularly severe in the manufacturing, construction and trade sectors and have translated into an increase in the

share of firms reporting delays in production and delivery to their customers, which reached 14% and 26%, respectively, in December 2021.

The pressure of regaining pre-pandemic levels still remains along with various uncertainties like difference in assessment of the economic situation at hand but also due to the ongoing geopolitical crisis which is fuelling a surge in global commodity prices, most alarmingly in the case of crude oil.

Additionally, with the Russian invasion of Ukraine creating a huge disruption in the commodities market, it is expected that the entire global economy will feel the effects of slower growth and faster inflation. Overall, however, notwithstanding pandemic and global headwinds, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of FY 2022-2023 and one of the reasons that the Indian economy is in such a good position is its unique and calibrated response strategy.

Overall macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of FY 2022-2023.

## FMCG SECTOR

The FMCG market is segmented based on product type, distribution channel and geography. Based on product type, it is classified as food and beverages, personal care (skincare, cosmetics, hair care, others), healthcare (over-the-counter drugs, vitamins & dietary supplements, oral care, feminine care, others) and home care. The distribution channel segment comprises of e-commerce, modern trade (departmental stores, supermarkets, and hypermarkets, among others) and traditional trade (wholesalers, grocery stores, specialty stores, and chemists, among others). Geographical segmentation refers to regions, and/or urban (classes \of cities from metros to small towns), and rural.

The fast-moving consumer goods market expanded 16% in value during CY 2021, compared to the previous year, the fastest in nine years, largely driven by price hikes and the low base effect, even as volume, or actual number of products sold, remained under pressure. (Source: [https://economictimes.indiatimes.com/industry/cons-products/fmcg/fmcg-market-growth-hits-a-9-year-high-in-2021/articleshow/89232972.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/cons-products/fmcg/fmcg-market-growth-hits-a-9-year-high-in-2021/articleshow/89232972.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst))



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### 16% FMCG Market Growth in 2021

In the post-Covid 'new normal' era, the Fast Moving Consumer Goods (FMCG) industry is witnessing significant transformations, owing to changing customer behaviour patterns and demand for more convenience. To cater to surging demand, marketers, retailers and Contract Manufacturers are adopting omni-channel strategies and adopting digitisation along with the new-age technologies in their operations.

The positive news is that businesses have largely stabilised and become almost immune to Covid disruptions. Thus, FMCG players are expecting exponential growth that will be contributed by several factors including e-commerce, technology and understanding the new-age demands. Cautions expressed in earlier sections however need to be factored in.

As per a report by CRISIL, the FMCG sector is set to double-digit its growth in the FY 2021-2022 to 10-12% as due to the consumption basket's transformation during this Covid period and some of these changes are likely to be permanent.

FMCG sectors are at a juncture where they are facing the dilemma of choosing between margins and volumes. Nearly 36% of an FMCG company's sales comes from rural India and a continued rural slowdown could be concerning. Contrarily, people on the urban side too, have started using products on the lower end of the price spectrum.

#### Rural FMCG Sales

A recent ICE360 Survey stated that the income of the poorest fifth which constitutes 20% of the Indian households has plunged 53% in FY 2020-2021, during the Covid pandemic as compared to their income in FY 2015-2016, whereas the annual income of the top richest 20% of households surged 39% in the same period. The phenomenon of wealth concentration in the hands of the top 20% does not bode well for the consumption sector of India which depends on the spending capacity of the masses in the country. However, as Covid guidelines are easing and with expectations of a good monsoon, rural growth is likely to make a comeback and be more in line with urban growth. This additionally will impact lowest income quintile economics.

India's FMCG sector seems to have emerged as one of the most resilient segments of the economy despite the repeated waves of the pandemic and widespread disruption in public life. The estimates for the upcoming quarters indicate a steady recovery in FMCG businesses, owing to steady

consumption demand. Moreover, various categories are witnessing prominent growth owing to Out-of-home (OOH) consumption. This has advantaged various commodities like snacks, drinks, ice-creams and colour cosmetics with good demand acceleration.

In the opinion of various experts, healthy products are expected to be in great demand, as several customers have switched to healthier options across many available categories of packaged foods. Moreover, consumer convenience and quality will drive the move from non-branded to branded. The large number of women joining the workforce will further accelerate these changes.

Additionally, as far as the FMCG sector is concerned, capacity build will have to keep up with the pace of economic growth fueled by the new generation of entrepreneurship.

Finally, with the Government's push towards increased infrastructure development, the economy is expected to witness a multiplier effect.

#### Outlook

The year 2022 will likely be a 'difficult year' as commodity prices are on the increase across global markets. The country still has 8-10% unemployment, job losses have been significant and salaries are mostly on a downward trend; so, the pressure on overall household budgets is being felt. In that context, if commodity costs also play up, it is going to put even more pressure on family budgets. Inflation affects the FMCG sector directly at both ends in terms of raw material prices and incomes earned. (Source: <https://www.financialexpress.com/industry/fmCG-segment-bets-on-2022-to-speed-growth-rate-and-surpass-2021s-double-digit-growth/2429662/>)

On a positive note, India has a huge headroom for FMCG's growth as the country has low FMCG per capita consumption even when compared to other emerging nations like Indonesia, China, the Philippines and Thailand. This low penetration manifests across many FMCG categories like Milk Food Drinks, Face Wash, Body Lotions, Washing Liquids, Dishwash Liquids, Hair Conditioners, and Body Wash among others, leaving enough room for growth.

The D2C market is growing enormously in India and around the world. One of the biggest factors for the growth of Direct to Consumer (D2C) brands in the country is digitisation coupled with low penetration of organised retail in India, access to innovative products at affordable prices and delivery of great quality products to the remotest corners of India. All these factors are catapulting this segment ahead.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

There has been a steady rise in D2C funding in 2021 with an increasing trend of higher funding magnitude (having grown by 251% over 2020) and higher number of deals witnessed in this space (having grown by more than 30% over the previous year). (Source: <https://inc42.com/datalab/indian-d2c-startups-raised-783-mn-in-the-first-seven-months-of-2021/>)

This undoubtedly signifies more demand for Contract Manufacturing which will play a vital role in making products for brands aiming for customer delight, providing memorable experiences, high repeat purchase and finally brand advocacy. Increasing competition from D2C brands is pushing traditional brands to change their structures and rethink manufacturing processes. This will also create burgeoning demand for Contract Manufacturers as brands would wish to focus on operational and administrative aspects rather than concentrating their time and efforts on manufacturing.

#### Growth Drivers for the FMCG Sector

Despite the fact that the sector witnessed uncertainties like disrupted supply chain and various other complexities, as explained there are significant positives too. According to Financial Express, with a growth rate of about 15%, the FMCG industry has been projected to grow to a market size of almost USD 220 Bn by 2025.

### USD Bn Expected Market Size of the FMCG Industry by CY 2025, in India

FMCG industry in India has seen a remarkable transformation over the last two decades. Revenue growth is expected to surge owing to many factors like recovery in urban demand and discretionary segments, as well as price rises implemented to counter the impact of rising raw material costs.

#### Favourable Demographics of India

India's largest share of population is young and working; this gives an impetus and acts as a huge encouraging sign of sustainable growth in FMCG products in the country.

Besides, as per reports, India is moving towards small family structures; with a large number of Indian households expected to be nuclear in the next few years. This development indicator will prove to be a boon for the FMCG industry and ultimately the Contract Manufacturing sector, as consumption patterns will beneficially change.

Infrastructure development across smaller cities ensures that a large share of the country's population will be living in cities in the coming years, which will be a key driving growth factor for the Contract Manufacturing segment.

Another factor that will massively affect the growth of the FMCG sector is the rising affluence in rural areas leading to rise in share of FMCG consumption.

#### Digitisation

It has been observed since the outbreak of Covid-19 that consumers have rapidly increased their technology usage and adaptation. This trend is likely to increase in the coming few years. Increasing smart phone usage and internet penetration will also help people in rural areas to easily access online shopping on various e-commerce websites. Accordingly, Contract Manufacturing companies can pace up their production to meet the ever-rising demands.

#### Brand Community

Social media allows consumers to easily interact with other people who have bought the same product. Consequently, brands are devising new marketing strategies to build brand communities where they target consumers who are interested in their products as well as have similar social, cultural and political affinities. This allows niche brands to establish and flourish which will also provide added advantage to Contract Manufacturing companies.

#### Direct Doorstep Delivery

The profit margin earned through direct selling to consumers has tempted even the bigger brands to set up direct sales channels on multiple digital marketplaces and even set up standalone websites and stores. Most brands have started delivering their products directly to the consumers' doorstep, thereby capitalising on the trend of online marketplaces. D2C is a popular business model which will only find more relevance in the upcoming years. This allows smaller companies to overcome distribution-led entry barriers. For multiple reasons these trends are hugely beneficial for Contract Manufacturing.

#### Investments

With the new Government regulations regarding investments in FMCG companies and accepting foreign-direct investments, the sector has seen a sudden influx of funds. The FMCG sector saw a robust FDI inflow of USD 18.19 Bn in 2020. The Government's incentives and FDI-infusions have helped the FMCG sector create employment, establish a more robust supply chain and invest in high visibility for FMCG brands. The focus on MSMEs, agriculture, education, healthcare, infrastructure and tax rebates has impacted the FMCG sector directly. In addition, initiatives undertaken to increase disposable income in the hands of vulnerable parts of the population, especially in rural areas, have significantly



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

benefited the sector. It is expected that the Government will further push the growth of the FMCG sector with more such appealing developments, policies and investments in the future. (Source: <https://www.indianretailer.com/article/whats-hot/retail-trends/how-fmcg-industry-is-expected-to-perform-in-2022.a7793/>)

### Other Factors

Few years ago, the Government, in its initiative to aid the 'Make in India' programme, allowed 100% FDI through the automatic route for Contract Manufacturing. This is expected to attract global companies in India looking to establish alternate manufacturing hubs. The changes to FDI norms may well reposition India on the global map.

Hence, Contract Manufacturing in the FMCG space has an edge and can leverage the benefits available to it, owing to various reforms and changing conditions. Additionally, lower input costs, improved ease of doing business such as trimming of import-export-related red tape and a focused approach to industrial policy helps in catalysing the growth of India's manufacturing value chains by assisting them in improving productivity, securing knowhow and technology and gaining access to capital.

### FMCG CONTRACT MANUFACTURING

**Due to the distinct competitive advantage of availability of high intellectual capital and low labour cost, India has been a preferred destination for a range of outsourcing activities. In today's times, a Contract Manufacturer is not just a producer and packer, but a value-adding partner across the entire supply chain.**

In the current context, FMCG majors rely heavily on Contract Manufacturing companies to meet ever-changing demand dynamic. India stands out as a potential manufacturing powerhouse that is yet to realise its promise. From fiscal year 2006 to 2012, India's manufacturing-sector GDP grew by an average of 9.5% per year. Then, over the next 6 years, growth declined to 7.4%. In fiscal year 2020, manufacturing generated 17.4% of India's GDP, little more than the 15.3% contributed in 2000 (By comparison, Vietnam's manufacturing sector more than doubled its share of GDP during the same interval). Besides, in the past 13 years, India's manufacturing-sector share of employment increased by just one percentage point, compared with a five-point increase for the services sector. (Source: <https://www.mckinsey.com/industries/advanced-electronics/our-insights/a-new-growth-formula-for-manufacturing-in-india>).

The consumer map in 2022 will consist of a huge population of millennials who would be focusing on self-development and balanced life. These expectations can be met by focusing on customer experience and creating quality products that would provide health benefits as well as peace of mind (Source: *Indian Retailer*). Experienced, state-of-the-art technology accessing and innovating Contract Manufacturers can play a significant role in these product creations and improvements.

Businesses have largely stabilised and become immune to Covid like disruptions, thus the Contract Manufacturing space is expecting exponential growth that will be contributed to by several factors like e-commerce, technology and understanding a more conscious, better informed consumer in the post-pandemic 'new normal'. Contract Manufacturing companies who are willing to have a cutting edge on their clients' need to pivot to be faster and more efficient to adopt innovation are likely to benefit.

Going forward, FMCG companies can significantly minimise their risks in the areas of operations, supply chain, financial and human management by simply opting for Contract Manufacturing. Contract Manufacturing companies act as growth catalysts for FMCG majors. Additionally, the industry is home to many players of much lower scale. Gradually, over the years, FMCG Contract Manufacturing has started gaining popularity to meet the unique requirements of these multitude of players.

The Packaged Food market thrived in India during the pandemic as people became increasingly aware about consuming healthy and immunity-boosting food products. Other factors like rising income levels, preference for healthy and organic products, and increasing urbanisation, among others, also drove growth in FMCG and thereby of the Contract Manufacturing segment.

Accordingly, with a positive outlook in FY 2021-2022, Contract Manufacturers are expected to be prepared to leverage every opportunity with significant product innovations in healthcare and personal care categories.

Leaders in the Contract Manufacturing space will be distinguished by their ability to adopt new technology creatively and make smart technology investments. As Contract Manufacturers position their business models, strategy, business development and operations to flourish in the post-pandemic world, the year 2022 is expected to be a year of investments and new partnerships.

The Covid-19 scenario has enhanced digital transformation

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

in manufacturing like never before as companies had to adapt to supply chain disruptions, remote work and new delivery models. With computing, AI (Artificial Intelligence), ML (Machine Learning) and 5G, Contract Manufacturers can now quickly configure their production lines and assets to support variable contracts and client level customisation. Contract Manufacturers with agile technology adoption are going to hugely benefit as consumers are going to be more digitally active than they were earlier. E.g., food companies with strong digital capabilities are the ones that are going to capture consumer interest and these will need very adaptable manufacturing capabilities.

Outsourcing manufacturing 360°, allows FMCG players to reduce labour costs, free up capital, and improve worker productivity. FMCG players can then focus on things that

enhance brand value - R&D, design and marketing. Facilitating the aforesaid are a top-class Contract Manufacturer's strength, this is what has journeyed Contract Manufacturers into an integral part of the FMCG ecosystem.

Listed below are some of the major Contract Manufacturing advantages that can help FMCG companies streamline their business:

- Provide critical support to meet demand surges
- Oversee the complete manufacturing process
- Contract with labour better
- Explore the efficiencies of large scale production
- Generate cost-saving benefits over the long-term
- Comply with strict quality norms

### Just like FMCG industry, the Contract Manufacturing industry has evolved multi-fold over the year

Phase I (The 1980s)	⇒	Phase II (The 2000s)	⇒	Phase III (Present Times)	⇒	Phase IV (The Future)
<ul style="list-style-type: none"> <li>• Small Scale Industry (SSI) Reservations</li> <li>• Tax Exemptions for SSIs</li> </ul>		<ul style="list-style-type: none"> <li>• Area-based Reservation <ul style="list-style-type: none"> <li>➤ Direct Tax Exemption</li> <li>➤ Indirect Tax Exemption</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• GST</li> <li>• One Country -One Market</li> <li>• Changes in Distribution Network</li> <li>• E-commerce and modern trade leading to explosion of small brands, wanting to refrain from manufacturing Facilities' Investment</li> </ul>		<ul style="list-style-type: none"> <li>• Global Sourcing Hub like Pharma Generics</li> <li>• Most product categories in India are duopolies or oligopolies unlike in the US/Europe which have several brands under each category. There are various underlying opportunities for niche brands which can be used to the maximum advantage and this also leads to emergence of more fragmented markets.</li> </ul>

### FAVOURABLE OPPORTUNITIES FOR CONTRACT MANUFACTURERS

#### India seeing huge headroom for FMCG growth

- Low FMCG per capita consumption, as compared to other emerging nations like Indonesia, China, the Philippines and, Thailand amongst others
- Low penetration in many FMCG categories like MFD, Face Wash, Body Lotions, Washing Liquids, Dishwash Liquids, Hair Conditioners, Body wash

#### Increasing consumption

Household consumption in India is growing due to growth in nuclear families, enhancement in lifestyle, growth in purchasing power due to increasing incomes and various other factors. Favourable demographics and rise in income levels will provide a boost to FMCG markets, which will ultimately benefit Contract Manufacturers. A report by Care Edge states that "The FMCG Market in Rural India is expected to show considerable growth driven by internet usage, digitalisation of the economy, increasing mobile phone users, growth in per capita incomes and most importantly the upgraded distribution channels of FMCG companies." The E-commerce segment is forecasted to contribute 11% to the overall FMCG sales by 2030 and this will provide yet another growth vector.



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

11%

### Expected Contribution by the E-Commerce Segment for FMCG by 2030

#### Well-equipped with resources

Today's Contract Manufacturers are well-equipped with technology and warehouses and provide businesses with deeper technical insights, right from the stage of product development to packaging. Contract Manufacturers are also well-equipped to identify potential risks and take measures to mitigate them. This is owed to decades of expertise, supported by skilled management and experts who understand manufacturing and supply logistics in depth. At Hindustan Foods Limited (HFL), we have a winning edge, owing to our decades-long experience in producing across FMCG categories, expertise in product packaging, capabilities in developing new products and constant innovation. We can cater over a wide range of clients and manage the operational complexities of the full spectrum of FMCG players. We have, over the years, developed top-of-the-class project management capabilities, that enables us to set up greenfield projects, adapt brownfields and increase capacities all within challenging lead times. We accomplish this while also ensuring that costs of capital-intensive equipment are seriously contained. This enables brand owners to go asset-light and personnel-light and focus on market value-adding activities in a fruitful manner.

#### Minimised cost of production for the FMCG players

Contract Manufacturing helps in minimising the cost of production for FMCG companies. It helps companies focus on core and relevant value-adding functional areas. Marketing, Distribution and Selling are challenging in today's hyper-competitive environment. Companies, through outsourcing of production activities, get more time to focus on these strategic and competitively differentiating functions. This explains best why increasingly FMCG majors are outsourcing their entire production to Contract Manufacturers.

#### Skilled labour

The backbone of the Contract Manufacturing industry is skilled labour and the availability of such Indian skilled labour at relatively lower costs provides a significant advantage for global FMCG companies to outsource from India. At HFL, we feel fortunate in our excellent labour relations record. We upskill our labour force constantly through various training programmes. These investments meet labour force aspirations and provide us with increasing skill sets in a win-win relationship. Moreover, various programmes and initiatives taken by governments are further enhancing skilled labour availability.

#### Ability to source resources

For a Contract Manufacturer, the variable costs of acquiring raw materials are reduced due to scale. Likewise, the fixed costs are reduced owing to volume play with various lines producing different categories of products. Therefore, a Contract Manufacturer can offer products at lower prices per unit to customers in the aggregate. At HFL, our ability to source raw materials locally saves time and manufacturing costs. Our ability to procure resources from labour to transport to materials at reasonable prices locally, hugely increases productivity and cost efficiency. We also have best-in-class supplier agreements in place. Backed by excellent supplier management and vendor development skills, we keep sourcing on an ever-increasing efficiency uptick.

#### Quality products

HFL's unvarying commitment to quality regularly receives appreciation from our clientele. The high degree of difficulty skill is in maintaining the right balance of quality products but at continually lower costs. Quality assurance processes and trained personnel ensure sustained cost-efficient high quality and consistent quality operations.

#### Innovation

As a company, HFL continuously collaborates with clients to co-create innovative new products and bring innovative technical efficiency to existing product lines.

#### Easy entry in markets

Market entry barriers in various regions of India tend to be high. These could be regulatory, environmental, and trade barriers-oriented, among others. Contract Manufacturing facilitates market entry into different regions to a great extent.

#### Timely delivery

Reliability of product delivery, meeting challenging and agreed-to deadlines, managing faster time to market are HFL hallmarks.

#### THREATS

##### Fluctuation in the prices of raw materials

Prices of raw materials are vital in the FMCG sector. Lingering Covid concerns have dampened consumer sentiments. This adds to the already existing issues of elevated input costs and raw material shortages. The armed conflict between Russia and Ukraine has already impacted prices of agri-commodities since the region is a key exporter of food grains and edible

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

oil. While companies have been finding it difficult to pass the full impact of raw materials' price inflation onto customers for the fear of losing out on demand after a prolonged lull due to the pandemic, some increase has still been effected. (Source: Financial Express).

Some geopolitical events, the unpredictable consequences of the pandemic with further threats of looming lockdowns are likely to impact the prices of raw materials of fast moving consumer goods. This could, in turn, affect the Contract Manufacturing companies in determining their price levels.

#### Dependence on government policies

The Contract Manufacturing and FMCG sector is highly dependent on policies implemented by government. Many FMCG companies set up operations in states where certain benefits and exemptions are granted under existing tax regimes. However, change in government policies may adversely affect the cost dynamics of companies. Moreover, change in taxation policies and the consequent price changes can affect industry economics.

#### Increasing competition

The Contract Manufacturing sector is prolific, diverse and full of competition. As FMCG companies widen their operational base and deepen their product lines, they tend to take along their manufacturing partners, thus increasing competition.

There are some high entry barriers in the industry owing to various reasons like:

- Setting up manufacturing plant is capital intensive
- Lack of skilled labour management
- Efficient allocation of resources to fuel growth is difficult
- Logistics & supply chain management barriers
- Stringent Quality Control (QC) of customers
- Regulatory & environment challenges
- Increasing competitiveness in the industry

#### WHY HFL FOR FMCG CONTRACT MANUFACTURING?

The global Consumer Packaged Goods (CPG) market size is projected to reach USD 2382260 Mn by 2027, from USD 1938120 Mn in 2020, at a CAGR of 3.0%. (Source: <https://www.globenewswire.com/news-release/2022/01/19/2369656/0/en/Consumer-Packaged-Goods-CPG-Market-and-FMCG-Market-Size-Types-Applications-Manufacturers-Know-Experts-Detailed-Analysis-on-Global-Market-by-2027-Absolute-Reports.html>)

From many decades ago when brands were reluctant to use Contract Manufacturers for making their products, ever-

rising demand and changing times have resulted in Contract Manufacturers becoming key partners for FMCG players.

Demographics and increasing consumption patterns have resulted in long-term structural growth in demand in the FMCG sector. E.g., the size of the packaged food market alone is projected to be USD 70 Bn by 2025. (Source: <https://www.newindianexpress.com/business/2020/dec/31/fmcm-firms-ramp-up-innovation-as-consumer-trends-shifttrajectories-2243463.html>)

The aforesaid figures clearly indicate that the FMCG manufacturing sector is set to become one of the largest sectors in terms of value addition to the economy and employment generation. Moreover, in light of the Covid-19 pandemic, robust growth opportunities are emerging as the world seriously considers India as a potential contender for the status of 'production powerhouse' as a part of the China + 1 strategy.

Setting up manufacturing facilities in India on a huge scale is a herculean task. An estimate by Reserve Bank of India as cited in a report published by Mckinsey in 2021, lists the average capacity utilisation by Indian manufacturers as around 60% to 70%, which is well below optimum levels; caused by various bottlenecks in raw material procurement and sourcing, availability of trained and competent human task force and regulatory issues.

As the pioneer Company in the Contract Manufacturing space, HFL is now established as the most diversified and versatile Contract Manufacturing company in India. Moreover, we plan to add value by growing organically and inorganically through bolt on acquisitions, which are, in the current context, most appropriate in the Contract Manufacturing space.

HFL's state-of-the-art facilities and well-integrated backend services like processing, packaging, warehousing and logistics provide one-stop solutions for all kinds of manufacturing requirements across a very wide spectrum of products in the FMCG sector. Our clients are assured of complete protection of Intellectual Property, while at the same time leveraging the many benefits of outsourced manufacturing. All this allows our clients the ability to increase focus on their core competencies.

HFL offers one-stop Contract Manufacturing solutions and the promise of consistently delivering quality products on time, every time. We offer flexible business models suitable for any size of customer and across product categories. Our business models provide the right strategic fit not only for existing renowned companies but also for upcoming players



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and start-ups. Our long history with leading FMCG majors bears testimony to our track record and augurs well for future associations.

We cater to manufacturing a large range of products like Home Care and Personal Care, Foods & Beverages, Mosquito Repellents and Leather, amongst others. Moreover, we are continuously adding new capacities and product categories to cater to the needs of various customers, existing and new.

We are committed to provide world-class solutions for the FMCG industry in the areas of product innovation, manufacturing, sourcing, vendor development and packaging.

HFL's vaunted project management capabilities allow us to increase capacities, adapt brownfields and set up greenfield projects within challenging lead times, while also ensuring efficient reduction in costs of capital-intensive equipment. This enables brand owners to go asset-light and management-right and focus on market value-adding activities in a fruitful manner.

### PERFORMANCE

#### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	FY 2020-2021*	FY 2021-2022	Y-o-Y Growth
Revenue from Operations	1,40,717	2,02,070	44%
EBITDA	9,283	12,043	30%
Profit after Tax	3,933	5,008	27%
Basic Earnings per Share (Rs.)	17.44	22.21	27%

\*Previous years numbers are restated

The year ended with another landmark in the history of the Company.

Revenue from Operations increased to Rs. 2,02,070 Lakhs, growing by 44% over FY 2021-2022. EBITDA rose to Rs. 12,043 Lakhs, increasing by 30% as compared in FY 2021-2022, compared to FY 2020-2021. Profit after Tax surged to Rs. 5,008 Lakhs, increasing by 27% over the previous year. The basic EPS increased by 27%, this overall improvement can be accredited to ramping up of new plant and additional capacities.

\*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	FY 2021-2022	FY 2020-2021	% Change
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 cost of goods sold by average inventory.	9.11	8.54	6.71%
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.	1.29	1.33	-3.11%

### GROWTH DRIVERS FOR CONTRACT MANUFACTURERS

As has been captured in the previous sections, Contract Manufacturing is a derivative of the FMCG segment. Therefore, no separate growth drivers have been listed herein, other than the growth drivers for the FMCG sector.

### COMPANY OVERVIEW

The Company boasts of being one of the most diversified and organised Contract Manufacturers of FMCG products. The Company has fully integrated plants with processing, packaging, warehousing and logistics facilities equipped with modern laboratories for quality assurance and development centres for innovation.

With 13 manufacturing plants spread all across the country, the Company acts as a one-stop Contract Manufacturing solutions set-up to a vast number of domestic and international clients. The flexible business models of the Company are efficiently adaptable to the changing requirements of clients.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Types of Ratio	Explanation of Ratios	FY 2021-2022	FY 2020-2021	% Change
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.	0.87	0.84	3.80%
Debtors Turnover (Days)	Debtors Turnover Ratio is an accounting measure used to measure how effective a company is in extending credit as well as collecting debts.	33.32	32.17	3.60%
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 Net profit for the year by average net worth for the year.	17.72 %	17.67%	7.72%

### RISKS AND CONCERNS

The Company being a Contract Manufacturer is exposed to various kinds of risks inherent in the daily business operations. We manage these risks by diminishing the likelihood of their occurrence and financial impact to an acceptable level. Risk mitigation is one of the standard practices at our Company and is a vital part of managing our activities.

Risks	Impact	Mitigation	Risk Level
Economic Risk	We face many risks emanating from various macroeconomic factors such inflation changes, Government regulations exchange rates, and political instability, among others. With the changing consumer demand, demand for products can be affected.	We carry out Contract Manufacturing for wide variety of essential products. Regardless of any economic downturn, demand for essential consumer items remains less impacted. Our diversified Contract Manufacturing model helps us keep our facilities running.	Medium
Liquidity Risk	We are exposed to liquidity risk where we may not be able to raise the necessary funds to fulfil a payment obligation in time or at all.	We detect and control risks resulting from cash flow fluctuations at an early stage as part of short, medium and long-term liquidity planning. During FY 2021-2022, we did not avail any Reserve Bank of India's prescribed moratorium.	Low
Contract Risk	We are exposed to potential losses which can occur due to our inability to meet requirement set by our clients.	We have constantly delivered best quality products to all our clients. This has resulted in contract renewal from our existing clients and acquisition of new ones as well.	Low
Raw Material Price Risk	We are exposed to fluctuation of raw material risks which are primarily driven by fundamental global and regional market data such as availability, demand and inventories. Any rise in raw material prices can increase our operating costs.	We have a business model that allows us to pass down the increase in the raw material cost to our principals. We have built a strong network, ensuring smoother procurement of raw material from suppliers at best prices. Our industry experience helps us in mitigating this risk.	Low



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Risks	Impact	Mitigation	Risk Level
Personnel Risk	We face intense competition with other Contract Manufacturing companies for trained personnel and thus are exposed to being unable to fill various vacancies.	We have a recruitment process which is methodological and helps us retain and attract right talent. Our human resources team works persistently in finding the right people for the right job at the right time.	Medium
Quality and Safety Risk	We are exposed to safety and protection standard violations' risk that could damage our reputation and goodwill in the market.	We have a quality management system which covers all processes, right from the procurement of raw materials through the production process itself, to finally delivery.	Low

HUMAN RESOURCE MANAGEMENT

Our employees are at the heart of our organisation. They are our biggest assets and we take all such measures which keep them content throughout the year. Our diverse 3400+ member team is key to our success. We follow a modern approach to attract and retain talent so that a holistic environment is created and maintained in the organisation. Additionally, we track the engagement level of our staff members to ensure optimisation of their contribution.

We provide various training during the year to ensure health, safety and overall development of our human resources. Our strategies are geared to create learning opportunities. It focuses on building careers and fosters an empowering and inclusive culture. The idea is to provide an environment where employees find meaning in what they do while creating value for the Company.

We provide a safe and healthy working environment to all our staff members. Engagement with regulators to increase safety standards at our operation facilities and to ensure that no such incidents occur remains a priority for our business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Our Company Board 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 our Company has sound IFC, which is commensurate with

the nature and size of our business. The industry we operate in, however, is dynamic. Therefore, our IFC cannot be static. It must evolve as the business, technology and environment changes in response to competition, industry practices, legislation, regulation, and current economic conditions. With business evolution, gaps in the IFC are bound to develop. We have 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 our operations.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements about expected future events and financials of the Company, 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 this section of the Annual Report.

NOTICE

Notice is hereby given that the **37th (Thirty-Seventh) Annual General Meeting** of the Members of **Hindustan Foods Limited** ('the Company') will be held on **Thursday, the September 22, 2022 at 11.30 a.m.** through Video Conference facility ('VC') or Other Audio - Visual Means ('OAVM'), to transact the following businesses. 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:

- To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 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, 2022, including the Audited Balance Sheet as at March 31, 2022, 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."
- To consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 and together with the 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, 2022, including the Audited Balance Sheet as at March 31, 2022, 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."
- To appoint Mr Harsha Raghavan (DIN: 01761512), who retires by rotation as a Director and being eligible offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr Harsha Raghavan (DIN: 01761512), who

- retires by rotation at this Meeting, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."
- To re-appoint M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) as Statutory Auditors of the Company and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and Board of Directors of the Company, M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W), retiring Auditor of the Company, who have confirmed their eligibility for the re-appointment pursuant to Section 141 of the Companies Act, 2013 as Statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of 5 (five) consecutive years, to hold office from the conclusion of this 37th Annual General Meeting till the conclusion of the 42nd Annual General Meeting to be held in the year 2027, at such remuneration and out of pocket expenses as mutually agreed between the Board of Directors of the Company and the Statutory Auditors.  
**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient to give effect to this resolution."
  - Re-appointment of Ms Honey Vazirani (DIN: 07508803) Independent Director for the 2nd term of 5 (five) consecutive years:  
To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing



## NOTICE (Contd.)

Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms Honey Vazirani (DIN: 07508803), who was appointed as an Independent Director and who holds office as an Independent Director up to conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Director, being eligible, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years w.e.f. September 23, 2022 and up to September 22, 2027;

**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."

6. To ratify the remuneration payable to the Cost Auditor:  
To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 ('the Act') read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Act (including any statutory amendment(s), modification(s), clarification(s), substitution(s) or re-enactment thereof for the time being in force) the remuneration payable to M/s. Poddar & Company, Cost Accountants (Firm Registration No. 101734), appointed by the Board of Directors of the Company in their Meeting held on August 9, 2022, as the Cost Auditors to conduct the audit of the cost records of the Company in relation to its business for the Financial Year ended March 31, 2023, amounting to Rs. 4,00,000/- (Rupees Four Lakhs Only) plus taxes as applicable, be and is hereby ratified and confirmed;  
**RESOLVED FURTHER THAT** any one of the Directors or Company Secretary be and are hereby severally authorised to undertake all actions, deeds, matters, and things as may be necessary or expedient for or in connection with this resolution and to settle any question or difficulty that may arise in this regard in the best interest of the Company."
7. 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. 750 Crores:

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

**"RESOLVED THAT** in supersession of the earlier resolution passed by the Members on 34th Annual General Meeting held on Thursday, 26th September, 2019 and pursuant to the provisions of Sections 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, the Board of Directors of the Company (hereinafter referred as 'Board' which term shall include a Committee thereof authorised for the purpose) be and are hereby authorised to borrow any sum or sums of money, from time to time from any one or more persons, Bank/s, firms, bodies corporate, foreign lender/s or financial institutions from any other source in India or outside India whomsoever on such terms and conditions and with or without security as the Board of Directors may think fit notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the paid-up capital and free reserves and securities premium of the Company, provided that the total principal amount upto which such monies may be raised or borrowed or already borrowed by the Board of Directors shall not exceed the aggregate of the paid up capital and free reserves and securities premium of the Company or by more than Rs. 750 Crores (Rupees Seven Hundred Fifty Crores Only) at any point of time whichever is higher.

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

## NOTICE (Contd.)

8. 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:

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

**"RESOLVED THAT** in supersession of the earlier resolution passed by the Members on 34th Annual General Meeting held on Thursday, 26th September, 2019 and pursuant to the provisions of Sections 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, consent of the Members of the Company be and are hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorised for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge all or any of the movable and / or immovable properties of the Company (both present and future) wheresoever's situated and / or any other assets including tangible and intangible assets or properties of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of events of defaults, in favour of the Banks, Financial Institutions, any other Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, Debentures (comprising fully/partly Convertible Debentures and/ or Secured/ Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the Borrowing limits approved or as may be approved by the Shareholders, from time to time, under Section 180(1)(c) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, default interest, further interest, principal amounts, premia on prepayment, liquidated charges, commitment charges or costs, expenses, any fees and all other monies whatsoever stipulated in or payable under the respective financing documents and any other agreements and amendments thereto that have or may be entered into by the Company in respect of such borrowings.

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

9. Enabling resolution for raising funds upto Rs. 300 Crores through issue of securities:

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

**"RESOLVED THAT** pursuant to Sections 23, 41, 42, 62, 71, and other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder (including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014), each including any amendment(s), statutory modification(s), or re-enactment(s) thereof (**"Companies Act"**) and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR Regulations"**), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Foreign Exchange Management Act, 1999 and the Regulations made thereunder, including the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Depository Receipts Scheme, 2014 each as amended; the listing agreement entered into by the Company with the stock exchange where the Equity Shares of face value of Rs. 2/- (Rupees Two Only) of the Company are listed (**"Stock Exchange"**), and such Equity Shares, the **"Equity Shares"**; and any other provisions of applicable law (including all other



## NOTICE (Contd.)

applicable statutes, clarifications, rules, regulations, circulars, notifications, and guidelines issued by the Government of India ("GoI"), Ministry of Corporate Affairs ("MCA"), Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), Stock Exchanges, and such other statutory / regulatory authorities), and subject to all approvals, permissions, consents, and / or sanctions as may be necessary or required from SEBI, the Stock Exchanges, RBI, MCA, GoI, or any other concerned Statutory / Regulatory Authority, and subject to such terms, conditions, or modifications as may be prescribed or imposed while granting such approvals, permissions, consents, and / or sanctions by any of the aforesaid authorities, which will be considered by the Board of Directors of the Company ("Board"), which term shall include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers, including the powers conferred by this Resolution), approval of the Members of the Company be and is hereby accorded to the Board and the Board be and is hereby authorised to offer, issue, and allot (including with provisions for reservations on firm and / or competitive basis, or such part of the issue and for such categories of persons as may be permitted) any instrument or security, including Equity Shares, fully / partly convertible debentures, non-convertible debentures, warrants (collectively, the "Securities"), or any combination of Securities, to all or any such investors, jointly and / or severally, that may be permitted to invest in such issuance of Securities, including resident or non-resident / foreign investors (whether institutions and / or incorporated bodies and / or trusts or otherwise) / foreign portfolio investors / mutual funds / pension funds / venture capital funds / banks / alternate investment funds / Indian and / or multilateral financial institutions / insurance Companies / any other Qualified Institutional Buyers as defined under the SEBI ICDR Regulations ("QIBs") / any other category of persons or entities who are authorised to invest in the Securities in terms of applicable law, as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are Members of the Company, for cash, in one or more tranches, with or without a Green Shoe Option, to raise funds for an aggregate consideration of up to Rs. 300 Crores (Rupees Three Hundred Crores Only), through a public issue, rights issue, preferential allotment, or a private placement (including one or more Qualified

Institutions Placements ("QIP") in accordance with the applicable provisions of the Companies Act and the SEBI ICDR Regulations), or through any other permissible mode and / or combination thereof as may be considered appropriate, to be subscribed to in Indian and / or any foreign currency by all eligible investors, through the issuance of an offer document / letter / circular / placement document, as permitted under applicable laws and regulations, at such price (including at a discount or premium to market price or prices permitted under applicable law), in such manner, and on such terms and conditions as may be deemed appropriate by the Board in its absolute discretion, including the discretion to determine to whom the offer, issue and allotment of Securities shall be made to the exclusion of others (including allotment to stabilising agent in terms of Green Shoe Option, if any, exercised by the Company); making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investors and / or in respect of different Securities; number of securities to be issued; face value; number of Equity Shares to be issued and allotted on conversion / redemption / extinguishment of debt(s); rights attached to the warrants; period of conversion; fixing of record date; and / or book closure dates subject to the applicable laws considering the prevailing market conditions and / or other relevant factors, and wherever necessary, in consultation with the book running lead managers and / or other advisors appointed.

**RESOLVED FURTHER THAT** the relevant date for the purpose of pricing the Securities shall be date of the Meeting in which the Board decides to open the issue of the Securities, subsequent to receipt of approval from the Members of the Company, in terms of applicable law; in the event that convertible securities (as defined under the SEBI ICDR Regulations) are issued to QIBs by way of a QIP, the relevant date for pricing of such Securities shall be either the date of the Meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares, as determined by the Board.

**RESOLVED FURTHER THAT** in case of an issue and allotment of Securities by way of a QIP in terms of the SEBI ICDR Regulations:

- (i) the allotment of the Securities shall be completed within 365 days from the date of passing of the

## NOTICE (Contd.)

Special Resolution by the Members of the Company;

- (ii) the Equity Shares to be offered, issued, and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares;
- (iii) no partly paid-up Equity Shares or other Securities shall be issued / allotted;
- (iv) the issuance of the Securities by way of the QIP shall be made at such price that is not less than the price determined in accordance with the pricing formula provided under Regulation 176(1) of the SEBI ICDR Regulations ("QIP Floor Price"), and the price determined for the QIP shall be subject to appropriate adjustments as per the provisions of the SEBI ICDR Regulations, as may be applicable. However, the Board, at its absolute discretion, may offer a discount of not more than 5% or such other percentage as may be permitted under applicable law on the QIP Floor Price;
- (v) no single allottee shall be allotted more than 50% of the issue size and the minimum number of allottees shall be in accordance with the SEBI ICDR Regulations; and
- (vi) the Company shall not undertake any subsequent QIP until the expiry of two weeks from the date of the QIP to be undertaken pursuant to this Special Resolution

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the Securities may have such features and attributes or any terms or combination of terms in accordance with Domestic and International practices to provide for the tradability and free transferability thereof as per prevailing practices and regulations in the Capital Markets and the Board be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, to dispose of such of the Securities that are not subscribed to.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the Board be and is hereby authorised to do such acts, deeds, and things, in its absolute discretion, as it deems necessary or desirable in connection with offering, issuing, and allotting the Securities, and to give effect to these resolutions, including, without limitation, the following:

- (a) offer, issue and allot all / any of the Securities, subject to such terms and conditions, as the Board

may deem fit and proper in its absolute discretion;

- (b) determining the terms and conditions of the issuance, including among other things, (a) terms for issuance of additional Securities and for disposal of Securities which are not subscribed to by issuing them to Banks / Financial Institutions / Mutual Funds or otherwise, (b) terms as are provided in domestic offerings of this nature, and (c) terms and conditions in connection with payment of interest, dividend, voting rights, premium and redemption or early redemption, conversion into Equity Shares, pricing, variation of the price or period of conversion, and / or finalising the objects of the issuance and the monitoring of the same;
- (c) approve, finalise, and execute any preliminary as well as final offer document (including, among other things, any draft offer document, offering circular, registration statement, prospectus, placement document, private placement offer letter, letter of offer, and / or other letter or circular), and to approve and finalise any bid cum application form, abridged letter of offer, notices, including any advertisements and other documents or any term sheets or any other ancillary documents in this regard;
- (d) decide the form, terms and timing of the issue(s) / offering(s), Securities to be issued and allotted, class of investors to whom Securities are to be offered, issued and allotted, number of Equity Shares to be issued and allotted in each tranche;
- (e) issue and allot such number of Equity Shares, as may be required to be issued and allotted, upon conversion of any Securities, or as may be necessary in accordance with the terms of the issuance all such Equity Shares ranking pari-passu with the existing Equity Shares in all respects;
- (f) approve, finalise, execute, and amend agreements and documents, including, any number of powers of attorney, lock-up letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and / or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s) / merchant banker(s), legal counsel, depository(ies), banker(s), advisor(s), registrar(s), trustee(s), and other intermediaries as required), and to pay any fees,



## NOTICE (Contd.)

- commission, costs, charges and other expenses in connection therewith;
- (g) provide such declarations, affidavits, certificates, consents and / or authorities as required from time to time;
- (h) seek any consents and approvals, including, among others, the consent from the Company's lenders, customers, vendors, parties with whom the Company has entered into agreements, and from concerned statutory and regulatory authorities;
- (i) file requisite documents with the SEBI, Stock Exchanges, the GOI, the RBI, and any other statutory and / or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;
- (j) seeking the listing of the Securities on any Stock Exchange(s), submitting the listing application to such Stock Exchange(s) and taking all actions that may be necessary in connection with obtaining such listing approvals (both in-principle and final listing and trading approvals);
- (k) open one or more bank accounts in the name of the Company, as may be required, subject to requisite approvals, if any, and to give such instructions including closure thereof as may be required and deemed appropriate by the Board;
- (l) approving the issue price and finalise allocation and the basis of allotment of the Securities on the basis of the bids / applications and over subscription thereof as received, where applicable;
- (m) acceptance and appropriation of the proceeds of the issue of the Securities;
- (n) affix the common seal of the Company, as required, on any agreement, undertaking, deed or other document, in the presence of any one or more of the directors of the Company or any one or more of the officers of the Company as may be authorised by the Board in accordance with the Memorandum of Association and Articles of Association of the Company;
- (o) further authorise and empower any committee and / or Director(s) and / or Officer(s) of the Company, to execute and deliver, for and on behalf of the Company, any and all other documents or instruments and doing or causing to be done any and all acts or things as the Committee / Director(s) / Officer(s) may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing, or in connection with the issuance of Securities, and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Committee / Director(s) / Officer(s) shall be conclusive evidence of the authority of the Committee / Director(s) / Officer(s) and the Company in doing so; and
- (p) do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or settle any issues, questions, difficulties or doubts that may arise in regard to or in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions and the Members of the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."
- By Order of the Board of Directors
- Place : Mumbai  
Date : August 9, 2022
- BANKIM PUROHIT**  
Company Secretary
- Registered Office:**  
Office No.3, Level-2, Centrium, Phoenix Market City,  
15, LBS Road, Kurla (West), Mumbai 400 070  
Website: [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com)  
Email: [investorrelations@thevanitycase.com](mailto:investorrelations@thevanitycase.com)  
CIN: L15139MH1984PLC316003

## NOTICE (Contd.)

## Notes:

- A statement pursuant to Section 102(1) of the Act, relating to the Special Businesses to be transacted at the AGM is annexed hereto.
  - 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, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, May 5, 2022 and (collectively referred to as "MCA Circulars") and other applicable Circular issued by the Securities and Exchange Board of India ("SEBI") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing facility ("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.
  - 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 CIRCULARSTHROUGHVC/OAVM, THEREQUIREMENT 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.**
  - 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").**
  - 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](mailto:investorrelations@thevanitycase.com).
  - Pursuant to the provisions of Section 91 of the Companies Act, 2013, read with Rule 10 Companies (Management and Administration) Rules, 2014, and pursuant to Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the September 16, 2022 to Thursday, the September 22, 2022 (both days inclusive).
  - 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 (ICSI), 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. In terms of the provisions of Section 152 of the Act, Mr Harsha Raghavan (DIN: 01761512), Non-Executive Director retires by Rotation at the 37th Annual General Meeting. Mr Raghavan is interested in the Ordinary Resolution set out at Item No. 3 of the Notice with regard to his appointment.
- ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:**
- In compliance with the MCA Circulars and SEBI Circulars date May 13, 2022, Notice of the AGM along with the Annual Report 2021-2022 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2021-2022 will also be available on the Company's website [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com), website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of Company's Registrar and Transfer Agent, Link Intime India Private Limited at [www.linkintime.co.in](http://www.linkintime.co.in).
  - For receiving all communication (including Annual Report) from the Company electronically:
    - 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), and AADHAAR (self-attested scanned copy of Aadhaar



## NOTICE (Contd.)

Card) by email to investorrelations@thevanitycase.com or to rnt.helpdesk@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:

10. 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 read with Circular of SEBI on E-voting facility provided by Listed Entities dated December 9, 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 "LI IPL").
  - 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 **Monday, September 19, 2022 (9:00 IST) and ends on Wednesday, September 21, 2022 (5:00 IST)**. During this period, Members of the Company holding Shares either in physical form or in dematerialised form, as on the **cut-off date of Thursday, September 15, 2022**, may cast their vote by remote E-voting. The remote E-voting module shall be disabled by LI IPL 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:

Pursuant to SEBI Circular dated December 9, 2020, individual Shareholders holding Securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

### Login method for Individual Shareholders holding Securities in demat mode is given below:

1. Individual Shareholders holding securities in demat mode with NSDL:
  1. Existing IDeAS user can visit the e-Services website of NSDL viz. <https://eservices.nsdl.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
  2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com> Select «Register Online for IDeAS Portal» or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
  3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL

1. Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](https://www.cdslindia.com) and click on New System Myeasi.

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2. After successful login of Easi/Easiest the user will be able to see the E-Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
3. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>.
4. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in [www.cdslindia.com](https://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
3. Individual Shareholders (holding securities in demat mode) login through their depository participants:

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

### Login method for Individual Shareholders holding Securities in physical form/ Non Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the Company, holding Shares in physical form / Non-Individual Shareholders holding Securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details:-

**A. User ID:** Shareholders holding Shares in physical form shall provide Event No + Folio Number registered with the

Company. Shareholders holding Shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding Shares in CDSL demat account shall provide 16 Digit Beneficiary ID.  
**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders 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)

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

*\*Shareholders holding Shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

*\*Shareholders holding Shares in **NSDL form**, shall provide '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).

3. Click on 'Login' under 'SHARE HOLDER' tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

### Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
2. E-voting page will appear.
3. 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).
4. 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.

### Guidelines for Institutional Shareholders:

Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LI IPL at <https://instavote.linkintime.co.in> and



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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 Scrutiniser to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional Shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or Contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22- 23058542-43.

Individual Shareholders holding Securities in Physical mode has forgotten the password:

If an Individual Shareholders holding Securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the Shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case Shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders 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.

User ID for Shareholders holding Shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participant’s website.

- 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”.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

11. Members are requested to follow the procedure given below:
  1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>
    - Select the “Company” and ‘Event Date’ and register with your following details: -
  - A. **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
  - 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. **Mobile No.:** Enter your mobile number.

NOTICE (Contd.)

- D. **Email ID:** Enter your email id, as recorded with your DP/Company.
  - ▶ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).
12. 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.
13. 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.
14. 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.
15. Members are encouraged to join the Meeting through Laptops for better experience.
16. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
17. 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

18. Shareholders who would like to speak during the Meeting must register their request 7 days in advance with the Company through e-mail on [investorrelations@thevanitycase.com](mailto:investorrelations@thevanitycase.com).
19. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
20. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
21. Other Shareholder may ask questions to the panellist, via active chat-board during the Meeting.
22. Please remember speaking serial number and start your conversation with panellist 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 Private Limited 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.

PROCEDURE FOR SHAREHOLDERS/ MEMBERS TO VOTE DURING THE AGM THROUGH INSTAMEET

Once the electronic voting is activated by the scrutiniser during the Meeting, Shareholders/ Members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of Shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.



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6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the Meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the Meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case Shareholders/ Members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Contact on: - Tel: 022-49186175.

### GENERAL INFORMATION:

23. The voting rights shall be as per the number of Equity Shares held by the Member(s) as on **Thursday, September 15, 2022** being the **cut-off date**. Members are eligible to cast vote electronically only if they are holding Shares as on that date.
24. Your Board has appointed Mr Prashant Sharma, Practising Company Secretary (COP no: 7902), to act as the Scrutiniser, to scrutinise 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 hereinafter.
25. 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 Scrutiniser, by way of E-voting system for the purpose of conducting a poll for all those Members who are present at the AGM through VC/ OAVM but have not cast their votes by availing the remote E-voting Facility.

26. The Scrutiniser shall after the conclusion of voting at the 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 two working days of the conclusion of the AGM, a consolidated Scrutiniser'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 Scrutiniser shall be placed on the website of the Company [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com) and also on the website of LIPL 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:

27. 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](mailto:investorrelations@thevanitycase.com) and the Company shall endeavor to provide inspection of documents by such Member. 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](mailto:investorrelations@thevanitycase.com).
28. 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:

29. 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.

### 30. Members are requested:

- i. Write to the Company through email at [investorrelations@thevanitycase.com](mailto:investorrelations@thevanitycase.com) atleast 7 days before the date of the Meeting, in case they desire

## NOTICE (Contd.)

- any information as regards the Audited Accounts for the Financial Year ended March 31, 2022.
- 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. The Company or its Registrar cannot act on any request received directly from the Members holding Shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding Shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants and not to the Company's RTA.

For Shares held in physical form, to the Company/ RTA in prescribed Form ISR-1 and other forms pursuant to the SEBI Circular No. SEBI/HO/ MIRSD/MIRSD\_RTAMB/CIR/2021/655 dated November 3, 2021. All the prescribed forms can be downloaded from the Company's website at [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com) under the category of Formats of KYC. The Company has sent communication to the Members holding Shares in physical form requesting them to furnish the required details.

In terms of the above SEBI Circular, the folios wherein certain details like PAN, nomination, mobile number, email address, specimen signature, and Bank details are not available, are required to be frozen with effect from April 1, 2023. Accordingly, Members who have not yet submitted the said details are requested to kindly provide the same to the Company/RTA at the earliest but not later than March 31, 2023, failing which their folios shall be frozen.

- 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 transmission/ Transpositions/ Consolidation/ Duplication/ Name Deletion/ Replacement/ 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 Rule made there under, Companies can serve Notice 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 clicking the link: [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > E-mail/Bank detail Registration - fill in the details, upload the required documents and submit. 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

Place : Mumbai

Date : August 9, 2022

**BANKIM PUROHIT**

Company Secretary

### Registered Office:

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



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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 9 of the accompanying Notice.

IN RESPECT OF ITEM NO. 4

M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) were appointed as the Statutory Auditors of the Company at the 32nd Annual General Meeting held on September 27, 2017 for a term of 5 (five) consecutive years. Accordingly, the present term of M/s. M S K A & Associates, gets completed on the conclusion of the ensuing AGM. The Board at its Meeting held on May 20, 2022, on the recommendation of the Audit Committee, approved the re-appointment of M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) as Statutory Auditors of the Company, subject to the approval of the Members of the Company to hold office from the conclusion of this 37th AGM till the conclusion of the 42nd Annual General meeting, to be held in the year 2027, of the Company, at such remuneration and out of pocket expenses as mutually agreed between the Board of Directors of the Company and the Statutory Auditors to conduct the Statutory Audit from the Financial Year 2022-23 till the Financial Year 2026-27. The remuneration for the subsequent year(s) of their term shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

M/s. M S K A & Associates, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. None of the Directors and Key Managerial Personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 4 of this Notice.

The Board recommends the resolution set out at Item No. 4 of the Notice for approval by the Members by way of an Ordinary Resolution.

IN RESPECT OF ITEM NO. 5

Ms Honey Vazirani (DIN: 07508803) was appointed on May 22, 2017 as an Additional Director in the Category 'Independent – Woman Director'. Her appointment as an

Independent Director was regularised by the Shareholders in the AGM held on September 27, 2017 for a term of 5 (five) consecutive years from September 27, 2017 till the conclusion of AGM to be held in 2022. Her 1st term of Appointment as an Independent Director for 5 (five) consecutive years completes on the conclusion of ensuing 37th AGM to be held on Thursday, September 22, 2022.

The Nomination and Remuneration Committee, at its Meeting held on May 20, 2022, after taking into account the performance evaluation of Ms Honey Vazirani during her tenure of first term of five years and considering her knowledge, acumen, expertise, experience and substantial contribution, has recommended her re-appointment as an Independent Director for a second term of 5 (five) consecutive years. Based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Members of the Company the Board in its Meeting held on May 20, 2022 recommended the re-appointment of Ms Honey Vazirani, who will be re-appointed as an Independent Director, not liable to retire by rotation, for a second term of 5 (five) consecutive years with effect from September 23, 2022 and up to September 22, 2027 In accordance with the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company.

Ms Honey Vazirani fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the LODR Regulations. The Company has received all statutory disclosures/declarations from Ms Honey Vazirani including, (i) consent in writing to act as Director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. The Company has also received a Notice under Section 160 of the Companies Act, 2013 from a Member, intending to nominate Ms Honey Vazirani to the office of Independent Director.

In the opinion of the Board, and based on its evaluation, Ms Honey Vazirani fulfils the conditions specified in the Companies Act, 2013, Rules made thereunder and LODR Regulations for her re-appointment as an Independent Director of the Company and she is Independent of the Management of the Company. A copy of the draft letter for the re-appointment of Ms Honey Vazirani setting out the terms and conditions is available for electronic inspection without any fee by the Members.

NOTICE (Contd.)

The resolution seeks the approval of Members for the re-appointment of Ms Honey Vazirani as an Independent Director of the Company up to September 22, 2027 pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and her office shall not be liable to retire by rotation. In compliance with the General Circular no. 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

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.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

IN RESPECT OF ITEM NO. 6

Pursuant to provision to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, ('said statutory provisions') the Company is required to have the audit of cost accounting records of its business by a Cost Accountant in Practice and remuneration payable to the Cost Auditor shall be duly recommended by the Audit Committee to the Board of Directors for its consideration and approval. Also, the remuneration payable to the Cost Auditor will be subject to ratification by the Members.

In view of the aforesaid statutory provisions Board of Directors, on the recommendation of the Audit Committee at its Meeting held on August 9, 2022, has considered and approved the appointment of M/s. Poddar & Company (Firm Registration No. 101734) as the Cost Auditor of the Company to conduct the audit of its cost records in relation to its business for the Financial Year 2022-2023 at remuneration detailed below:

Name of the Cost Auditor	Financial Year	Audit Fees
M/s. Poddar & Company	FY 2022-2023	Rs. 4,00,000/- (Rupees Four Lakhs Only) plus applicable taxes

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 recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

IN RESPECT OF ITEM NO. 7

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

The Members of the Company had vide Special Resolution passed in the 34th Annual General Meeting held on September 26, 2019, authorised the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding Rs. 500 Crores (Rupees Five Hundred Crores Only), for the business of the Company.

However, keeping in view Company's requirements to fund its growing activities and operations, the Board of Directors of the Company at its Meeting held on August 9, 2022, proposed to raise the existing borrowing limit from Rs. 500 Crores (Rupees Five Hundred Crores Only) to Rs. 750 Crores (Rupees Seven Hundred Fifty Crores Only), which is subject to the approval of the Shareholders of the Company under the provisions of Section 180 (1) (c) of the Companies Act, 2013 (the "Act").Your consent is required under the provisions of Sections 180(1)(c) of the Act, to increase the borrowing limits.

Accordingly, the Board of Directors recommends the Special Resolution at Item no. 7 of the accompanying Notice for the approval of Members.

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

IN RESPECT OF ITEM NO. 8

The Members of the Company had vide earlier resolutions in 34th Annual General Meeting held on September 26, 2019, authorised the Board of Directors to create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures, to secure the repayment of monies borrowed by the Company.

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

Accordingly, the Board of Directors at its Meeting held on August 9, 2022, proposed to obtain fresh approval of the Shareholders by way of a Special Resolution under Section 180(1)(a) of the Companies Act, 2013, to create charge/



## NOTICE (Contd.)

mortgage/ hypothecation /pledge on the Company's assets including tangible and intangible, both present and future, in favour of the Banks, Financial Institutions, any other Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, Debentures (comprising fully/partly Convertible Debentures and/or Secured/ Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian Rupees, from time to time up to the limits approved or as may be approved by the Shareholders from time to time under Section 180(1)(c) of the Companies Act, 2013.

Accordingly, the Board of Directors recommends the Special Resolution at Item no. 8 of the accompanying Notice for the approval of Members.

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

### IN RESPECT OF ITEM NO. 9

The Company anticipates growth opportunities in its existing operations and continues to evaluate various avenues for organic expansion and inorganic opportunities. Towards this, the Company continues to require Capital for achieving such growth and expansion. Accordingly, subject to compliance with applicable laws, the Company and Board of Directors of the Company hereby seeking the ENABLING RESOLUTION from the Shareholders of the Company to raise Capital upto Rs. 300 Crores (Rupees Three Hundred Crores Only) for the purposes of funding its Capital expenditures required for the long term growth of its businesses; loans to and investments in its Subsidiaries for their long term & short term business purposes and pre-payment and/ or repayment of Company and/or its subsidiaries debts; financing other long term and Working Capital requirements of the Company and/or its Subsidiaries; making strategic acquisitions or Joint Ventures and general corporate purposes, as may be permissible under applicable law and approved by the Board of Directors of the Company. In line with the above, the Company proposes to raise funds through the issuance of any instrument or security, including Equity Shares, fully / partly convertible debentures, non-convertible debentures, warrants (collectively, the "Securities"), or any combination of Securities, for an aggregate consideration of up to Rs. 300 Crores (Rupees Three Hundred Crores Only) to all or any such investors, jointly and / or severally, that may be permitted to invest in such issuance of Securities, including resident or non-resident / foreign investors (whether institutions and / or incorporated bodies and / or trusts or otherwise) /

foreign portfolio investors / mutual funds / pension funds / venture capital funds / banks / alternate investment funds / Indian and / or multilateral financial institutions / insurance companies / any other Qualified Institutional Buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations, and the Qualified Institutional Buyers, the "QIBs") / any other category of persons or entities who are authorised to invest in the Securities in terms of applicable law, as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are Members of the Company, for cash, in one or more tranches, without or without a Green Shoe Option, through a public issue, preferential allotment, private placement, or a rights issue (including one or more Qualified Institutions Placements ("QIP") in accordance with the applicable provisions of the Companies Act (as defined hereinafter) and the SEBI ICDR Regulations), or through any other permissible mode and / or combination thereof as may be considered appropriate, in terms of Sections 23, 41, 42, 62, 71, and other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder (including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014), each including any amendment(s), statutory modification(s), or re-enactment(s) thereof ("Companies Act") and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company, the SEBI ICDR Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Foreign Exchange Management Act, 1999 and the regulations made thereunder, including Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Depository Receipts Scheme, 2014 each as amended; the listing agreement entered into by the Company with the Stock Exchange where the Equity Shares of face value of Rs.2/- (Rupees Two Only) of the Company are listed ("Stock Exchange", and such Equity Shares, the "Equity Shares"); and any other provisions of applicable law (including all other applicable statutes, clarifications, rules, regulations, circulars, notifications, and guidelines issued by the Government of India, Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India ("SEBI"), Stock Exchanges, and such other statutory / regulatory authorities). Accordingly, the Board of Directors

## NOTICE (Contd.)

of the Company ("Board", which term shall include any Committee which the Board may have constituted or may constitute to exercise its powers, including the powers conferred by this Resolution), at its Meeting held on August 9, 2022, subject to the approval of the Members of the Company, approved the raising of funds at such price and on such terms and conditions as may be deemed appropriate by the Board at its sole and absolute discretion, taking into consideration market conditions and other relevant factors and wherever necessary, in consultation with the book running lead manager(s) and / or other advisor(s) appointed in relation to issuance of Securities, in accordance with applicable laws, and subject to regulatory approvals (as necessary).

The resolution proposed is an ENABLING RESOLUTION and the exact price, proportion, and timing of the issue of the Securities in one or more tranches and the remaining detailed terms and conditions for the issuance of Securities will be decided by the Board, in accordance with the SEBI ICDR Regulations, in consultation with book running lead manager(s) and / or other advisor(s) appointed in relation to the issuance of Securities and such other authorities and agencies as may be required to be consulted by the Company. Further, the Company is yet to identify the investor(s) and decide the quantum of Equity Shares to be issued to them. Hence, the details of the proposed allottees, percentage of their post – issue Shareholding and the Shareholding pattern of the Company are not provided. Accordingly, the Board may, in its discretion, adopt one or more of the mechanisms for raising of funds to meet its objectives as stated in the paragraphs above without the need for fresh approval from the Members of the Company. The proposal, therefore, seeks to confer upon the Board the absolute discretion and adequate flexibility to determine the terms of the issuance. The relevant date for the purpose of pricing the Securities shall be date of the Meeting in which the Board decides to open the issue of the Securities, subsequent to receipt of approval from the Members of the Company, in terms of applicable law; in the event that convertible securities (as defined under the SEBI ICDR Regulations) are issued to QIBs by way of a QIP, the relevant date for pricing of such Securities shall be either the date of the Meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares, as determined by the Board. In the event that such issuance of Securities is undertaken by way of a QIP, the allotment of Securities shall be completed within a period of 365 days from passing the Special Resolution by the Members of the Company. Further, the Equity Shares offered, issued, and allotted by the

Company pursuant to any such QIP in terms of the Resolution would be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank, in all respects, pari-passu with the existing Equity Shares of the Company. The pricing of the Securities shall be determined in accordance with the relevant provisions of the SEBI ICDR Regulations, the Companies Act 2013, and any other applicable law. The resolution enables the Board, in accordance with applicable law, to offer a discount of not more than 5% or such percentage as may be permitted under applicable law on the price determined in accordance with the SEBI ICDR Regulations. The Securities allotted as above would be listed on the Stock Exchange. As and when the Board takes a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchange as may be required under the provisions of the SEBI (LODR) Regulations. The approval of the Members is being sought to enable the Board to decide on the issuance of Securities, to the extent and in the manner stated in the Special Resolution, as set out in item no. 9 of this Notice, without the need for any fresh approval from the Members of the Company in this regard. The Board recommends the resolution for approval of the Shareholders.

None of the Directors or the Manager or any other Key Managerial Personnel or their relatives are concerned or interested whether financial or otherwise, if any, in respect of Special Resolution proposed at item No. 9.

The proposed issuance of Securities is in the interest of the Company and the Board recommends the Resolution set out at item no. 9 of the Notice for the approval of the Members as a Special Resolution.

Documents referred hereinabove in the Notice shall be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturday, during business hours up to the date of the Meeting and the venue of the Meeting during the Meeting.

By Order of the Board of Directors

Place : Mumbai  
Date : August 9, 2022

**BANKIM PUROHIT**  
Company Secretary

### Registered Office:

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



## NOTICE (Contd.)

## ANNEXURE TO THE NOTICE

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

Name of the Director	Mr Harsha Raghavan	Ms Honey Vazirani
Category	Non-Executive, Non-Independent Director	Non-Executive, Independent Director
Age	51 years	56 years
DIN	01761512	07508803
Date of first appointment	November 11, 2019	May 22, 2017
Date of last Re-appointment	Not Applicable	Not Applicable
Brief Profile of the Director	<p>Mr. Harsha Raghavan has 26 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 bi 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.</p> <p>He is renowned for ability to transform businesses. He directed Thomas Cook acquisitions of 28 businesses globally and served as the interim CEO of Bangalore International Airport to oversee major capex program and rebuild Management Team.</p>	<p>Ms. Honey Vazirani served as the Vice President of Labels &amp; International Business Division at Huhtamaki PPL Limited (Also known as The Paper Products Limited). Ms. Vazirani has over 32 years of working experience, during which she has held key managerial positions for Companies like Huhtamaki-PPL.</p> <p>She holds MBA in Marketing from Chetana College.</p>
Expertise in specific functional area, Skill & Capabilities	Leadership, Business Management and Finance and Accounting	Marketing and Product Development Expert
Qualification	MBA from Stanford Graduate School of Business, Master of Science, Industrial Engineering from Stanford University	MBA in Marketing
Directorship held in other Companies (including Foreign and Private Companies) (as on March 31, 2022)	1) Onward Technologies Limited 2) Camlin Fine Sciences Limited 3) Jyoti International Foods Private Limited	1) Fuji Seal India Private Limited 2) Leap Digiprint Private Limited
Membership of the Committees of the Board of other Public Companies (as on March 31, 2022)	1) Onward Technologies Limited – Member of Audit Committee, Risk Management Committee and Nomination & Remuneration Committee 2) Camlin Fine Sciences Limited - Member of Audit Committee and Nomination & Remuneration Committee	Nil

## NOTICE (Contd.)

Name of the Director	Mr Harsha Raghavan	Ms Honey Vazirani
Details of Resignation from Companies in past three years	NA	NA
Details of Remuneration paid during the Financial Year 2021-2022	No remuneration in form of sitting fees and/ or commission has been paid to Mr Harsha Raghavan during the Financial Year 2021-2022, as has been voluntarily declined by him.	She shall be paid remuneration by way of sitting fees for attending Meetings of the Board & Committees thereof, if any, as may be decided by the Board.
Remuneration sought to be paid	No remuneration is sought to be paid to Mr Harsha Raghavan as he has voluntarily declined to receive any remuneration in the form of commission of sitting fees from the Company.	The remuneration is sought to be paid to Ms Honey Vazirani by way of sitting fees for attending Meetings of the Board & Committees thereof, if any.
Terms and conditions of appointment	Re-appointment as a Non-Executive Director of the Company, liable to retire by rotation to comply with the applicable provisions of Section 152 of the Act.	Appointment as an Independent Director of the Company as per the Terms and conditions contained in the letter of appointment issued to her.
Number of Equity Shares held in the Company (as on March 31, 2022)	1,826	Nil
No. of Board Meetings attended during the year 2021-2022	4 of 4	4 of 4
Relationship with other Directors Inter-se	Nil	Nil



# DIRECTORS' REPORT

## TO THE MEMBERS OF HINDUSTAN FOODS LIMITED

Your Directors are pleased to present Your Company's 37th (Thirty-Seventh) Annual Report on the business and operations, together with the Audited Financial Statements (Standalone) for the Financial Year ended March 31, 2022.

	(Rs. In Lakhs)	
Particulars	2021-22	2020-21*
Total Revenue	202,601.80	140,989.80
Profit for the year before finance charges and depreciation	12,043.45	9,283.07
Less: Finance charges	1,978.20	1,893.42
Profit before depreciation	10,065.25	7,389.65
Less: Depreciation	2,375.69	1,941.31
<b>Profit / (Loss) for the year after finance charges and depreciation / before tax for the year</b>	<b>7,689.56</b>	<b>5,448.34</b>
Less: Provision for Tax -		
Current Tax	1,327.05	958.53
Mat Credit utilisation of earlier year	603.68	109.75
Deferred Tax	751.13	839.93
Tax adjustments pertaining to previous years	-	(393.15)
Profit for the year after Tax	<b>5,007.70</b>	<b>3,933.29</b>
Other Comprehensive Income	<b>42.67</b>	<b>7.38</b>
Total Comprehensive Income	<b>5,050.37</b>	<b>3,940.66</b>

\*Previous years numbers are restated

Your Company did not transfer any amounts to the General Reserve during the Year.

## YEAR IN RETROSPECT

The Financial Year 2021-22 saw your Company delivering another record operational performance in-line with your Board's expectations and guidance. Your Company has further strengthened its existing businesses and customers while building new capabilities and new relationships. Despite the COVID-19 related disruptions at the beginning of the Financial Year 2021-22 followed with the second and third wave of COVID-19 towards the close of the year, your Company reported a jump in the revenues by around 44% compared to previous year and a very healthy growth in the profit after tax ('PAT'). The year under review has delivered a strong growth considering an eventful year and achieved the revenue targets of Rs. 2,000 Crores turnover for the Financial Year 2021-22. Your Company reported a turnover of Rs. 2,026 Crores for the year under review as compared to Rs. 1,409.9 Crores during the previous year, a growth of nearly 44%. Its PAT of Rs. 50.1 Crores for the year under review was also 27% more than the Rs. 39.3 Crores in the previous year.

During the year under review, your Company has provided additional loan to its Wholly-Owned Subsidiary Company, HFL Consumer Products Private Limited ('HCPPL'). Your Directors are pleased to inform that HCPPL has successfully set up the Ice Cream Plant in Uttar Pradesh and has made its first commercial production in April, 2022, your Directors are

confident that HCPPL will ramp up its production in Lucknow facility to its rated capacity by Q2 of 22-23.

Your Company got the approval from the Hon'ble NCLT, Mumbai Bench in the matter of the Composite Scheme of Arrangement and Amalgamation of another Vanity Case group's plant at Coimbatore manufacturing malted beverages viz. Horlicks and Boost for Hindustan Unilever and merger of ATC Beverages Private Limited, manufacturing carbonated drinks and beverages and the said mergers has boost your Company's turnover and profitability during the Financial Year 2021-22.

The Mysuru unit has achieved its highest ever turnover in Q4'22. In addition to its existing customer, Hector Beverages (Paper Boat), Your Company now manufactures for Tata Consumer Products Limited. Your Company expects to do a turnover of around Rs. 75 Crores from this site and the Board has further approved the augmentation of the beverage capacity in Mysuru by a further investment of Rs. 35 Crores.

Your Directors are further pleased to inform you that your Company's acquisition of Aero Care Personal Products LLP (100% Partnership in LLP) has also added the growth in your Company's turnover and ACPPL had achieved its highest ever turnover in the Month of March, 2022. Your Company expects to do a turnaround of Rs. 100 Crores of turnover by ACPPL in Financial Year 2022-23.

## DIRECTORS' REPORT (Contd.)

Your Company also ventured into the Knitted Shoes (Sports Shoes) manufacturing two of the top brands in the category at your Company's facility at Tamil Nadu and the shoe-making facility in Vasai [Mumbai] has also started producing injection moulded sandals and flip-flops. Your Directors are confident that they will enter into a multiyear contract for the same, which will add significant growth to your Company in the coming years in this new venture.

Your Board is confident that Customers will look at your Company's track record of executing greenfield projects flawlessly and integrating the acquisitions seamlessly and continue to propel us towards our next goal of achieving the target of Rs. 4,000 Crores of turnover by Financial Year 2024-25.

## REVISION IN THE FINANCIAL STATEMENT

The Composite Scheme of Arrangement and Amalgamation ('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 Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited ('Avalon Cosmetics') with the Company was approved by the Hon'ble National Law Tribunal (Mumbai Bench) vide its order dated December 21, 2021 ("the NCLT Order"). The Certified copy of the NCLT Order was filed with Registrar of Companies on February 18, 2022. Consequently, the Scheme become operative from February 18, 2022 and effective from April 1, 2020 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 Standalone Financial Statements of the Company for the year ended March 31, 2021 included in this Annual Report have been restated to give effect to the Scheme. All the assets and liabilities of the Coimbatore Manufacturing Unit of Avalon Cosmetics have been transferred to and vested in the Company at its carrying value w.e.f. April 1, 2020 and the amount of Rs. 263.67 Lakhs is recorded as capital reserve on account of the Scheme. In consideration of the business combination, the Company has allotted 13,49,283 (Thirteen Lakhs Forty Nine Thousand Two Hundred and Eighty Three) Equity Shares of Rs. 10/- each credited as fully paid up Equity Shares of Company to the Shareholders of Avalon Cosmetics for each Equity Share held in Avalon Cosmetics.

Pursuant to the business combination between Coimbatore Manufacturing Unit of Avalon Cosmetics and the Company with effect from April 1, 2020, the profit attributable to the Equity Shareholders for the comparative periods have been

restated to include the figures of Coimbatore Manufacturing Unit of Avalon Cosmetics. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per Share of the comparative year have been restated taking into consideration the Equity Shares issued to the Shareholders of Avalon Cosmetics. Further, the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination.

Your Company was holding 44.43% stake in ATC Beverages Private Limited (ABPL). On February 18, 2022, the Company completed the Merger of ABPL via an all-Equity Merger under which one Share of the Company was allotted for every 16,228 (Sixteen Thousand Two Hundred and Twenty Eight) Shares of ABPL as a consideration for acquiring remaining 55.57% stake. The Composite Scheme was filed with the Registrar of Companies on February 18, 2022, and effective from April 1, 2020 i.e. appointed date. Accordingly, February 18, 2022, is considered as the acquisition date, i.e. the date on which control is transferred to the Company. The business combination has been accounted for using the acquisition accounting method under 'Ind AS 103- Business Combinations'. All identified assets acquired, and liabilities assumed on the date of Merger were recorded at their fair value. This amalgamation resulted in a Goodwill amounting to Rs. 157.70 Lakhs.

## SHARE CAPITAL

### CHANGE IN CAPITAL STRUCTURE

During the year under review, in accordance with the Order dated December 21, 2021 of the Hon'ble National Company Law Tribunal ('NCLT'), in the matter of Composite Scheme of Arrangement and Amalgamation between Avalon Cosmetics Private Limited ('Demerged Company' or 'ACPL') and ATC Beverages Private Limited ('Transferor Company' or 'ABPL') and your Company ('Resulting Company' or 'Transferee Company' or 'Resulting Company') ('the Scheme'), your Company's Authorised Share Capital stands increased from existing 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 Non-Convertible Preference Shares of Rs. 100/- each to Rs. 55,15,22,530/- (Rupees Fifty Five Crores Fifteen Lakhs Twenty Two Thousand Five Hundred and Thirty Only) divided into 5,31,52,253 (Five Crores Thirty One Lakhs Fifty Two Thousand Two Hundred and Fifty Three) Equity Shares of Rs. 10/- each and 2,00,000 (Two Lakhs) 9% Redeemable Non-Convertible Preference Shares of Rs. 100/- each.



## DIRECTORS' REPORT (Contd.)

In accordance with the Order dated December 21, 2021 of the Hon'ble NCLT, in the said matter of the Scheme, the Share Allotment Committee of Your Company has issued and allotted 13,50,460 (Thirteen Lakhs Fifty Thousand Four Hundred and Sixty) Equity Shares of your Company to the eligible Shareholders of ACPL and ABPL, who were holding the Shares of ACPL and ABPL as on the Record Date on March 5, 2022 and hence the Issued, Subscribed and Paid-up Share Capital as on March 31, 2022 stands increased from Rs. 22,79,80,780/- (Rupees Twenty Two Crores Seventy Nine Lakhs Eighty Thousand Seven Hundred Eighty Only) divided into 2,11,98,078 (Two Crores Eleven Lakhs Ninety Eight Thousand and Seventy Eight) Equity Shares of Rs. 10/- each and 1,60,000 (One Lakhs Sixty Thousand) 9% Redeemable Non-Convertible Preference Shares of Rs. 100/- each to Rs. 24,14,85,380/- (Rupees Twenty Four Crores Fourteen Lakhs Eighty Five Thousand Three Hundred Eighty Only) divided into 2,25,48,538 (Two Crores Twenty Five Lakhs Forty Eight Thousand Five Hundred and Thirty Eight) Equity Shares of Rs. 10/- each and 1,60,000 (One Lakhs Sixty Thousand) 9% Redeemable Non-Convertible Preference Shares of Rs. 100/- each.

Your Company has Sub-divided/Split of existing 1 (One) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) each fully paid up into 5 (Five) Equity Shares of Rs. 2/- (Rupees Two Only) each fully paid up by passing an Ordinary Resolution passed by the Shareholders of the Company by way of Postal Ballot through E-voting on dated July 1, 2022.

Your Company's Authorised Share Capital as on the date of this report is Rs. 55,15,22,530/- (Rupees Fifty Five Crores Fifteen Lakhs Twenty Two Thousand Five Hundred and Thirty Only) divided into 26,57,61,265 (Twenty Six Crores Fifty Seven Lakhs Sixty One Thousand Two Hundred and Sixty Five) Equity Shares of Rs. 2/- (Rupees Two Only) each and 2,00,000 (Two Lakhs) 9% Redeemable Non-Convertible Preference Shares of Rs. 100/- (Rupees One Hundred Only) each.

And the Issued, Subscribed and Paid-up Share Capital as on the date of this report is Rs. 24,14,85,380/- (Rupees Twenty Four Crores Fourteen Lakhs Eighty Five Thousand Three Hundred Eighty Only) divided into 11,27,42,690 (Eleven Crores Twenty Seven Lakhs Forty Two Thousand Six Hundred and Ninety) Equity Shares of Rs. 2/- each and 1,60,000 (One Lakhs Sixty Thousand) 9% Redeemable Non-Convertible Preference Shares of Rs. 100/- each.

Your Company has not issued any Shares with differential voting rights or by way of Rights issue or Sweat Equity Shares or Shares under ESOP. Further, it has not provided any money

to its employees for purchase of its own Shares hence your Company has nothing to report in respect of Rule 4(4), Rule 12(9) and Rule 16 of the Companies (Share Capital & Debentures) Rules, 2014.

### Other / Debt Securities

Your Company has not issued any Debentures during the year under review. No other debt securities had been issued by your Company during the year.

### MERGERS AND ACQUISITIONS

During the year under review, your Company received the approval and an Order dated December 21, 2021 of the Hon'ble NCLT, approving the 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) Your Company ('The Resulting Company' or 'The Transferee Company' or 'HFL') which inter alia provides for i) De-Merger of Coimbatore business of ACPL with the Company and ii) Merger of ABPL with the Company. The appointed date was April 1, 2020 and the Scheme became effective on February 18, 2022.

During the year under review, your Company acquired 100% Partnership interest in Aero Care Personal Products LLP ('Aero Care'). Aero Care is a Limited Liability Partnership engaged in the business of Manufacture and Trade of cosmetics, Personal Care and Toiletries products. The acquisition of 100% partnership interest in Aero Care is in line with your Company's earlier announcement to enter into the contract manufacturing and expansion of its business into Colour Cosmetics, Personal Care and Toiletries products.

During the year under review, your Company has executed Share Purchase Agreement on January 24, 2022 with Reckitt Benckiser (India) Private Limited to acquire 100% Issued, Subscribed and Paid-up Equity Share Capital of Reckitt Benckiser Scholl India Private Limited ('RBSIPL'). RBSIPL is engaged in the business of manufacturing and supply of footcare products.

The acquisition of the Shares of RBSIPL is in line with your Company's strategy to enter Contract Manufacturing and expansion of its business into OTC Healthcare and Wellness products. Your Company has identified RBSIPL as a suitable acquisition target because it is a financially healthy organisation and your Company had announced its intention to enter into the Contract Manufacturing in this segment of OTC Health care and wellness. Post completion

## DIRECTORS' REPORT (Contd.)

of the transactions contemplated under the Share Purchase Agreement, your Company shall hold 100% of the total Equity Share Capital of RBSIPL and thereby will become the Wholly-Owned Subsidiary Company of your Company.

### 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.

### DIVIDEND DISTRIBUTION POLICY

In accordance with Regulation 43A of the SEBI Listing Regulations, the top 1000 listed entities based on Market Capitalisation are required to formulate a Dividend Distribution Policy, accordingly your Board has formulated and adopted the Policy. Your 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](http://www.hindustanfoodslimited.com).

### LISTING INFORMATION

Your Company's Equity Shares are listed on BSE Limited ('BSE') and are also permissible to be traded on the terminal of the National Stock Exchange of India Limited ('NSE') apart from trading on BSE. The applicable listing fees for Financial Year 2022-23 have been paid to the Stock Exchange before the due dates. The Equity Shares of your Company were not suspended from trading on BSE and NSE at any point of time during the year under review.

### DEPOSITORY SYSTEM

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on March 31, 2022, 97.11 % of the Equity Shares of your Company were held in Demat form. The Company has been allotted New ISIN: INE254N01026 effective July 22, 2022 after Sub-division/Split of Equity Shares of the Company from Face Value of Rs. 10/- each to face value of Rs. 2/- each.

### ACCREDITATION

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

### PUBLIC DEPOSITS

Your Company has not accepted any deposits from public / Members falling under the ambit of 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, 2022.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

HFL Consumer Products Private Limited, incorporated on August 6, 2020 under the Companies Act, 2013 is a Wholly Owned Subsidiary of your Company and is yet to commence its commercial operations in Food & Beverages manufacturing facility for a leading FMCG brand.

During the year under review, effective January 1, 2022 since your Company acquired 100% Partnership interest in Aero Care Personal Products LLP ('Aero Care'), your Company has 100% Management control in the business of Aero Care.

Pursuant to the Order dated December 21, 2021 of the Hon'ble NCLT, Mumbai Bench, in the matter of Composite Scheme of Arrangement and Amalgamation between Avalon Cosmetics Private Limited ('Demerged Company' or 'ACPL') and ATC Beverages Private Limited ('Transferor Company' or 'ABPL') and your Company ('Resulting Company' or 'Transferee Company' or 'HFL') ('the Scheme'), ATC Beverages Private Limited ceased to be an Associate Company w.e.f February 18, 2022 i.e from the effective date of the Scheme.

Your Company monitors performance of the Subsidiary Companies, inter alia, Financial Statements, in particular investments made by Subsidiary Companies, are reviewed quarterly by the Company's Audit Committee.

Minutes of Board Meetings of Subsidiary Companies are placed before the Company's Board regularly.

A statement containing all significant transactions and arrangements entered into by Subsidiary Companies are placed before your Board.

Presentations are made to your Board on business performance of major Subsidiaries of your Company by the Senior Management.

Your Company's Policy for determining Material Subsidiaries is available on the website of the Company.

### CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Regulation 33 of the Listing Regulations, the Consolidated Financial Statements have been prepared by your Company in accordance with the applicable Accounting Standards. The Audited Consolidated Financial Statements, together with Auditors' Report, forms part of the Annual Report.



## DIRECTORS' REPORT (Contd.)

Pursuant to section 129(3) of the Companies Act, 2013, a statement containing the salient features of the Financial Statements of each Subsidiary, Joint Venture and joint operations in the prescribed Form **AOC-1** forms part of the Financial Statements to this Report.

Pursuant to section 136 of the Companies Act, 2013, the Financial Statements of the Subsidiary and Joint Venture Companies are kept for inspection by the Shareholders at the Registered Office of your Company. The statements are also available on the Company's website [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

### CREDIT RATING

During the year under review, India Ratings and Research (Ind-Ra) has upgraded Long-Term Issuer Rating to 'IND A+/Stable' from 'IND A/Stable'. The outlook is Positive.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- 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, 2022 and of the profit of the Company for the year ended on that date;
- 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;
- that the annual accounts have been prepared on a going concern basis;
- that proper internal financial controls are in place and that the internal financial controls are adequate and are operating effectively;
- 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

#### RE-APPOINTMENT OF INDEPENDENT DIRECTOR

During the year under review, considering the vast experience, acumen, positive attributes and significant contribution made by Mr Shashi Kalathil (DIN: 02829333), and recommendations of the Nomination and Remuneration Committee and as approved by the Board of Directors in their Meetings held on May 26, 2021 and August 11, 2021 respectively, the Shareholders of your Company in their 36th AGM approved by passing the Special Resolution, re-appointment of Mr Shashi Kalathil (DIN: 02829333) as the Non-Executive, Independent Director of your Company for a second term of another five years effective from September 24, 2021 to September 23, 2026.

#### RESOLUTIONS TO BE PASSED AT THE ENSUING AGM

##### DIRECTOR LIABLE TO RETIRE BY ROTATION

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr Harsha Raghavan (DIN: 01761512) Non-Executive, Non-Independent Director of your Company, retires by rotation at the ensuing Annual General Meeting and being eligible, Mr Harsha Raghavan offers himself for re-appointment. Your Board has recommended his re-appointment.

#### RE-APPOINTMENT OF INDEPENDENT DIRECTOR

Ms Honey Vazirani (DIN: 07508803), Independent Director of your Company, was appointed as an Independent Director, by the Members in their 32nd AGM held on September 27, 2017 for a first term of 5 years upto the conclusion of the 37th Annual General Meeting to be held in the year 2022. Accordingly, Ms Vazirani's 1st term tenure completes on conclusion of the ensuing AGM on September 22, 2022. Based on the recommendations by the Nomination and Remuneration Committee, the Board of Directors at their Meetings held on May 20, 2022 and subject to approval of the Members of your Company, has recommended re-appointment of Ms Honey Vazirani as the Non-Executive, Independent Director of your Company for a second term starting from September 23, 2022 to September 22, 2027.

#### RE-APPOINTMENT OF MANAGING DIRECTOR

Your Board in its Meeting held on May 20, 2022, on recommendation of the Nomination and Remuneration Committee and subject to the approval of the Shareholders have re-appointed Mr Sameer Kothari (DIN: 01361343), as

## DIRECTORS' REPORT (Contd.)

Managing Director of your Company for five years w.e.f. May 22, 2022 upto May 21, 2027.

Your Company's Shareholders has already passed the necessary resolution for Re-appointment of and Remuneration payable to Mr Sameer Kothari, as Managing Director for a term of 5 (five) years through Postal Ballot by way of remote e-voting on July 1, 2022 according to the provisions of Companies Act, 2013, SEBI LODR Regulations, applicable circulars issued by MCA and SEBI and any other applicable laws.

Resolutions seeking the appointments/ re-appointments of the Directors alongwith their profile as required under Regulation 36(3) of SEBI Listing Regulations forms part of the Notice of the ensuing Annual General Meeting.

### KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013, Mr Sameer R Kothari, Managing Director, Mr Ganesh Argekar, Whole Time Director, Mr Mayank Samdani, Chief Financial Officer and Mr Bankim Purohit, Company Secretary are the Key Managerial Personnel of the Company.

### INDEPENDENT DIRECTORS DECLARATION

Pursuant to Section 149(7) of the Companies Act, 2013, Your Company has received declarations, from all 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 section 149 (6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in respect of their position as an "Independent Director" of your Company. In terms of provisions of Section 134(3) (d) of the Companies Act, 2013, the Board of Directors of your Company have taken note of all these declarations of independence received from all the Independent Directors and have undertaken due assessment of the veracity of the same.

Further, the Independent Directors of your Company have confirmed that, they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence.

Your Board is of the opinion that, the Independent Directors of your Company (including the Independent Directors re-appointed during the year) possess requisite qualifications, experience, expertise (including proficiency) and they hold the

highest standards of integrity that enables them to discharge their duties as the Independent Directors of your Company. Further, in compliance with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of your Company have registered themselves with the Indian Institute of Corporate Affairs.

### FAMILIARISATION PROGRAMMES

Familiarisation programmes for the Independent Directors were conducted during the Financial Year 2021-22. Apart from this, there were quarterly business presentations by Mr Mayank Samdani, Chief Financial Officer of the Company. Details of the familiarisation programme are explained in the Corporate Governance Report and are also available on the Company's website and can be accessed at [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

### 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. The Meetings of your Board of Directors are pre-scheduled and intimated to all the Directors in advance in order to help them plan their schedule. In case of business exigencies or urgency of matters, approvals are taken by convening the Meetings at a Shorter Notice with consent of the Directors or by passing resolutions through circulation as permitted under the applicable law, which are noted and confirmed in the subsequent Board and Committee Meetings.

During the year under review, the Board of Directors of your Company met 4 (Four) times i.e. on May 26, 2021, August 11, 2021, November 12, 2021 and February 11, 2022 the details of the Board Meetings and the attendance records of the Directors are provided in the Corporate Governance Report which forms part of this Annual Report.

### 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 26, 2021. All the Independent Directors were present for the Meeting.

### ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and



## DIRECTORS' REPORT (Contd.)

Disclosure Requirements) Regulation, 2015, 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 the Board and its Statutory Committees. Further, the performance evaluation criteria for Independent Directors included a check on their fulfilment of the independence criteria and their independence from the Management.

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

### 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 Sarjit Singh Bedi and Mr Sandeep Mehta as the other Members. The terms of reference etc., number of Meetings of the Audit Committee are 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, number of Meetings held during the year under review etc. of the Nomination and Remuneration Committee are provided in Corporate Governance Report which forms part of this Annual Report.

The Committee has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com) and forms part of this Annual Report as **Annexure I**.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition, terms of reference, number of Meetings held during the year under review etc. of the Stakeholders Relationship Committee are provided in Corporate Governance Report which forms part of this Annual Report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As required under the Companies Act, 2013 a CSR committee of the Board is duly constituted to formulate and recommend to the Board CSR Policy indicating the Company's CSR Activities to be undertaken. The CSR Policy as recommended by the Committee and as approved by your Board is available

on the Company's website viz. [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

The CSR Committee comprises of 3 (Three) Members out of which 1 (One) is Independent Director. The Committee is chaired by Mr Sameer Kothari and Mr Ganesh Argekar and Mr Shashi Kalathil are the other Members of the CSR Committee. During the year under review, the Committee met 2 (Twice) on August 11, 2021 and February 11, 2022. Details of the role and functioning of the committee are given in the Corporate Governance Report which forms part of this Annual Report.

During the year under review, the Company took various initiatives towards financial, medical and community support in the fight against COVID-19 pandemic. 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 specified activities laid down under your Company's policy on expenditure on CSR.

The Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules 2014 is set out as **Annexure II** forming part of this Annual Report.

### RISK MANAGEMENT COMMITTEE

Knowing the importance of managing and pre-empting risks effectively for sustaining profitable business, your Company has constituted a Risk Management Committee, in line with the SEBI Listing Regulations, as it is covered and applicable to the top 1000 Listed Companies based on the Market Capitalisation for the immediately preceding Financial Year.

The composition, terms of reference, number of Meetings held during the year under review etc. of the Risk Management Committee are provided in Corporate Governance Report which forms part of this Annual Report.

### INTERNAL CONTROL SYSTEM

Your Board has laid down Internal Financial Controls within the meaning of the explanation to Section 134 (5) (e) ("IFC") of the Companies Act, 2013. Your Board believes your Company has sound IFC commensurate with the nature and size of its business. Business is however dynamic. Your Board is seized of the fact that IFC 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. Your Company has a process in

## DIRECTORS' REPORT (Contd.)

place 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.

### AUDITORS

#### 1. Statutory Auditors

M/s. M S K A & Associates, Chartered Accountants (Registration No. 105047W) were appointed as the Statutory Auditors for a period of 5 (five) consecutive years commencing from the conclusion of the 32nd Annual General Meeting held on September 27, 2017 until the conclusion of the 37th Annual General Meeting to be held on September 22, 2022. Accordingly, M/s. M S K A & Associates, will be completing their 1st term of five years at the conclusion of the forthcoming 37th Annual General Meeting on September 22, 2022.

Your Board is proposing to re-appoint M/s. M S K A & Associates, Chartered Accountants (Registration No. 105047W), as the Statutory Auditors for a 2nd term period of 5 years commencing from the conclusion of the 37th Annual General Meeting till the conclusion of the 42nd Annual General Meeting to be held in the year 2027.

M/s. M S K A & Associates is a leading professional services firm engaged in the field of audit, taxation, risk and transaction advisory services.

M/s. M S K A & Associates have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. Further, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).

The Audit Committee and the Board of Directors recommends the re-appointment of M/s. M S K A & Associates, Chartered Accountants as Statutory Auditors of your Company from the conclusion of the ensuing 37th Annual General Meeting till the conclusion of the 42nd Annual General Meeting to be held in the year 2027.

#### 2. Cost Auditors

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, your Company is required to prepare, maintain as well as have the audit of its cost records conducted by a Cost Accountant and accordingly it has maintained

such cost accountants and records. Your Board on recommendation of the Audit Committee of the Board of Directors in their Meetings held on August 9, 2022 has appointed M/s. Poddar & Co., Cost Accountants (Firm Registration No: 101734) as the Cost Auditors of the Company for the year 2022-23 under Section 148 and all other applicable provisions of the Act.

M/s. Poddar & Co. have confirmed that they are free from disqualification specified under Section 141 (3) and proviso to Section 148 (3) read with Section 141 (4) of the Act and that the appointment meets the requirements of Section 141 (3) (g) of the Act. They have further confirmed their independent status and an arm's length relationship with the Company.

The remuneration payable to the Cost Auditor is required to be placed before the Members in the General Meeting for their ratification. Accordingly, a Resolution for seeking Members' ratification for the remuneration payable to M/s. Poddar & Co. is included at Item No. 6 of the Notice convening the ensuing AGM.

#### 3. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Rules thereunder, your Board of Directors has appointed CS Pankaj Desai, Practicing Company Secretary (COP no 4098 & Membership no. 3398) to carry out the Secretarial Audit for the Financial Year 2021-22. The Secretarial Audit Report for the Financial Year ended March 31, 2022 forms a part of this Annual Report as **Annexure IV**. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in their Report.

### STATUTORY AUDITORS' OBSERVATIONS

The notes on Financial Statements referred to in the Statutory Auditor's 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 Statutory Auditors' Report which requires any clarification or explanation.

### ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to Regulation 24 (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Independent Secretarial Auditor had undertaken an audit for the Financial Year 2021-22 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.



## DIRECTORS' REPORT (Contd.)

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has established a Mechanism for the Directors and Employees to report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Code. It also provide for adequate safeguards against victimisation of employees who avail the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Whistleblower Policy also facilitates all employees of the Company to report any instances of leak of Unpublished Price Sensitive information. This policy is also posted on the website of the Company at [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com). The Audit Committee of your 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 your 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.

### BUSINESS RESPONSIBILITY REPORTING

As stipulated under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate section on Business Responsibility Report highlighting your Company's sustainability initiatives, forms part of this Annual Report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Financial Statements.

### RELATED PARTY TRANSACTIONS

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](http://www.hindustanfoodslimited.com).

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 and also the Board for approval. Prior Omnibus approval of the Audit Committee and approval of your Board is obtained for the transactions which are foreseeable and a repetitive of nature. The transactions entered into pursuant to the approvals so granted are subjected to audit and a statement giving details of all Related Party Transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. Further, there were no material Related Party Transactions during the year under review with the Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company. 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.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

There are no material changes and commitments, affecting the financial position of your Company, which has occurred between the end of the Financial Year of your Company i.e. March 31, 2022 and the date of Board's Report i.e. August 9, 2022 except Reckitt Benckiser Scholl India Private Limited became the Wholly-Owned Subsidiary Company of your Company effective July 1, 2022 on completion of the acquisition of 100% Shareholding of RBSIPL against the payment of Rs. 74.98 Crores under Share Purchase Agreement.

Further, Your Company has Sub-divided/Split of existing 1 (One) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) each fully paid up into 5 (Five) Equity Shares of Rs. 2/- (Rupees Two Only) each fully paid up by way of Ordinary Resolution passed by the Shareholders of the Company by way of Postal Ballot through E-voting on dated July 1, 2022 and the Clause V of the Memorandum of Association has been amended due to Sub-division/Split of Equity shares. Your Company has received the Stock Exchange approval and July 22, 2022 was the record date for the purpose of Sub-division of the Equity Shares.

## DIRECTORS' REPORT (Contd.)

### Global Pandemic - COVID-19

Despite the COVID-19 vaccination efforts having gained momentum in the Financial Year 2021-22, uncertainty rose due to the resurgence of the second wave and third wave of the COVID cases across many parts of India and lockdown restrictions in different states of varying degrees. While there have been local lockdowns in many locations, your Company has been operating its plants till date with minimal disruption. We would like to iterate that your 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. Your 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. Necessary safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and vaccination of the employees were followed in compliance with the regulations of the local authorities, which encouraged the employees of your Company to give their best efforts even in the third wave and your Company's plants were operating without any disruption.

### REPORTING OF FRAUDS BY AUDITORS

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

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Management Discussion and Analysis is presented in a separate section forming part of this Annual Report highlighting the detailed review of operations, performance and future outlook of your Company.

### 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, 2022 is given in a separate Annexure to this Report as **Annexure III**.

The Annexure in pursuance to the Rule 5 (2) of the Companies

(Appointment and Remuneration) Rules, 2014, is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 37th 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 information in respect of matters pertaining to conservation of energy, technology absorption, Foreign exchange earnings and outgo, as required under 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 – V** to this Report.

### ANNUAL RETURN

Pursuant to the provisions of Section 134 (3) (a) and Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of your Company for the Financial Year March 31, 2022 is uploaded on the website of your Company and can be accessed at [www.hindustanfoodslimited.com](http://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) and circulated to all the employees, which provides for a proper mechanism for redressal of complaints of sexual harassment. Your Company is committed to creating and maintaining an atmosphere in which employees can work together without fear of sexual harassment, exploitation or intimidation. Your Board has constituted Internal Complaints Committees (ICCs) pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. ICCs is responsible for redressal of complaints related to sexual harassment at the workplace in accordance with procedures, regulations and guidelines provided in the Policy.



DIRECTORS’ REPORT (Contd.)

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

CORPORATE GOVERNANCE

It has been the endeavor 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.

OTHER DISCLOSURES

No disclosure or reporting is made with respect to the following items, as there were no transactions during the year under review:

- There was no change in the nature of business
- The issue of Shares to the employees of the Company under any scheme (sweat equity or stock options)
- Managing Director & CEO has not received any remuneration or commission from any of its subsidiaries
- There is no application made or pending proceeding under the Insolvency and Bankruptcy Code, 2016 (31 of 2016)
- There was no instance of one time settlement with any Bank or Financial Institution.

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 during the year under review.

For and on behalf of the Board of Directors

**Sameer R Kothari**  
Managing Director  
DIN: 01361343

**Ganesh T Argekar**  
Executive Director  
DIN: 06865379

Place : Mumbai  
Date : August 9, 2022

ANNEXURE – I TO THE DIRECTORS’ REPORT

SALIENT FEATURES OF THE NOMINATION AND REMUNERATION POLICY

Policy on appointment and removal of Directors, Key Managerial Personnel (‘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 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 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 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



## ANNEXURE – I TO THE DIRECTORS' REPORT (Contd.)

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, wherever 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]

#### 1. Brief outline on CSR Policy of the Company:

- Promotion of education
- Promoting gender equality
- Promoting social business projects
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna and animal welfare
- Conservation of natural resources
- Promoting health and hygiene

#### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr Sameer R Kothari	Chairman, Managing Director	2	2
2.	Mr Ganesh T Argekar	Member, Executive Director	2	2
3.	Mr Shashi K Kalathil	Member, Independent Director	2	2

#### 3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company. –

Web link – [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com)

#### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) – Not Applicable

#### 5. (a) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any –

Sl. No.	Financial Year	Amount available for set-off from preceding Financial Years (Rs.)	Amount required to be set-off for the Financial Years, if any (Rs.)
1.	2018-19	NIL	NIL
2.	2019-20	NIL	NIL
3.	2020-21	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>

#### (b) Net Profit & other details for the preceding Financial Years:

Sr. No.	Particulars	Amount (Rs.)		
		2020-21	2019-20	2018-19
1.	Profit Before tax	54,48,00,000	34,63,20,000	18,18,40,000
2.	Net Profit computed u/s 198	54,48,00,000	34,63,20,000	18,18,40,000
3.	Total amount adjusted as per rule 2(1) (h) of the CSR Policy Rules 2014	-	-	-
4.	Total Net Profit for Section 135 (2-3)	54,48,00,000	34,63,20,000	18,18,40,000

#### 6. Average net profit of the Company as per section 135(5) - Rs. 3,576.5 Lakhs

#### 7. (a) Two percent of average net profit of the Company as per section 135(5) - Rs. 71.53 Lakhs



## ANNEXURE – II TO THE DIRECTORS’ REPORT (Contd.)

(b) Surplus arising out of the CSR projects or programs or activities of the previous Financial Year - NIL

(c) Amount required to be set off for the Financial Year, if any - NIL

(d) Total CSR obligation for the Financial Year (7a+7b-7c) - Rs. 71.53 Lakhs

8. (a) CSR amount spent or unspent for the Financial Year:

Amount (Rs. In Lakhs)

Total Amount Spent for the Financial Year	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 76.95	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the Financial Year: - Not Applicable

Sl . No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current Financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
NIL												

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency/ State/ District	
				State	District			CSR registration Number	Name
1.	Donation of Food Material	Eradicating Hunger, poverty and malnutrition	Yes	Appanaickentpatti, Coimbatore		22,345	Yes	-	-
2.	Donation of Food Material	Eradicating Hunger, poverty and malnutrition	Yes	Hyderabad		50,000	Yes	-	-
3.	Donation to School	Promoting Education	Yes	Samba, Jammu		1,00,500	Yes	-	-
4.	Donation to Umang Foundation	Promoting Education	Yes	Mumbai		5,22,250	No	E-25633(M)	-
5.	Donation to Sarvodaya Trust	Promoting Education	Yes	Mumbai		2,50,000	Yes	-	-

## ANNEXURE – II TO THE DIRECTORS’ REPORT (Contd.)

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency/ State/ District	
				State	District			CSR registration Number	Name
6.	Donation of Habitat for Humanity Fundraiser	Disaster Management	Yes	Mumbai		20,000	Yes	-	-
7.	Donation of PPE Kits, Oxygen Cylinders	Promoting preventive health care	Yes	Telangana		1,00,000	Yes	-	-
8.	Donation of Food material to orphanage	Eradicating Hunger, poverty and malnutrition	Yes	Telangana		7,000	Yes	-	-
9.	Donation to Primary Health Centre	Promoting preventive health care	Yes	Dharbandora, Goa		99,900	Yes	-	-
10.	Donation to KARM Fellowship for Young Indian Women	Supporting homeless young Womens	Yes	Mumbai		10,00,000	Yes	-	-
11.	Donation to Ekam Foundation	Promoting Education	Yes	Mumbai		4,50,000	Yes	-	-
12.	Donation to St. Jude child care Centre	Promoting Education	Yes	Mumbai		8,00,000	Yes	-	-
13.	Donation to Paramparik Karigar to support the education	Promoting Education	Yes	Telangana		3,00,000	Yes	-	-
14.	Donation paid towards education of EBC	Promoting Education	Yes	Atgaon, Maharashtra		21,500	Yes	-	-
15.	Donation paid towards Xmas celebration for poor kids	Eradicating Hunger, poverty and malnutrition	Yes	Mumbai		2,00,000	Yes	-	-
16.	Donation for health center from Grampanchayat Malegaon	Promoting preventive health care	Yes	Nashik, Maharashtra		1,00,000	Yes	-	-
17.	Food provided towards "All the Children"	Eradicating Hunger, poverty and malnutrition	Yes	Coimbatore		7,500	Yes	-	-



## ANNEXURE – II TO THE DIRECTORS' REPORT (Contd.)

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implemetati on – Direct (Yes/No)	Mode of implementation - Through implementing agency/ State/ District	
				State	District			CSR registration Number	Name
18.	Provided hospitals with oxygen cylinders, setting up COVID-19 care centers	Promoting preventive health care	Yes	Across India		20,000	Yes	-	-
19.	Donation against CC cameras for village protection	Rural Developmnet Project	Yes	Hyderabad		3,59,000	Yes	-	-
20.	Distribution of Free groceries for needy people-	Rural development projects	Yes	Coimbatore		1,09,635	Yes	-	-
21.	Covid Free Vaccination camp for rural citizens	Promoting preventive health care	Yes	Hyderabad		2,31,800	Yes	-	-
22.	Water cooler provided to Gurudwara Mirpur	Promoting preventive health care	Yes	Kala amb, Himachal Pradesh		26,500	Yes	-	-
23.	Donation to Cancare Trust	Promoting preventive health care	Yes	Mumbai		5,00,000	Yes	-	-
24.	Donation to School	Promoting Education	Yes	Jammu		69,620	Yes	-	-
25.	Distribution of Food material to Orphanages & Donation to employment of poor destitute Women	Eradicating Hunger, poverty and malnutrition	Yes	Mumbai		3,00,000	Yes	-	-
26.	Donation to K.J. Somaiya College for Girl Child Education	Promoting Education	Yes	Mumbai		2,00,000	Yes	-	-
27.	Donation to Tata Memorial	Promoting preventive health care	Yes	Mumbai		6,00,000	Yes	-	-
28.	Donation to Urja Trust	Supporting homeless young Womens	Yes	Mumbai		5,50,000	No	CSR00002422	Urja Trust
29	Vaccination Center	Promoting preventive health care	Yes	Mumbai		6,77,450	Yes	-	-
Total						76,95,000			

## ANNEXURE – II TO THE DIRECTORS' REPORT (Contd.)

- (d) Amount spent in Administrative Overheads – Not applicable  
(e) Amount spent on Impact Assessment, if applicable – Not applicable  
(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Rs. 76.95 Lakhs  
(g) Excess amount for set off, if any –

Sl. No.	Particular	Amount (in Rs.)
i.	Two percent of average net profit of the Company as per section 135(5)	Rs. 71.53 Lakhs
ii.	Total amount spent for the Financial Year	Rs. 76.95 Lakhs
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	Rs. 5.42 Lakhs
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NA
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Rs. 5.42 Lakhs

9. (a) Details of Unspent CSR amount for the preceding three Financial Years: - Not Applicable

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
NIL							

- (b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s): - Not Applicable

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed / Ongoing
NIL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details) – Not Applicable

- (a) Date of creation or acquisition of the capital asset(s).  
(b) Amount of CSR spent for creation or acquisition of capital asset.  
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.  
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5) - Not Applicable

Sd/-  
**Mr Ganesh Argekar & Mr Shashi Kalathil**  
(Members of CSR Committee)

Sd/-  
**Mr Sameer Kothari**  
(Chairman CSR Committee)

**Not Applicable**  
[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 2022:

Median Remuneration of all the employees of the Company (Rs. in Lakhs)	3,17,226
Percentage increase in Median Remuneration of all the employees	7.52%
Number of permanent employees on the rolls of the Company	820*

Name of Directors and KMP	% increase in remuneration in Financial Year	Ratio to median Remuneration of all employees
<b>Executive Director</b>		
Mr Ganesh T Argekar	33.33%	22.82
Mr Sameer Kothari	NIL	NIL
<b>Other KMPs</b>		
Mr Mayank Samdani Chief Financial Officer	17.06%	22.07
Mr Bankim Purohit Company Secretary	9.51%	6.26

\*Excluding the employees of ABPL, as the merger was effective from February 18, 2022.

- The average percentile increase in the salaries of the employees other than the Managerial Person (i.e. ED) is **7%**. While increase in the Managerial remuneration is **8.22%**. 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.
- 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

### 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 31.03.2022

To,  
The Members,  
**Hindustan Foods Limited**  
CIN: L15139MH1984PLC316003  
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, 2022, 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, 2022 and according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- 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’):-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the period under review.)**
- 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.)**
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008; **(Not applicable during the period under review.)**
- 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;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the period under review)**
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the period under review).**
- 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:

- Food Safety Standards Act, 2006 and Food Safety and Standards Rules, 2011;
- Prevention of Food Adulteration Act 1954;
- Bureau of Indian Standards (BIS) Act, 1986;



ANNEXURE – IV TO THE DIRECTORS’ REPORT (Contd.)

Annexure I (Integral Part of Secretarial Audit Report)

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 as mentioned subject to the following observations.

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.

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:

- Received the order from the Hon'ble NCLT, Mumbai Bench approving the composite scheme of arrangement and amalgamation between Avalon Cosmetics Private Limited (the Demerged Company), ATC Beverages Private Limited (the Transferor Company) and Hindustan Foods (the Resulting Company or the Transferee Company) and their respective Shareholders (Scheme) by the Equity Shareholders of the Company
- Allotted 13,50,460 (Thirteen Lakhs Fifty Thousand Four Hundred and Sixty) Equity Shares of the Company Pursuant to Scheme of Arrangement and Amalgamation to the Shareholders of Avalon Cosmetics Private Limited and ATC Beverages Private Limited

Sd/-  
Name of the Company Secretary:-  
Pankaj Desai  
ACS No:- 3398  
C. P. No:- 4098  
UDIN NO:- A003398D000722776

Place: - Mumbai  
Date:- August 4, 2022

To,  
The Members,  
Hindustan Foods Limited,

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

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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.

Place: - Mumbai  
Date:- August 4, 2022

Sd/-  
Name of the Company Secretary:- Pankaj Desai  
ACS No:- 3398  
C. P. No:- 4098  
UDIN NO:- A003398D000722776



## ANNEXURE – V TO THE DIRECTORS' REPORT

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, 2022

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

### A CONSERVATION OF ENERGY

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

- Energy consumption: Energy consumption has been higher per unit of production as compared to previous year, due to increase in production and higher plant utilisation.
- Total energy consumption and energy consumption per unit of production are as under:

#### (A) POWER AND FUEL CONSUMPTION

Particulars	Units	Current Year
1 Electricity		
a) Purchased Units	Kwh	17,416,355.32
Total amount	Rs.	115,777,083.10
*Rate/ unit	Rs.	6.65
b) Own Generation		
Through Diesel Generator		
Units	Kwh	488,135.00
Units per Ltr. of Diesel Oil	Kwh	0.73
Total qty of diesel consumed	Ltr.	671,555.06
Total cost of diesel	Rs.	58,583,286.40
Cost/Unit	Rs.	87.24
2 Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	31,780.00
Total amount	Rs.	2,658,902.75
Average Rate	Rs.	83.67
3 Briquettes – For Boiler		
Quantity	Kgs.	6,392,771.76
Total Amount	Rs.	26,782,523.96
Average Rate	Rs.	4.19

#### (B) CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Units	Current Year	Standard if any
(Products with details - Units)			
(a) Cereal based food products (tonnes)	Ton	916.33	-
Electricity (Units)	Units/ Ton	813.39	-
H.S.D. Oil (Qty)	Ltr/ Ton	34.68	-
(b) Pest Control Products	CLD	11,51,639.38	-
Electricity (Units)	Units/CLD	4.36	-
Briquettes	Kgs/CLD	5.20	-
(c) Full Shoes	Pairs	7,85,478.00	-
Electricity (Units)	Units/Pairs	0.29	-
(d) Tea Dust (tonnes)	Ton	34,124.05	-
Electricity (Units)	Units/ Ton	28.57	-
(e) Detergent (Powder & Liq-uid) (tonnes)	Ton	1,27,461.98	-
Electricity (Units)	Units/ Ton	50.79	-
(f) Toilet Cleaner (tonnes)	Units in KL's	6,843.60	-
Electricity (Units)	Units/KL	60.97	-

## ANNEXURE – V TO THE DIRECTORS' REPORT (Contd.)

Particulars		Units	Current Year	Standard if any
(g)	Disinfectant Surface cleaner (KL)	KL's	3,591.53	-
	Electricity (Units)	Units Units/KL	35.60	-
(h)	Energy & Sports Nutrition Drink (tonnes)	Ton	28,690.62	-
	Electricity (Units)	Units Units/ton	123.18	-
(i)	Juices	KL's	2,859.46	-
	Electricity (Units)	Units/ KL's	71.27	-
	Briquettes	Kgs/ KL's	139.45	-
(C)	Technology Absorption			
	(i)	The efforts made towards technology absorption.	The Company continues to keep abreast the	
	(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution.	developments in the ex-truder technology and has assimilated the latest technologies in the related fields.	
	(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) –	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	
(D)	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. 214.82 Lakhs.	
			Foreign Exchange earned during the year by exporting finished products was equivalent to Rs. 4,436.68 Lakhs.	



# 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 Stakeholders Relationship.

## 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 Dempo Group of Goa 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 Mumbai, Maharashtra - 400070
4. Website	www.hindustanfoodslimited.com
5. E-mail	investorrelations@thevanitycase.com
6. Financial Year Reported	April 1, 2021 to March 31, 2022
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 20239: Contract Manufacturing of Home care products 10304: Contract Manufacturing of Fruit juice 11041: Contract Manufacturing of Aerated juice
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:	(a) NA
(b) Number of National Locations:	(b) 10
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):	2,414.85
2. Total Turn Over (Rs. in Lakhs):	2,02,601.80
3. Total profit after taxes (Rs. in Lakhs):	5,007.70
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Average Net profit of the Company for last 3 Financial Years:	2% (Rs. 71.53 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, Eradicating hunger, poverty & Malnutrition, and Rural development projects etc. 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	Yes
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)	No
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 (If applicable)	01361343
2	Name	Sameer Ramanlal Kothari
3	Designation	Managing Director
4	Telephone no.	(022) 69801700
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	NA	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 your 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?	<a href="https://www.hindustanfoodslimited.com">https://www.hindustanfoodslimited.com</a>								

## BUSINESS RESPONSIBILITY REPORT (Contd.)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 <a href="http://www.hindustanfoodslimited.com">www.hindustanfoodslimited.com</a>								
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.								

(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>.

### 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 stakeholders.
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.	Your 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.



## BUSINESS RESPONSIBILITY REPORT (Contd.)

### 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 your 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?	Your 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 citizen 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?	Your Company gives preference for procurement of goods and services to the local small and medium enterprises which are listed with the Company.  Your 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.	Your Company utilises 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.	820*
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	Temporary- 17 Casual Labour - 2569
3.	Please indicate the Number of permanent women employees.	51
4.	Please indicate the Number of permanent employees with disabilities	2
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.	Your 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.  Your 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?	Your 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%

\* Excluding the employees of ABPL, as the merger was effective from February 18, 2022.



## 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 Your 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?	Your 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 stakeholders.
2.	How many stakeholder complaints have been received in the past Financial Year and what % was satisfactorily resolved by the management?	Your 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.	Your 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.	Your 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	Your Company continuously aims to reduce even the limited impact on the environment by identifying ways to optimise resource consumption in its operations. Your Company understands the potential environmental risks. We also comply with applicable environmental regulations, wherever applicable, in respect of its premises and operations.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

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
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.	Your 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 3 to the Directors' Report.
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	Your 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?	Your 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 2021-22, the Company has spent Rs. 76.95 Lakhs on CSR Activities.



## BUSINESS RESPONSIBILITY REPORT (Contd.)

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.
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### 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 behavior 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 behavior.
4.	Did your Company carry out any consumer survey/ consumer satisfaction trends?	Your 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

**“Good Corporate Governance is about ‘intellectual honesty’ and not just sticking to rules and regulations, capital flowed towards Companies that practiced this type of Good Governance.” - Mervyn King (Chairman: King Report)**

### For the Financial Year 2021-22

Your Directors are pleased to present your Company's Report on Corporate Governance for the Financial Year ended March 31, 2022, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulation'). Corporate Governance is the interaction of the Management, Members and the Board of Directors to ensure that all Stakeholders are protected in their sole interest.

#### 1. Company's philosophy on code of Governance

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

#### 2. Board of Directors ("Board")

##### 2.1 Composition and category of Directors

Your Company's Board comprises of an optimum combination of Executive and Non-Executive Directors. As on March 31, 2022, 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 the other Four are Independent Directors (ID). The number of IDs is more than One Third of the total number of Directors.

Name	DIN	Category	Number of Equity Shares held as at March 31, 2022
Mr Shrinivas V Dempo (Chairman)	00043413	Non-Independent Non-Executive	4,00,000
Mr Sameer R Kothari	01361343	Managing Director	24,15,183*
Mr Ganesh T Argekar	06865379	Executive Director	50,000
Mr Nikhil K Vora	05014606	Non-Independent Non-Executive	Nil
Mr Shashi K Kalathil	02829333	Independent Non-Executive	Nil
Ms Honey Vazirani	07508803	Independent Non-Executive	Nil
Mr Neeraj Chandra	00444694	Independent Non-Executive	Nil
Mr Sarjit 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

\*During the year under review, your Company allotted 5,18,433 Equity Shares on March 14, 2022 to the eligible Shareholders of ACPL and ABPL, pursuant to Composite Scheme of Arrangement and Amalgamation between Avalon Cosmetics Private Limited ('the Demerged Company' or 'ACPL') and ATC Beverages Private Limited ('the Transferor Company' or 'ABPL') and Hindustan Foods Limited ('the Resulting Company' or 'the Transferee Company' or 'HFL')



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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 as given below:

Name of the Director	No. of board Meetings attended during 2021-22	Whether attended last AGM held in 2021	No. of Directorships in other Companies <sup>9</sup>	No. of Committee positions held in other Companies*	
				Chairperson	Member
Mr Shrinivas V Dempo	4 of 4	Yes	3	-	-
Mr Sameer R Kothari	4 of 4	Yes	-	-	-
Mr Nikhil K Vora	3 of 4	Yes	2	-	-
Mr Shashi K Kalathil	4 of 4	Yes	-	-	-
Ms Honey Vazirani	4 of 4	Yes	-	-	-
Mr Neeraj Chandra	4 of 4	Yes	-	-	-
Mr Ganesh T Argekar	4 of 4	Yes	-	-	-
Mr Sarjit Singh Bedi	4 of 4	Yes	1	-	1
Mr Sandeep Mehta	4 of 4	No	1	-	-
Mr Harsha Raghavan	3 of 4	Yes	2	-	2

<sup>9</sup>Excluding 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:

- During the FY ended March 31, 2022, none of the Independent Directors of your Company serves as an Independent Director in more than Seven Listed Companies and the Executive Director/ Managing Director does not serve as Independent Director on any Listed Company.
- None of the Directors of your Company is a member of more than ten committees nor is a Chairperson of more than 5 committees across all the Public Limited Companies, whether listed or not, in which he/she is a Director. The Committees considered for the above purpose are those specified in Regulation 26(1)(b) of the Listing Regulations i.e. the Audit Committee and the Stakeholders' Relationship Committee.
- None of the Director of your Company is a Director of more than Seven Listed Companies.
- None of the Directors have any relationships inter-se.
- 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 as on FY ended March 31, 2022

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)
	3. Kirloskar Brothers Limited – Non-Executive, Independent Director
Mr Sameer R Kothari	--
Mr Nikhil K Vora	1. Parag Milk Foods Limited – Non-Executive, Non-Independent Director
Mr Shashi K Kalathil	--
Ms Honey Vazirani	--
Mr Neeraj Chandra	--
Mr Sarjit Singh Bedi	1. Camlin Fine Sciences Limited – Non-Executive - Non Independent Director
Mr Sandeep Mehta	--
Mr Harsha Raghavan	1. Camlin Fine Sciences Limited – Non-Executive - Non Independent Director
	2. Onward Technologies Limited – Additional Director (Non- Executive, Non-Independent)
Mr Ganesh T Argekar	--

### 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 Notices 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. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

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

Four Board Meetings were held during the Financial Year ended March 31, 2022 on May 26, 2021, August 11, 2021, November 12, 2021 and February 11, 2022. The gap between two Meetings were not exceeded one hundred and twenty days.

During the year under review, your Board passed two resolutions by way of circulation on February 23, 2022 and the same was approved by majority of Directors on February 24, 2022.

Your Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors of your Company during the Financial Year ended March 31, 2022, except for payment of the sitting fees.

### 2.5 Directors Remuneration

Remuneration of the Executive Directors is determined by the Board on the recommendation of the Nomination & Remuneration Committee, subject to the approval of the Shareholders.

The Executive Directors are entitled to performance bonus for each Financial Year, as may be determined by the Board on the recommendation of the Nomination & Remuneration Committee; such remuneration is linked to the performance of the Company in as much as the performance bonus is based on various qualitative and quantitative performance criteria.

Non-Executive Directors are entitled to sitting fees for attending the Meetings of the Board and its Committees. During the year under review, the sitting fees as determined by the Board are Rs. 25,000/- for each Meeting of the Board, Rs. 5,000/- for each Meeting of the Audit Committee, Nomination & Compensation Committee, Stakeholder Relationship Committee, Risk Management Committee and CSR Committee, and Rs. 15,000/- for each Meeting of the Selection Committee upto November 30, 2021. Thereafter, w.e.f December 1, 2021, the sitting fees were revised and approved

## REPORT ON CORPORATE GOVERNANCE (Contd.)

by the Board are Rs. 50,000/- for each Meeting of the Board, Rs. 10,000/- for each Meeting of the Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and CSR Committee respectively.

The details of remuneration to each of the Directors on the Board during the Financial Year 2021-22 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	-	-	-	-	1,50,000	1,50,000	Retirement by Rotation
Mr Sameer R Kothari	1,56,00,000	-	-	-	-	1,56,00,000	5 years with effect from May 22, 2022
Mr Nikhil K Vora	-	-	-	-	1,00,000	1,00,000	Retirement by Rotation
Mr Shashi K Kalathil	-	-	-	-	2,10,000	2,10,000	Reappointed as Independent Director for the 2nd term of five years with effect from September 24, 2021
Ms Honey Vazirani	-	-	-	-	2,20,000	2,20,000	5 years up to the AGM of 2022
Mr Neeraj Chandra	-	-	-	-	1,65,000	1,65,000	5 Years from the date of appointment i.e. upto January 24, 2024
Mr Ganesh T Argekar, Executive Director	73,85,861	-	-	-	-	73,85,861	3 years with effect from May 19, 2020
Mr Sarvjit Singh Bedi	-	-	-	-	Nil	Nil	Retirement by Rotation
Mr Sandeep Mehta	-	-	-	-	1,50,000	1,50,000	5 Years from the date of appointment i.e. upto August 8, 2024
Mr Harsha Raghavan	-	-	-	-	Nil	Nil	Retirement by Rotation

### Notes:

None of your Directors hold Stock options as on March 31, 2022. 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 26, 2021 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 Familiarisation 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 familiarise 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. Your Company also from time to time familiarises 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](http://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, based on the recommendations made by the Members of the Nomination and Remuneration Committee

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 organisation.

- 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 Sarjit 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 under the Companies Act, 2013 and the Listing Regulations, 2015 and are independent of the Management.

## 3. Audit Committee

### 3.1 Details of the composition of the Audit Committee, Meetings and attendance of the Members are as follows:

The Audit Committee of your 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.

Four Meetings of the Committee were held during the Financial Year ended March 31, 2022 on May 26, 2021, August 11, 2021, November 12, 2021 and February 11, 2022. The gap between two Meetings were not exceeded one hundred and twenty days. The quorum was present for all the above four Meetings.

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	4 of 4
Ms Honey Vazirani	ID	4 of 4
Mr Sarjit Singh Bedi	NED	4 of 4
Mr Sandeep Mehta	ID	4 of 4

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

## 4. Nomination and Remuneration Committee

### 4.1 Details of the composition of the Nomination and Remuneration Committee, Meetings and attendance of the Members are as follows:

The Nomination and Remuneration Committee of your 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 your 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 Sarjit Singh Bedi, Non-Executive Director, been the Members of the Committee.

Two Meetings of the Committee were held during the Financial Year ended March 31, 2022 on May 26, 2021 and November 12, 2021.

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	2 of 2
Ms Honey Vazirani	ID	2 of 2
Mr Sarjit Singh Bedi	NED	2 of 2

ID – Independent Director; NED – Non Executive Director

### 4.2 Nomination and Remuneration Policy

Your Company has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

## 5. 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 your 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, 2022, on May 26, 2021, August 11, 2021, November 12, 2021 and February 11, 2022.

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	4 of 4
Mr Shrinivas V Dempo	NED	4 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, deletion of name, consolidation of 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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 5.3 Details of Shareholders' Complaints/request

The number of Complaints/requests received and resolved to the satisfaction of investors during the Financial Year March 31, 2022 and their break-up is as under:

Type of Complaint/Request	No. of Complaint / Request
Non-Receipt of Annual Reports	10
Transfer/Transmission/Duplicate issue of Share Certificate	141
Updating of address/bank account details/KYC details	82
Others	135
<b>Total</b>	<b>368</b>

### 5.4 Compliance Officer

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

Mr Bankim Purohit, Company Secretary and Compliance Officer  
Hindustan Foods Limited  
Office No. 3, Level-2, Centrium,  
Phoenix Market City, 15, LBS Marg, Kurla (West), Mumbai 400 070  
Tel: 022 69801700  
Email: investorrelations@thevanitycase.com

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

As required under Section 135 of the Companies Act, 2013 a committee of your Board was constituted to oversee and give direction to the Company's CSR Activities. Your Company has formulated CSR Policy and the same has been uploaded on your Company's website [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

### 6.1 Terms of reference

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

### 6.2 Details of the composition of the CSR Committee, Meetings and attendance of the Members are as follows:

The CSR Committee of your Company is headed by Mr Sameer Kothari, Managing Director of your Company. Two Meetings of the Committee were held during the Financial Year ended March 31, 2022, on August 11, 2021 and February 11, 2022. 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	2 of 2
Mr Ganesh Argekar	Executive Director	2 of 2
Mr Shashi Kalathil	Independent Director	2 of 2

## 7. Risk Management Committee – Mandatory Committee

In compliance with the provisions of Listing Regulations, 2015 and Companies Act, 2013, your Board had duly constituted a Risk Management Committee on June 26, 2020 under the Chairmanship of Mr Sameer Kothari, Managing Director of your Company.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Your Company has formulated Risk Management Policy and the same has been uploaded on the Company's website [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com). The role of Risk Management Committee includes the implementation of Risk Management Systems and framework, review the Company's financial and risk management policies, assess risk and procedures to minimise the same.

### 7.1 Terms of reference

The Terms of Reference of the Committee are to:-

- To formulate a detailed Risk Management Policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

### 7.2 Details of the composition of the Risk Management Committee, Meetings and attendance of the Members are as follows:

The Risk Management Committee of your Company is headed by Mr Sameer Kothari, Managing Director of your Company. Two Meetings of the Committee were held during the Financial Year ended March 31, 2022, on February 11, 2022 and March 31, 2022.

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	2 of 2
Mr Ganesh Argekar	Executive Director	2 of 2
Mr Shashi Kalathil	Independent Director	2 of 2
Ms Honey Vazirani	Independent Director	2 of 2
Mr Mayank Samdani	Chief Financial Officer	2 of 2

## 8. Selection Committee- Non-Mandatory Committee

The Selection Committee is formed for advising and recommending in matters of recruitment of Senior Management of your Company and one level below to the CEO of the Company and related matters thereof. The Selection Committee recommends to the Nomination & Remuneration Committee about their opinion on the candidates proposed to be appointed at Senior level of the Management of your Company. Your Board constituted this Committee on August 28, 2020.

### 8.1 Terms of reference

The Terms of Reference of the Committee are to:-



## REPORT ON CORPORATE GOVERNANCE (Contd.)

- Identifying the list of criteria to be considered in recruiting candidates at Senior level and one level below CEO of your Company.
- To review & recommend to Nomination & Remuneration Committee and Management, suitable candidate at Senior level & one level below CEO of your Company on payroll.

### 8.2 Details of the composition of the Selection Committee, Meetings and attendance of the Members are as follows:

One Meeting of the Committee was held during the Financial Year ended March 31, 2022, on April 19, 2021.

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	Managing Director	1 of 1
Mr Neeraj Chandra	Independent Director	1 of 1
Mr Shashi Kalathil	Independent Director	1 of 1

## 9. General Meetings and Postal Ballot

### 9.1 Location and time, where last three AGMs were held:

Financial Year Ended	Date and Time	Venue
March 31, 2019	September 26, 2019 at 11:30 am	Hrezza, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar, Mumbai 400 086
March 31, 2020	September 18, 2020 at 11:30 am	AGM through Video Conferencing / Other Audio Visual Means facility [Deemed Venue for Meeting: Registered Office: Office no. 3, level-2, Centrium, Phoenix Market City, 15, LBS road, Kurla (W), Mumbai 400 070]
March 31, 2021	September 23, 2021 at 11:30 am	AGM through Video Conferencing / Other Audio Visual Means facility [Deemed Venue for Meeting: Registered Office: Office no. 3, level-2, Centrium, Phoenix Market City, 15, LBS road, Kurla (W), Mumbai 400 070]

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

AGM held on	Special Resolution passed	Summary
September 26, 2019	Yes	1. Remuneration payable to Mr Sameer R Kothari (DIN:01361343), Managing Director of the Company
		2. To ratify and revise the Remuneration payable to Mr Ganesh Argekar (DIN: 06865379), 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 Crores
		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.
September 18, 2020	Yes	1. Remuneration payable to Mr Sameer R Kothari (DIN:01361343) Managing Director of the Company
		2. Re-appointment of Mr Ganesh T Argekar (DIN:06865379), Whole-time Director designated as Executive Director
September 23, 2021	Yes	1. Re-appointment of Mr Shashi Kalathil (DIN: 02829333) Independent Director for the 2nd term of 5 (five) consecutive years.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 9.2 Resolution passed through Postal Ballot

During the year under review no resolution were required to pass through Postal Ballot. There is no immediate proposal for passing of any resolution through Postal Ballot.

## 10. Means of Communication

The quarterly Un-Audited/ Audited Financial Extract Results were published in the Free Press Journal (English Dailies) and Navshakti (Marathi Daily). The results were also displayed on your Company's web-site [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com) and also on the website of BSE Limited, where the Shares of your Company are listed. 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.

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

Your Company's Annual Report is e-mailed to all the Shareholders of the Company who has registered their e-mail id's with your Company and also made available on the website of the Company [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com). Pursuant to the various SEBI Circulars and MCA Circulars, due to COVID-19, soft copies of the Annual Report for the Financial Year 2020-21 were circulated to the Members of your Company.

Press Releases, Corporate Presentations and Schedule of analyst or institutional investors meet are displayed on the website of your Company [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com) and are also submitted to the Stock Exchange where the Shares of your Company are listed. No Unpublished Price Sensitive Information (UPSI) is discussed in the presentation made to institutional investors and financial analysts.

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

## 11. Disclosures

### 11.1 Related Party Transactions / Materially significant related party transactions

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

### 11.2 Indian Accounting Standards (IND AS)

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

### 11.3 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 confirms that during the year, it has accepted all recommendations received from its mandatory committees.

### 11.4 Prevention of Insider Trading

Pursuant to SEBI Listing Regulations, your 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 and their immediate relatives, 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 and the Compliance Officer is responsible for implementation of the HFL Code.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

### 11.5 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 off during the Financial Year	Nil
c.	Number of complaints pending as on end of the Financial Year	Nil

### 11.6 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.

### 11.7 Compliance with mandatory requirements and adoption of the non-mandatory requirements

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

Your 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.

### 11.8 Policy for Determining Material Subsidiaries

Your Company does not have any material unlisted Subsidiary Companies as defined in Regulation 16 of the Listing Regulations, 2015.

The Board of Directors of your Company periodically review the statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Companies. Copies of the Minutes of the Board Meeting of the unlisted Subsidiary Company were placed at the Board Meetings of the Company held during the year.

Your Company has framed the policy for determining material Subsidiary and the same is disclosed on your Company's website [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com).

Accordingly, the requirement of appointment of Independent Director of the Company on the Board of Directors of the material unlisted Subsidiary Companies as per Regulation 24 of the Listing Regulations does not apply.

### 11.9 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.

### 11.10 Code of Conduct

In terms of Regulation 17(5) of the Listing Regulations, your Company has adopted the Code of Conduct for the Board Members and Senior Management of the Company which has been posted on your Company's website [www.hindustanfoodslimited.com](http://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, 2022.

Place : Mumbai.

Date : August 9, 2022

Sameer R Kothari

Managing Director

### 11.11 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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 11.12 Whistle Blower Policy

Your Company has in place a Vigil Mechanism / Whistle-blower 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 victimisation 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.

### 11.13 Details of non-compliance with requirements of Corporate Governance Report

Your 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.

### 11.14 Details of compliance with Corporate Governance requirements

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

### 11.15 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 (COP no. 4098), confirming that none of the Directors on the Board of your 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.

## 12 General Shareholder Information

### 12.1 Annual General Meeting

Date and Time : Thursday, September 22, 2022 at 11.30 a.m. IST

Venue Facility : Hybrid Annual General Meeting through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

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

### 12.2 Financial Year Dates (2022-23)

(Tentative and subject to change)

Results for quarter ending June 30, 2022	By August 14, 2022
Results for quarter ending September 30, 2022	By November 14, 2022
Results for quarter ending December 31, 2022	By February 14, 2023
Results for quarter ending March 31, 2023	By May 28, 2023
Annual General Meeting for the year ending March 31, 2023	By September 30, 2023

### 12.3 Book Closure Date

Your Company's Share Transfer Books and Register of Members of Equity Shares shall remain closed from Friday, September 16, 2022 to Thursday, September 22, 2022 (both days inclusive) for the purpose of Annual General Meeting.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 12.4 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: <a href="http://www.bseindia.com">www.bseindia.com</a>

### 12.5 Stock Codes

Name of Stock Exchange	Scrip Code	Demat ISIN Number in NSDL & CDSL
BSE Limited	519126	INE254N01018 (upto July 21, 2022) INE254N01026 (w.e.f. July 22,2022)

### 12.6 Market Price Data (In Rs.)

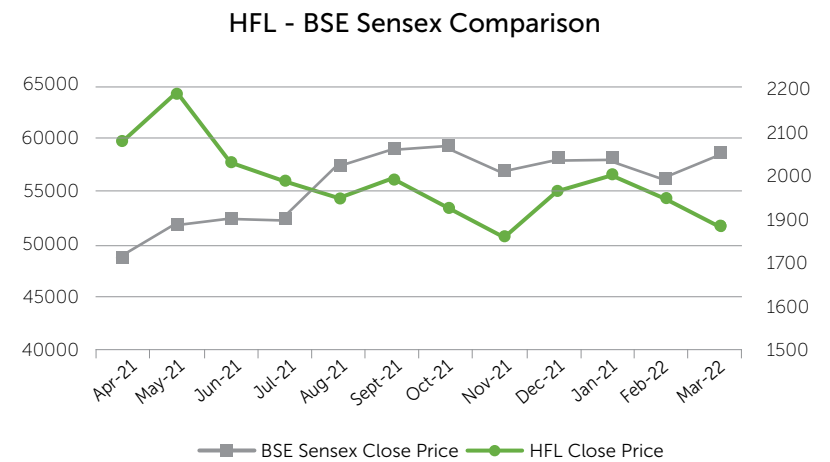
Month	BSE Limited (BSE)		
	High	Low	Volume
April 2021	2,219.00	1,885.60	6,65,13,743
May 2021	2,479.00	2,000.00	14,41,44,177
June 2021	2,231.10	1,960.00	12,69,98,919
July 2021	2,052.00	1,909.00	4,91,39,394
August 2021	1,986.00	1,707.70	4,23,62,171
September 2021	2,144.00	1,917.30	5,62,82,217
October 2021	2,259.00	1,839.65	10,81,73,746
November 2021	1,954.00	1,700.00	5,58,62,596
December 2021	2,030.00	1,753.50	5,93,37,190
January 2022	2,361.50	1,884.60	9,32,65,496
February 2022	2,137.85	1,831.10	3,80,22,744
March 2022	2,130.05	1,742.60	3,06,06,495

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Average monthly closing price of your Company's Shares on BSE as compared to S&P BSE Sensex



### 12.8 Registrar and Share Transfer Agent

Link Intime India Private Limited

C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400083.

Ph.: (022) 49186000 Fax: (022) 49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### 12.9 Share Transfer System

Your Board of Directors have delegated powers to the Registrar and Share Transfer Agents for effecting Share transfers, transmissions, splits, consolidation, sub-division, issue of duplicate Share Certificates, re-materialisation 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, 2022 no Equity Shares were pending for transfer.

As per the requirement of Regulation 40(9) of the Listing Regulations, the Company has obtained the 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 review have been filed with the Stock Exchange within 30 days of the end of each quarter.

Trading in Equity Shares of your Company is permitted only in dematerialised 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 lodgment 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.)

### 12.10 Distribution of Shareholding

#### Distribution Schedule as on March 31, 2022

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	37,203	98.7498	12,92,767	5.7333
501 to 1000	222	0.5893	1,64,919	0.7313
1001 to 2000	108	0.2866	1,51,587	0.6723
2001 to 3000	38	0.1009	95,663	0.4243
3001 to 4000	20	0.0531	70,617	0.3132
4001 to 5000	16	0.0425	76,670	0.3400
5001 to 10000	26	0.069	1,92,465	0.8536
10001 and above	41	0.1088	2,05,03,850	90.9320
<b>Total</b>	<b>37,674</b>	<b>100.00</b>	<b>2,25,48,538</b>	<b>100.00</b>

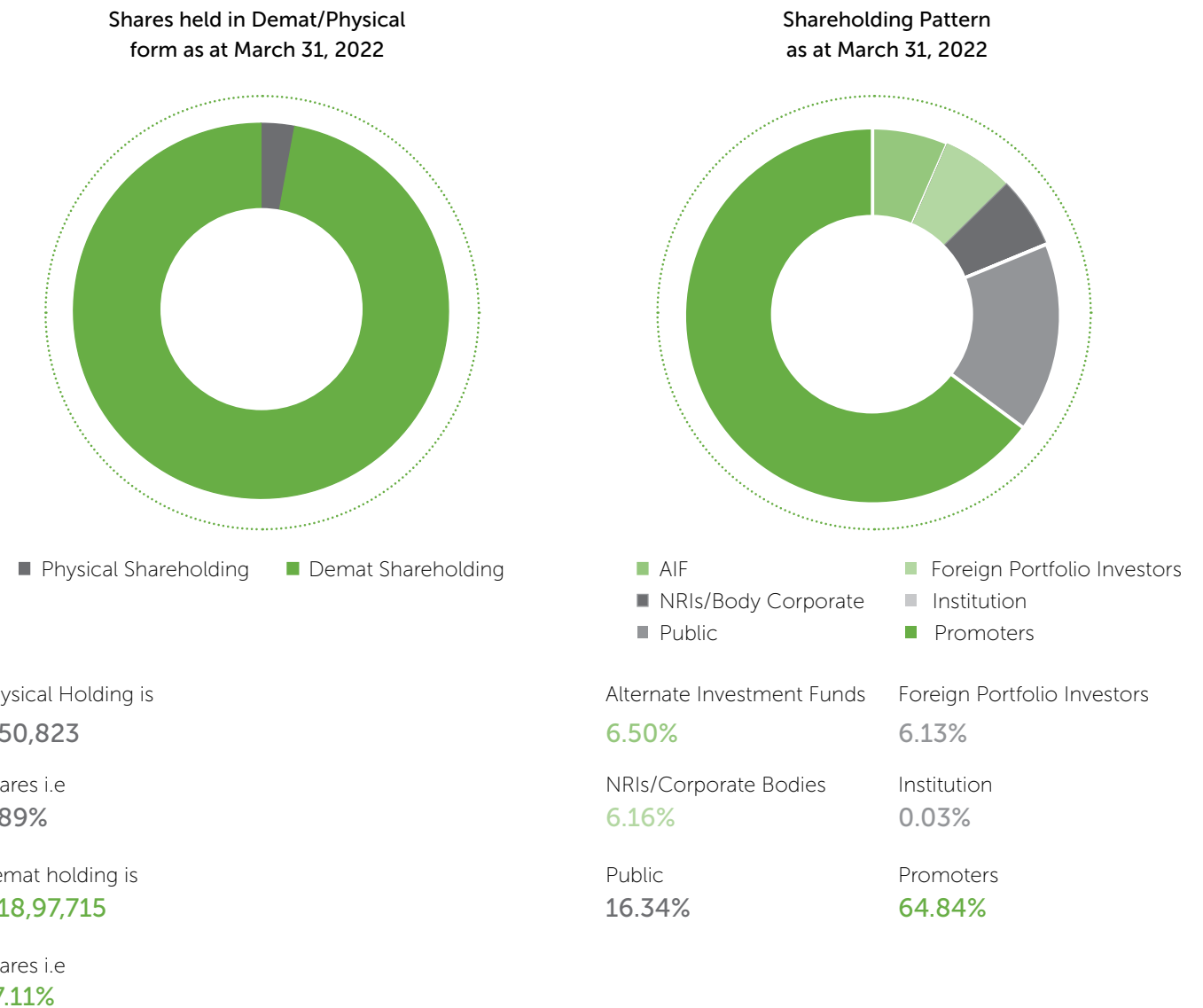
#### Distribution of Shareholding (Category wise) as on March 31, 2022

Category	No. of Shareholders	No of Shares held	% of share Holding
Promoters	5	1,46,21,995	64.8467
Directors and their relatives	4	6,01,826	2.6690
Financial Institutions / Banks	3	7,443	0.0330
Bodies Corporate	104	12,54,296	5.5626
Non-Resident Indians (NRI's)	774	1,33,659	0.5927
Resident Individuals / Trusts/Mutual Funds	36,426	22,77,290	10.0996
Clearing Members	35	5,269	0.0234
HUF	312	64,008	0.2839
Alternate Investment Funds	3	14,65,321	6.4985
Foreign Portfolio Investors (Corporate)	6	13,81,281	6.1259
Partnership Firms	2	7,36,150	3.2647
<b>Total</b>	<b>37,674</b>	<b>2,25,48,538</b>	<b>100.0000</b>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 12.11 Dematerialisation of Shares and liquidity

As on March 31, 2022, 97.11% of your Company's Paid-up capital representing 2,18,97,715 Shares were held in dematerialised form as compared to 96.81% of your Company's Paid-up capital representing 2,05,21,805 Shares as on March 31, 2021.





REPORT ON CORPORATE GOVERNANCE (Contd.)

- 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. 195/1A, 195/1B, 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
- x. RS no. 254/1B, Gorimendu-Poothurai Road, Poothurai Rev Village, Vanur Taluk, Tamil Nadu 605 111

12.14 Address for correspondence

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

**Link Intime India Private Limited**

C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai-400083.

Ph.: (022) 49186000 Fax: (022) 49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Investor complaints, if any, may be addressed to -**

**Mr Bankim Purohit, Company Secretary & Compliance Officer**

**Hindustan Foods Limited**

Office No.3, Level-2, Centrium, Phoenix Market City,

15, Lal Bahadur Shastri Road, Kurla (West), Mumbai – 400070.

Tel.: (022) 69801700

Email: [investorrelations@thevanitycase.com](mailto: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 your Company's Registrar and Transfer Agents M/s. Link Intime Private Limited i.e. [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Company to its dedicated e-mail id i.e. [investorrelations@thevanitycase.com](mailto:investorrelations@thevanitycase.com).

12.16 CREDIT RATING

During the year under review India Ratings and Research (Ind-Ra) has upgraded Long-Term Issuer Rating to 'IND A+/Stable' from 'IND A/Stable'. The outlook is Positive.

12.17 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 your Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

**(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, 2022.

**(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.

12.18 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;
5. Upholds ethical standards of integrity and probity;
6. Exercises objective independent judgment in the best interest of the Company;
7. Effectively assisted the Company in implementing best corporate governance practice and then monitors the same;
8. Helps in bringing independent judgment during Board deliberations on strategy, performance, risk management, etc.;
9. Adheres to the applicable code of conduct for Independent Directors.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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, 2022 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 : May 20, 2022

**Sameer R Kothari**  
Managing Director  
DIN: 01361343

**Mayank Samdani**  
Chief Financial Officer

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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, 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, 2022.

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
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 Di-rector

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, 2022.

SD/-

**Pankaj Desai**

Practicing Company Secretary  
ACS No.: 3398  
C. P. No.: 4098  
UDIN NO: A003398D000722743

Place: Mumbai  
Date: August 4, 2022



## REPORT ON CORPORATE GOVERNANCE (Contd.)

## 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, 2022, 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: A003398D000722644

Place: Mumbai  
Date: August 4, 2022

## 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, 2022, 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, 2022, 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.

## 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 for the year ended March 31, 2022. 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 Business Combination - refer note 37 to the standalone financial statements

The Composite Scheme of Arrangement ("the Scheme") under section 230-232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for de-merger of Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited ('Avalon') and merger of ATC Beverages Private Limited ('ATC') with the Company was approved by the Hon'ble National Law Tribunal vide its order dated December 21, 2021 ("the NCLT Order") with appointed date being April 1, 2020. The Certified copy of the NCLT order was filed with Registrar of Companies on February 18, 2022.

The business combination with Avalon is determined as common control business combination accounted in accordance with Appendix C of Ind AS 103 'Business Combinations' while business combination with ATC is accounted in accordance with Ind AS 103 'Business Combination'.

Accounting for the business combination involves judgement in order to:

- Identify and measure the fair value of the identifiable assets (tangible and intangible) acquired and liabilities assumed including the contingent liabilities.
- Allocate the consideration transferred between identifiable assets and liability and goodwill.

Complex judgement and specialised skills were also required in evaluating the assumptions used in valuing Property, Plant and Equipment for which management had engaged external valuation experts. Given the level of complexity in estimation and judgement required, we considered it to be a key audit matter.

Our audit procedures in respect of this area, among others, included the following:

- Understanding the process followed by the Company for assessment and determination of the effective date and the accounting treatment for the Scheme, including the identification of assets and liabilities and determination of their fair values and also evaluation of work of management experts.
- Evaluated the design and implementation and testing the operating effectiveness of key internal controls related to the Company's valuation process.
- Verified on test check basis the completeness of the identified assets acquired and liabilities assumed by comparison to the scheme of amalgamation, through discussions with the Company and their external valuation experts.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- Reviewed the reasonableness of the key assumptions around near and long-term revenue growth rates and discount rate.
- Involved our valuation professionals with specialised skills and domain knowledge to assist in evaluating the appropriateness of the valuation models and methodologies adopted to determine the value of identified assets (tangible and intangible assets) and economic useful life for identified assets. Also, in evaluating discount rate, long-term revenue growth rate, market rates assumptions and replacement cost to determine the fair value of property, plant and equipment.
- Verified source data used to develop the estimate for completeness and accuracy on test check basis.
- For significant taxation matters, we involved our tax professionals with specialised skills and domain knowledge to assist in reviewing the restated tax expenses on account of restatement of comparative numbers for common control business combination.
- Evaluated the appropriateness of accounting and accounting policies adopted by the management for the treatment of merger of ATC Beverages Private Limited at fair value on the acquisition date.
- Evaluated the appropriateness of 'Pooling of interest' method in common control business combination for accounting and accounting policies used by the management for de-merger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited.
- Evaluated the recognition of capital reserve as on the appointed date in respect of common control business combination including the impact on account of harmonisation of accounting policies.
- Assessed the adequacy and appropriateness of the disclosures made in the standalone financial statements in compliance with the requirements of Ind AS 103: "Business Combinations".

### 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 information included in the Management report, Chairman's statement, Director's report etc 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.

### 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### 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) of the standalone financial statements which state the comparative standalone financial statements of the Company have been restated to record the common control business combination with effect from April 01, 2020. The financial information in respect of the Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited for the year ended March 31, 2021 included in these standalone financial statements of the Company have been approved by the Company's Board of Directors but have not been subjected to audit by us.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("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.
- As required by Section 143(3) of the Act, we report that:
  - 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.
  - 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.
  - 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.

- 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.
- On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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".
- 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:
  - The Company does not have any pending litigations which would impact its financial position.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide



INDEPENDENT AUDITOR’S REPORT (Contd.)

- any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The Management has represented that, to the best of it’s knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations
- under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

3. As required by the Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**For M S K A & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

**Amrish Vaidya**  
Partner  
Membership No. 101739  
UDIN: 22101739AJHIUD7494

Place: Mumbai  
Date: May 20, 2022

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 for the year ended March 31, 2022 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 M S K A & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

**Amrish Vaidya**  
Partner  
Membership No. 101739  
UDIN: 22101739AJHIUD7494

Place: Mumbai  
Date: May 20, 2022

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN FOODS LIMITED FOR THE YEAR ENDED MARCH 31, 2022

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

- i. (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) All the Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme 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 (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the Company, except for the following immovable properties which are not held in the name of the Company:

Description of Property	Gross carrying value (Rs. in Lakhs)	Held in Name of	Whether promoter, director or their relative or employee	Period held – Indicate range, where appropriate	Reason for not being held in name of company (also indicate if in dispute)
Freehold land	130.96	Avalon Cosmetics Private Limited	No	April 2020	The freehold land was transferred to Company as per the NCLT Approved Scheme [refer note 37(a)] w.e.f. April 1, 2020. The Company is in the process of transferring the title in the name of Hindustan Foods Limited.
Leasehold land	107.21	Karnataka Industrial Areas Development Board ('KIADB')	No	February 2022	The leasehold rights of the land were transferred to Company as per the NCLT Approved Scheme [refer note 37(b)] w.e.f. February 18, 2022. As per the lease agreement with KIADB, the Company has an option of purchasing the land. The Company is in process of applying to KIADB for purchase of the land.

- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3 (i) (e) of the Order are not applicable to the Company.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification, coverage & procedure of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks on the basis of security of current assets. Quarterly statements filed with such Banks are in agreement with the books of account.
- iii. (a) According to the information explanation provided to us, the Company has provided loans or provided advances in the nature of loans or given guarantee or provided security to Companies, limited liability partnerships and other parties as follows:

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (Contd.)

(Rs. In Lakhs)

Particulars	Guarantees	Security	Loans	Advances (in the nature of loan)
<b>Aggregate amount granted during the year</b>				
- Subsidiaries	9,000.00	-	5,956.20	-
- Joint Ventures	-	-	-	-
- Associates	-	-	671.72	-
- Others	-	-	-	-
<b>Balance outstanding as at balance sheet</b>				
- Subsidiaries	9,000.00	-	3,223.20	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-

- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made, guarantees provided and grant of all loans are not prejudicial to the interest of the Company. Further, Company has not given any securities or advances in the nature of loans during the year.
- (c) According to the information and explanations given to us and based on the examination of records of the Company, in case of the loans, the schedule of repayment of principal and payment of interest have been stipulated. The loans granted are repayable on demand. As informed to us, the borrowers have been regular in the payment of the principal and interest based on the demand from the Company. Further, the Company has not granted any advances in the nature of loan during the year.
- (d) According to the information and explanations given to us and based on the examination of records of the Company, there are no amounts overdue for more than ninety days in respect of the loan granted. Further, the Company has not granted any advances in the nature of loan during the year.
- (e) According to the information explanation provided to us, there is no loan or advance in the nature of loan granted falling due during the year, which have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to existing parties.
- (f) According to the information explanation provided to us, the Company has granted loans which are repayable on demand. The details of the same are as follows:

(Rs. In Lakhs)

	All Parties	Promoters	Related Parties
<b>Aggregate amounts of loans / advances in nature of loans granted during the year</b>			
-Repayable on demand (A)	-	-	6,627.92
-Agreement does not specify any terms or period of repayment (B)	-	-	-
<b>Total (A+B)</b>	-	-	6,627.92
Percentage of loans / advances in nature of loans to the total loans granted during the year	-	-	100%

- 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. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1)



## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (Contd.)

of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 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 goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess 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, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion, according to the information and explanations given to us, the term loans have been applied for the purposes for which they

were obtained, other than Rs. 2,000 Lakhs which remains un-utilised as at March 31, 2022.

- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x) (b) of the Order are not applicable to the Company.
- xi. (a) 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 nor on the Company.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph (xi) (b) of the Order is not applicable to the Company.

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (Contd.)

- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- 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) (a) to (c) 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 accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports issued by internal auditors during our audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company ('CIC') as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Company does not have more than one CIC as a part of its group. Hence, the provisions stated

in paragraph clause 3 (xvi)(d) of the Order are not applicable to the Company.

- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

### For M S K A & Associates Chartered Accountants

ICAI Firm Registration No. 105047W

### Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHIUD7494

Place: Mumbai

Date: May 20, 2022

## 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 of even date to the Members of Hindustan Foods Limited on the Financial Statements for the year ended March 31, 2022]

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

#### Opinion

We have audited the internal financial controls with reference to standalone financial statements of Hindustan Foods Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate 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, 2022, 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”).

#### 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. 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 adequate 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 adequacy of 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

## ANNEXURE C TO INDEPENDENT AUDITORS’ REPORT (Contd.)

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.

**For M S K A & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

**Amrish Vaidya**  
Partner  
Membership No. 101739  
UDIN: 22101739AJHIUD7494

Place: Mumbai  
Date: May 20, 2022



## STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipments	4 (a)	38,382.96	30,043.78
Right of use assets	4 (a)	1,055.05	694.88
Capital work-in-progress	4 (b)	880.80	5,280.85
Goodwill	5 (a)	157.70	-
Intangible assets	5 (b)	6.70	51.09
Financial assets			
Investments	11	690.66	1.00
Other financial assets	7	464.43	365.11
Non-current tax assets (net)	8	1,726.91	1,116.75
Other non-current assets	9	449.59	249.23
<b>Total non-current assets</b>		<b>43,814.80</b>	<b>37,802.69</b>
<b>Current assets</b>			
Inventories	10	21,739.85	16,908.34
Financial assets			
Investments	11	-	317.66
Trade receivables	12	7,141.10	4,987.17
Cash and cash equivalents	13	2,721.44	4,447.05
Bank balances other than cash and cash equivalents	14	1,079.90	1,409.49
Loans	6	3,223.20	1,830.87
Other financial assets	7	5,192.63	1,683.68
Other current assets	9	3,850.78	4,677.71
<b>Total current assets</b>		<b>44,948.90</b>	<b>36,261.97</b>
<b>Total assets</b>		<b>88,763.70</b>	<b>74,064.66</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	2,254.86	2,119.81
Other equity	16	28,550.05	23,610.85
<b>Total equity</b>		<b>30,804.91</b>	<b>25,730.66</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	17	19,741.37	18,514.00
Lease liabilities	38	478.47	138.69
Employee benefits obligation	18	281.57	229.84
Deferred tax liabilities (net)	33	2,703.87	2,202.06
Other non current liabilities	19	-	84.67
<b>Total non-current liabilities</b>		<b>23,205.28</b>	<b>21,169.26</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	17	7,128.20	3,108.57
Trade payables	20		
i) outstanding dues of micro enterprises and small enterprises		85.29	75.78
ii) outstanding dues of creditors other than micro enterprise and small enterprise		24,963.24	21,437.89
Lease liabilities	38	81.58	85.25
Other financial liabilities	21	1,469.26	2,007.19
Other current liabilities	22	753.89	191.75
Employee benefits obligation	18	77.12	63.38
Current tax liabilities (net)	23	194.93	194.93
<b>Total current liabilities</b>		<b>34,753.51</b>	<b>27,164.74</b>
<b>Total liabilities</b>		<b>57,958.79</b>	<b>48,334.00</b>
<b>Total equity and liabilities</b>		<b>88,763.70</b>	<b>74,064.66</b>
Summary of significant accounting policies	2-4		

The accompanying notes 1 to 52 are an integral part of the standalone financial statements.

As per our report of even date  
**For M S K A & 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

**Mayank Samdani**  
Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022

## STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021 [Refer note 37(a)]
<b>Income</b>			
Revenue from operations	24	2,02,070.03	1,40,717.19
Other income	25	531.77	272.61
<b>Total income</b>		<b>2,02,601.80</b>	<b>1,40,989.80</b>
<b>Expenses</b>			
Cost of material consumed	26	1,78,549.70	1,19,989.95
Purchase of stock-in-trade		1,135.18	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(3,569.30)	(925.84)
Employee benefits expense	28	3,939.47	3,470.14
Finance costs	29	1,978.20	1,893.42
Depreciation and amortisation expenses	30	2,375.69	1,941.31
Manufacturing and operating costs	31	7,879.39	6,643.20
Other expenses	32	2,623.91	2,529.28
<b>Total expenses</b>		<b>1,94,912.24</b>	<b>1,35,541.46</b>
<b>Profit before tax</b>		<b>7,689.56</b>	<b>5,448.34</b>
<b>Tax expense</b>	33		
Current tax		1,327.05	958.53
Add: MAT credit utilisation		603.68	109.75
Deferred tax (excluding MAT credit utilisation)		751.13	839.93
Tax adjustments pertaining to previous years		-	(393.15)
<b>Total tax expense</b>		<b>2,681.86</b>	<b>1,515.06</b>
<b>Profit for the year</b>		<b>5,007.70</b>	<b>3,933.28</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss :			
- Re-measurement gains/(losses) on defined benefit plans		65.59	11.35
- Income tax effect on above		(22.92)	(3.97)
<b>Total other comprehensive income for the year</b>		<b>42.67</b>	<b>7.38</b>
<b>Total comprehensive income for the year</b>		<b>5,050.37</b>	<b>3,940.66</b>
<b>Earnings per share (face value Rs. 10 each) [refer note 37(a)]</b>			
Basic earnings per share (Rs.)	34	22.21	17.44
Diluted earnings per share (Rs.)	34	22.21	17.44
Summary of significant accounting policies	2-4		

The accompanying notes 1 to 52 are an integral part of the standalone financial statements.

As per our report of even date  
**For M S K A & 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

**Mayank Samdani**  
Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022

## STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021 [Refer note 37(a)]
<b>Cash flows from operating activities</b>		
Profit before tax	7,689.56	5,448.34
Adjustments for:		
Depreciation and amortisation expenses	2,375.69	1,941.31
Interest on borrowing	1,919.42	1,816.46
Interest on redeemable non cumulative non convertible preference shares	5.83	5.35
Other finance charge	52.95	71.61
Interest income	(424.61)	(179.88)
Liabilities no longer required written back	-	(40.61)
Provision for doubtful debts	19.00	67.37
Other receivable written off	115.10	21.88
Re-measurement gains on defined benefit plans reclassified to OCI	65.59	11.35
Unrealised foreign exchange translation loss	11.00	25.65
<b>Operating profit before working capital changes</b>	<b>11,829.53</b>	<b>9,188.83</b>
<b>Changes in working capital</b>		
Increase in inventories	(4,301.92)	(5,935.78)
Increase in trade receivables	(1,482.83)	(1,295.01)
Decrease in other assets	1,056.78	306.35
Increase in financial assets	(1,668.84)	(184.82)
Increase in trade payables	2,441.04	7,364.95
Increase in other liabilities	460.75	121.21
Decrease in financial liabilities	(158.86)	(619.91)
Increase in provisions	65.47	94.23
<b>Cash generated from operations</b>	<b>8,241.12</b>	<b>9,040.05</b>
Income tax paid (net)	(2,865.07)	(1,760.92)
<b>Net cash generated from operating activities (A)</b>	<b>5,376.05</b>	<b>7,279.13</b>
<b>Cash flows from investing activities</b>		
Acquisition of property plant and equipment (net of capital creditors and including capital advances)	(5,287.01)	(7,181.95)
Bank balances other than cash and cash equivalents	329.59	(390.78)
Investment in subsidiary	(2,612.38)	(1.00)
Loans given to related parties (net)	(3,117.25)	(1,288.32)
Payment for acquisition of business	-	(710.00)
Interest received	321.97	112.00
<b>Net cash used in investing activities (B)</b>	<b>(10,365.08)</b>	<b>(9,460.05)</b>

## STANDALONE STATEMENT OF CASH FLOWS (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021 [Refer note 37(a)]
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	4,785.20	7,769.83
Repayment of long term borrowings	(3,563.66)	(1,675.34)
Proceeds from short-term borrowings (net)	4,025.08	(809.86)
Lease rentals paid against lease liability	(95.00)	(57.28)
Interest paid	(1,947.60)	(1,862.97)
<b>Net cash generated from financing activities (C)</b>	<b>3,204.02</b>	<b>3,364.38</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,785.01)</b>	<b>1,183.46</b>
Cash and cash equivalents at the beginning of the year	4,447.05	2,879.04
Cash acquired pursuant to business combination [Refer Note 37 (a) and 37 (b)]	70.40	407.71
Exchange difference on translation of foreign currency cash and cash equivalents	(11.00)	(23.16)
<b>Cash and cash equivalents at the end of the year</b>	<b>2,721.44</b>	<b>4,447.05</b>
<b>Cash and cash equivalents comprise of (Refer note 13)</b>		
<b>Balance with banks</b>		
On current accounts	1,169.02	2,342.52
Fixed deposits with maturity of less than 3 months	1,543.32	2,100.00
Cash on hand	9.10	4.53
<b>Total cash and cash equivalents at end of the year</b>	<b>2,721.44</b>	<b>4,447.05</b>

- (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 equity shares to the shareholders of Avalon Cosmetics Private Limited and ATC Beverages Private Limited as a purchase consideration pursuant to business combination. This being a non cash transaction [Refer Note 37 (a) and 37 (b)], the aforementioned standalone cash flow statement excludes the same..
- The accompanying notes 1 to 52 are an integral part of the standalone financial statements.

As per our report of even date

**For M S K A & 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

**Mayank Samdani**  
Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022



## STANDALONE STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED MARCH 31, 2022

#### (A) Equity share capital

(Amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022		As at March 31, 2021 [Refer note 37(a)]	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Balance at the beginning of the year	2,11,98,078	2,119.81	2,11,98,078	2,119.81
Add: Issued during the year [refer note 15(f) and 15(g)]	13,50,460	135.05	-	-
<b>Balance at the end of the year</b>	<b>2,25,48,538</b>	<b>2,254.86</b>	<b>2,11,98,078</b>	<b>2,119.81</b>

#### (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	Share pending issuance [refer note 37(a)]	Total
<b>Balance as at April 1, 2020</b>	<b>86.29</b>	<b>13,477.05</b>	<b>(223.69)</b>	<b>3,327.33</b>	<b>-</b>	<b>16,666.98</b>
Profit for the year	-	-	-	3,933.28	-	3,933.28
Acquired on business combination [refer note 37(a)]	-	-	263.68	2,604.60	134.93	3,003.21
Other comprehensive income	-	-	-	7.38	-	7.38
<b>Total comprehensive income for the year</b>	<b>86.29</b>	<b>13,477.05</b>	<b>39.99</b>	<b>9,872.59</b>	<b>134.93</b>	<b>23,610.85</b>
<b>Balance as at March 31, 2021</b>	<b>86.29</b>	<b>13,477.05</b>	<b>39.99</b>	<b>9,872.59</b>	<b>134.93</b>	<b>23,610.85</b>
<b>Balance as at April 1, 2021</b>	<b>86.29</b>	<b>13,477.05</b>	<b>39.99</b>	<b>9,872.59</b>	<b>134.93</b>	<b>23,610.85</b>
Profit for the year	-	-	-	5,007.70	-	5,007.70
Other comprehensive income	-	-	-	42.67	-	42.67
<b>Total comprehensive income for the year</b>	<b>86.29</b>	<b>13,477.05</b>	<b>39.99</b>	<b>14,922.96</b>	<b>134.93</b>	<b>28,661.22</b>
<b>Transaction with owners in their capacity as owners</b>						
Security premium on shares issue	-	23.75	-	-	-	23.75
Issue of shares pending issuance issued [refer note 15(f)]	-	-	-	-	(134.93)	(134.93)
<b>Balance as at March 31, 2022</b>	<b>86.29</b>	<b>13,500.80</b>	<b>39.99</b>	<b>14,922.96</b>	<b>-</b>	<b>28,550.04</b>

The accompanying notes 1 to 52 are an integral part of the standalone financial statements.

As per our report of even date  
**For M S K A & 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  
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**Mayank Samdani**  
Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

#### 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 including fruit juice and aerated juice, packing of tea 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 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Act (Ind AS compliant Schedule III), as applicable to the financial statements.

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

##### 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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	5 to 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.

Based on the technical expert's assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 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.

### 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



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

- 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 and revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. 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 or as per terms with customers.

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 agreements with customers and there are no unfulfilled obligations.

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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

### 2.9 Leases

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:

- The contract involves the use of an identified asset
- The Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- 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.

### 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 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.

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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 2.11 Investments in subsidiary and associate

Investments in Subsidiary and Associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

### 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. Provision is made against unspent amount of CSR.

### 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.

### 2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 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:

- at amortised cost; or
- at fair value through other comprehensive income; or
- 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).

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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.

### 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) recognise 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



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### iii. Derecognition of financial assets

A financial asset is derecognised only when

- the rights to receive cash flows from the financial asset is transferred or
- 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

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-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 received and fair value of liability on initial recognition is included in shareholder equity, net off income tax effect and not subsequently re-measured. 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-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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.

### 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.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme 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."

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 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. The Company's other business for manufacturing and sale under its own Brand name does not meet the quantitative threshold as per para 13 of Ind AS 108 on Segment Reporting. Consequently, no separate segment information has been furnished.

### 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.

### 2.24 Recent accounting development

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

#### Ind AS 103 – Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The Company does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 16 - Property Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, is not to be recognised in the profit or loss but is to be deducted from the directly attributable costs considered as part of cost of an item of property, plant,

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

and equipment. The Company is in the process of evaluating the impact of this amendment.

#### Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 109 - Financial Instruments

The amendment clarifies that while performing the '10 percent test' for derecognition of a financial liability, for computing the discounted present value of the cash flows under the new terms, for determining fees paid net of fees received, a borrower should include only fees paid or received between borrower and lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment is under Annual Improvements to Ind AS (2021). The Company does not expect the above amendment/ improvement to have any significant impact on its financial statements.

The amendments to Ind AS 101 - First Time Adoption and Ind AS 41 – Agriculture have not been specified here since both Standards are presently not applicable to the Company.

### 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 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.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### 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. During the year, the Company has recognised the provision for obsolete inventories amounting to Rs. NIL (March 31, 2021 – 75.21 Lakhs). (Refer note 10)

### 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, 2022 (Contd.)

### 4(a). Property, plant and equipment

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2021	Additions/ Adjustments	Acquisition through business purchase [refer note 37(b)]	Deductions/ Adjustments	As at March 31, 2022	As at April 1, 2021	Acquisition through business purchase [refer note 37(b)]	For the year	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2022
<b>I Owned Assets</b>											
Freehold land	1,665.47	-	-	-	1,665.47	-	-	-	-	-	1,665.47
Buildings	13,628.92	1,544.47	1,198.22	-	16,371.61	1,851.31	444.29	515.35	-	2,810.95	13,560.66
Plant and machinery#	17,802.50	6,611.92	3,243.69	10.41	27,647.70	3,125.66	2,072.26	1,372.92	3.13	6,567.71	21,079.99
Furniture and fixtures	259.90	39.10	13.02	-	312.02	111.75	12.44	28.15	-	152.34	159.68
Electrical equipment	2,439.71	305.38	-	-	2,745.09	866.43	-	246.03	-	1,112.46	1,632.63
Computers	107.73	22.06	13.77	-	143.56	77.21	12.52	21.65	-	111.38	32.18
Vehicles	64.06	25.26	25.99	-	115.31	18.26	25.58	3.60	-	47.44	67.87
Office equipment's	491.67	101.84	51.51	-	645.02	374.81	43.61	48.43	-	466.85	178.17
Leasehold improvement	15.48	-	-	-	15.48	6.23	-	2.94	-	9.17	6.31
<b>II Right of Use Assets</b>											
Building	221.46	291.29	-	-	512.75	58.55	-	76.04	-	134.59	378.16
Plant and machinery	47.41	-	-	-	47.41	34.48	-	12.93	-	47.41	-
Leasehold land ##	540.42	53.90	107.21	-	701.53	21.38	-	3.26	-	24.64	676.89
<b>Total</b>	<b>37,284.73</b>	<b>8,995.22</b>	<b>4,653.41</b>	<b>10.41</b>	<b>50,922.95</b>	<b>6,546.07</b>	<b>2,610.70</b>	<b>2,331.30</b>	<b>3.13</b>	<b>11,484.94</b>	<b>39,438.01</b>

# Includes finance cost Capitalised during the year amounting to Rs. 80.94 Lakhs (March 31, 2021: Nil) in Plant and Machinery.

## Leasehold land aggregating to Rs. 107.21 Lakhs (acquired as a part of business combination [refer note 37(b)]) wherein the lease deed has expired and the Company has a right to convert the land into freehold land subject to complying with certain conditions. The Company is in the process of converting the title into freehold as per the lease cum sale agreement.

### for title deeds of immovable properties not held in the name of the Company refer note 48 (B)

^ For changes in the carrying value of Lease Liability refer note 38.

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2020	Additions/ Adjustments	Acquisition through business purchase [refer note 37(a)]	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	Acquisition through business purchase [refer note 37(a)]	For the year	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2021
<b>i Owned Assets</b>											
Freehold land	776.92	757.59	130.96	-	1,665.47	-	-	-	-	-	1,665.47
Buildings	10,235.06	377.68	3,016.18	-	13,628.92	847.77	540.62	462.92	-	1,851.31	11,777.61
Plant and machinery#	14,180.89	2,599.99	1,021.62	-	17,802.50	1,880.65	188.23	1,056.78	-	3,125.66	14,676.84
Furniture and fixtures	183.21	33.47	43.22	-	259.90	61.76	26.45	23.54	-	111.75	148.15
Electrical equipment	1,820.92	155.14	463.65	-	2,439.71	363.01	276.54	226.88	-	866.43	1,573.28
Computers	88.05	13.01	6.67	-	107.73	47.12	6.24	23.85	-	77.21	30.52
Vehicles	23.12	33.33	7.61	-	64.06	8.62	7.61	2.03	-	18.26	45.80
Office equipment's	135.13	32.85	323.69	-	491.67	20.00	321.04	33.77	-	374.81	116.86
Leasehold improvement	15.48	-	-	-	15.48	3.29	-	2.94	-	6.23	9.25
<b>ii Right of Use Assets</b>											
Building	118.33	103.13	-	-	221.46	27.31	-	31.24	-	58.55	162.91
Plant and machinery	47.41	-	-	-	47.41	17.24	-	17.24	-	34.48	12.93
Leasehold land	540.42	-	-	-	540.42	14.69	-	6.69	-	21.38	519.04
<b>Total</b>	<b>28,164.94</b>	<b>4,106.19</b>	<b>5,013.60</b>	<b>-</b>	<b>37,284.73</b>	<b>3,291.46</b>	<b>1,366.73</b>	<b>1,887.88</b>	<b>-</b>	<b>6,546.07</b>	<b>30,738.66</b>

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

4 (b) Ageing of capital work in progress ("CWIP")

As at March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	520.02	-	-	-	520.02
Projects temporarily suspended	-	360.78	-	-	360.78

In case of the following projects (CWIP), where completion is overdue as compared to it's original plan, completion schedule is as below:

As at March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects temporarily suspended					
Project - 1	360.78	-	-	-	360.78

Details of capital-work-in progress which has exceeded its cost compared to its original plan as at 31 March 2022

There were no material projects other than above which have exceeded their original plan or cost as at 31 March 2022.

As at 31 March 2021

(Amounts in Rs. Lakhs, unless otherwise stated)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3,516.19	1,764.66	-	-	5,280.85
Projects temporarily suspended	-	-	-	-	-

Details of capital-work-in progress which has exceeded its cost compared to its original plan as at 31 March 2021

- There were no material projects which have exceeded their original plan or cost as at 31 March 2021.
- There are no projects where activity has been suspended.

5 (a) Goodwill

(Amounts in Rs. Lakhs, unless otherwise stated)

	Amount
Cost	
As at April 1, 2020	-
Additions	-
Disposals/Adjustments	-
As at March 31, 2021	-
Additions [refer note 37 (b)]	157.70
Disposals/Adjustments	-
As at March 31, 2022	157.70
Impairment	
As at April 1, 2020	-
Impairment loss recognised	-
Net exchange difference	-
As at March 31, 2021	-
Impairment loss recognised	-
Net exchange difference	-
As at March 31, 2022	-
Net book value	
As at March 31, 2022	157.70
As at March 31, 2021	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

5 (b) Intangible assets

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation					Net block	
	As at April 1, 2021	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2022	As at April 1, 2021	Acquisition through business purchase	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2022	As at March 31, 2022	
Other intangible assets												
Computer software	17.32	-	-	-	17.32	7.90	-	2.73	-	10.63	6.69	
Trademark	0.70	-	-	-	0.70	0.55	-	0.14	-	0.69	0.01	
Brand	200.00	-	-	-	200.00	158.48	-	41.52	-	200.00	-	
Total	218.02	-	-	-	218.02	166.93	-	44.39	-	211.32	6.70	

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation					Net block	
	As at April 1, 2020	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	Acquisition through business purchase	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2021	As at March 31, 2021	
Other intangible assets												
Computer software	15.61	1.71	-	-	17.32	4.69	-	3.21	-	7.90	9.42	
Trademark	0.70	-	-	-	0.70	0.33	-	0.22	-	0.55	0.15	
Brand	200.00	-	-	-	200.00	108.48	-	50.00	-	158.48	41.52	
Total	216.31	1.71	-	-	218.02	113.50	-	53.43	-	166.93	51.09	

There were no intangibles under development, whose completion is overdue or has exceeded its cost compared to its original plan during the year ended March 31, 2021 and March 31, 2022.

6. Financial assets - Loans

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Unsecured, considered good		
Loan to related parties, repayable on demand	3,223.20	1,830.87
Total financial assets	3,223.20	1,830.87

Details of loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013):

(Amounts in Rs. Lakhs, unless otherwise stated)

Type of Borrower	Loans/Advances granted Individually or Jointly with other (Individually / Jointly)	Repayable on demand	Terms/Period of repayment is specified	March 31, 2022		March 31, 2021	
				Amount outstanding	Percentage to the total loans and advances in the nature of loans	Amount outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary company	Individually	Yes	No	3,223.20	100%	932.00	51%
Associate ( up to February 18, 2022)	Individually	Yes	No	-	0%	898.87	49%
Total				3,223.20		1,830.87	



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 7 Other financial assets

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	March 31, 2022		March 31, 2021	
	Non-Current	Current	Non-Current	Current
In fixed deposit accounts with original maturity for more than 12 months#	47.92	-	40.88	0.11
Interest accrued on deposits with bank	-	58.44	-	43.20
Interest accrued on loans given to related parties	-	202.09	-	114.69
Unbilled revenue	-	2,651.72	-	1,497.07
Security deposits	416.51	-	324.23	-
Current capital of Limited Liability Partnership [refer note 37(c)]	-	1,922.36	-	-
Other receivable	-	358.02	-	28.61
<b>Total other financial assets</b>	<b>464.43</b>	<b>5,192.63</b>	<b>365.11</b>	<b>1,683.68</b>
(# Includes Balance with bank held as margin money deposit against guarantees and lien with Goa and Jammu Electricity Board)	46.42	-	39.86	-

### 8. Non-current tax assets

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	[Refer note 37(a)]		[Refer note 37(a)]	
Advance income tax (net)	1,726.91	1,116.75		
<b>Total non-current tax assets</b>	<b>1,726.91</b>	<b>1,116.75</b>		

### 9 Other assets

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	March 31, 2022		As at March 31, 2021	
	Non- current	Current	Non- current	Current
Capital advances	449.59	-	249.23	-
Export incentive receivable	-	191.10	-	278.34
Balance with government authorities (other than income tax)	-	2,931.79	-	3,747.47
Prepaid expenses	-	138.54	-	72.17
Advances to suppliers	-	586.46	-	571.13
Advances to employees	-	2.89	-	8.60
<b>Total other assets</b>	<b>449.59</b>	<b>3,850.78</b>	<b>249.23</b>	<b>4,677.71</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	[Refer note 37(a)]		[Refer note 37(a)]	
Raw materials in stock	9,066.54	8,524.87		
Work in progress in stock	2,954.54	1,747.01		
Finished goods in stock	6,548.56	4,026.14		
Stock in trade	42.87	44.47		
Packing material in stock	3,048.12	2,484.04		
Consumables, store and spares parts	79.22	81.81		
<b>Total inventories</b>	<b>21,739.85</b>	<b>16,908.34</b>		

During the year, an amount of Rs. NIL [March 31, 2021: Rs. 75.21 Lakhs] is charged to the statement of Profit and Loss on account of obsolete, damaged and slow moving inventories.

### 11 Investments

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	March 31, 2022		As at March 31, 2021	
	Non- current	Current	Non- current	Current
<b>Unquoted</b>				
<b>Investment in equity instruments at cost</b>				
<b>Subsidiary</b>				
10,000 (March 31, 2021 10,000) Equity Shares of Rs. 10 each fully paid up in HFL Consumer Prodcuts Private Limited	1.00	-	1.00	-
<b>Associate</b>				
NIL (March 31, 2021 93,94,084) Equity Shares of Rs. 10 each fully paid up in ATC Beverages Private Limited [also refer note 37(b)]	-	-	-	317.66
<b>Investment in Limited liability Partnership Firm</b>				
Aero Care Personal Products LLP [refer note 37 (c)]	689.66	-	-	-
	<b>690.66</b>	<b>-</b>	<b>1.00</b>	<b>317.66</b>

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	[Refer note 37(a)]		[Refer note 37(a)]	
Aggregate amount of quoted investments	-	-	-	-
Aggregate market value of quoted investments	-	-	-	-
Aggregate amount of unquoted investments	690.66	1.00	-	-
Aggregate amount of impairment in value of Investments	-	-	-	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

12. Trade receivables

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Trade receivables	7,242.68	5,069.75
Less: Loss allowance	(101.58)	(82.58)
<b>Total trade receivables</b>	<b>7,141.10</b>	<b>4,987.17</b>
<b>Current portion</b>	<b>7,141.10</b>	<b>4,987.17</b>
<b>Non-current portion</b>	<b>-</b>	<b>-</b>

Breakup of security details

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Trade receivable considered good- secured		
Trade receivable considered good- unsecured	7,242.68	5,069.75
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
<b>Total</b>	<b>7,242.68</b>	<b>5,069.75</b>
Loss allowance	(101.58)	(82.58)
<b>Total trade receivables</b>	<b>7,141.10</b>	<b>4,987.17</b>

Ageing of Trade Receivables

As at March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	6,649.85	488.37	8.67	13.57	64.05	18.17	7,242.68
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	(5.79)	(13.57)	(64.05)	(18.17)	(101.58)
	<b>6,649.85</b>	<b>488.37</b>	<b>2.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,141.10</b>

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

March 31, 2021 [refer note 37(a)]

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,738.50	210.32	18.69	95.52	0.70	6.02	5,069.75
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	(75.86)	(0.70)	(6.02)	(82.58)
	<b>4,738.50</b>	<b>210.32</b>	<b>18.69</b>	<b>19.66</b>	<b>-</b>	<b>-</b>	<b>4,987.17</b>

13. Cash and cash equivalents

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	1,169.02	2,342.52
- Fixed deposits with original maturity of less than 3 months	1,543.32	2,100.00
Cash on hand	9.10	4.53
<b>Total cash and cash equivalents</b>	<b>2,721.44</b>	<b>4,447.05</b>

14. Bank balances other than cash and cash equivalents

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
In fixed deposit with original maturity for more than 3 months but less than 12 months *	1,079.90	1,409.49
<b>Total bank balances other than cash and cash equivalents</b>	<b>1,079.90</b>	<b>1,409.49</b>
(*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)	563.96	1,366.11



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Authorised</b>		
5,31,52,253 (March 31, 2021 : 2,20,00,000) Equity shares of Rs. 10/- each	5,315.23	2,200.00
	<b>5,315.23</b>	<b>2,200.00</b>
<b>Issued, subscribed and paid up</b>		
2,25,48,538 (March 31, 2021 : 2,11,98,078) Equity shares of Rs. 10 each fully paid up	2,254.86	2,119.81
<b>Total</b>	<b>2,254.86</b>	<b>2,119.81</b>

#### (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, 2022		As at March 31, 2021 [refer note 37(a)]	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	2,11,98,078	2,119.81	2,11,98,078	2,119.81
Add: Issued during the year [refer note 15(f) and 15(g)]	13,50,460	135.05	-	-
Outstanding at the end of the year	<b>2,25,48,538</b>	<b>2,254.86</b>	<b>2,11,98,078</b>	<b>2,119.81</b>

#### (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, 2022, the amount of per share dividend recognised as distributions to equity shareholders was Nil (March 31, 2021: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Name of the shareholder	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
M/s. Vanity Case (India) Private Limited	92,91,629	41.21%	89,81,593	42.37%
Asha R. Kothari	24,15,183	10.71%	18,96,750	8.95%
Sameer R. Kothari	24,15,183	10.71%	18,96,750	8.95%
M/s. Jwalamukhi Investment Holdings	13,25,909	5.88%	13,40,000	6.32%

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### (d) Details of Shares held by Promoters at the end of the year

(Amounts in Rs. Lakhs, unless otherwise stated)

Promoter name	As at March 31, 2022			As at March 31, 2021 [refer note 37(a)]		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
M/s. Vanity Case (India) Private Limited	92,91,629	41.21%	(1.16%)	89,81,593	42.37%	0.00%
Asha Ramanlal Kothari	24,15,183	10.71%	1.76%	18,96,750	8.95%	0.00%
Sameer Ramanlal Kothari	24,15,183	10.71%	1.76%	18,96,750	8.95%	0.00%
Shrinivas Vasudeva Dempo	4,00,000	1.77%	(0.11%)	4,00,000	1.89%	0.00%
Soiru Dempo Management Holding Private Limited	1,00,000	0.44%	(0.03%)	1,00,000	0.47%	0.00%
<b>Total</b>	<b>1,46,21,995</b>	<b>64.85%</b>	<b>2.22%</b>	<b>1,32,75,093</b>	<b>62.62%</b>	<b>0.00%</b>

#### (e) Information regarding issue of Equity Shares during last five years

- (i) No bonus shares have been issued
- (ii) No shares have been bought back

(f) Shares issued for consideration other than cash: In consideration of the business combination, Company has allotted 13,49,283 equity shares of Rs. 10/- each credited as fully paid up shares of Company to the shareholders of Avalon Cosmetics Private Limited (ACPL) on March 14, 2022 in the ratio of 1.325 Ordinary (Equity) Share of face value of Rs. 10 each fully paid-up in the capital of the Company for each equity share held in ACPL. [Refer note 37 (a)]

(g) Shares issued for consideration other than cash: In consideration of the business combination, Company has allotted 1,177 equity shares of Rs. 10/- each credited as fully paid up shares of Company to the shareholders of ATC Beverages Private Limited (ATC) on March 14, 2022 in the ratio of 1 Ordinary (Equity) Share of face value of Rs. 10 each fully paid-up in the capital of the Company for every 15,075 fully paid-up Equity Shares for each equity share held in ATC. [Refer note 37 (b)]

### 16. Other equity

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Capital reserve	39.99	39.99
Securities premium	13,500.80	13,477.05
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Shares pending issuance [Refer note 37 (a)(i)]	-	134.93
Retained earnings	14,922.97	9,872.59
	<b>28,550.05</b>	<b>23,610.85</b>

#### 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	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

(Amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>(A) Capital reserve</b>		
Opening balance	39.99	(223.69)
Add: Capital reserve on business combination [Refer note 37 (a)]	-	263.68
Closing balance	39.99	39.99
<b>(B) Securities premium</b>		
Opening balance	13,477.05	13,477.05
Add : Securities premium on share issue	23.75	-
Closing balance	<b>13,500.80</b>	<b>13,477.05</b>
<b>(C) Equity component of redeemable non cumulative non convertible preference shares</b>	<b>86.29</b>	<b>86.29</b>
<b>(D) Shares pending issuance</b>		
Opening balance	134.93	-
Add : Shares pending issuance pursuant to business combination [Refer note 37 (a)(i)]	-	134.93
Less : Issue of shares pending issuance [Refer note 37 (a)]	(134.93)	-
Closing balance	-	134.93
<b>(E) Retained earnings</b>		
Opening balance	9,872.59	3,327.33
Add: Net profit for the year	5,007.70	3,933.28
Add: Reserves acquired on business combination [Refer note 37(a)]	-	2,604.60
Add: Item of OCI for the year, net of tax	42.67	7.38
<b>Closing balance</b>	<b>14,922.97</b>	<b>9,872.59</b>
<b>Total other equity</b>	<b>28,550.05</b>	<b>23,610.85</b>

**17(a). Non-current borrowings**

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Secured</b>		
<b>Term loan</b>		
From banks	23,262.51	21,537.92
<b>Unsecured</b>		
<b>Liability component of compound financial instruments</b>		
9% redeemable non cumulative non convertible preference shares*	70.62	64.79
Less: Current maturities of term loans [refer note 17(b)]	(3,591.76)	(3,088.71)
<b>Total non-current borrowings</b>	<b>19,741.37</b>	<b>18,514.00</b>

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

**A) Terms of non-current borrowing are as under**

Particulars	Rate of interest (p.a.)	Repayment terms
<b>Non current, secured borrowings</b>		
Term loan from Banks	Ranging from 7.50% to 9.18%	Repayable in monthly and quarterly instalments
<b>Non current, unsecured borrowings</b>		
Redeemable non cumulative non convertible preference shares*	9.00%	Redeemable not later than 19 years from the date of issue i.e. September 27, 2012.

\* The Company has authorised redeemable non cumulative non convertible preference shares of Rs. 200 Lakhs, of which the Company has issued preference shares amounting to Rs. 160 Lakhs to V.S. Dempo Holdings Pvt Ltd

**B) Nature of security :**

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

**C) Period and amount of default:**

The Company has made no defaults in the payment of principal or interest during the year ended March 31, 2022.

**D) The Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements.**

The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

**E)**

Particulars of Loans	Purpose of loan	Whether used for the purpose stated in the loan Agreement
Term Loan - Yes Bank	Towards acquisition of manufacturing unit at samba industrial Area, Jammu.	Yes
Term Loan - Yes Bank	Towards Purchase of Land and Setting up of manufacturing plant in Coimbatore (Including reimbursement incurred)	Yes
Guaranteed Emergency Credit Line (GECL) - Yes Bank	Towards Working capital payments	Yes
Emergency Credit Line Guaranteed Scheme (ECGLS) - HDFC BANK LIMITED	Towards Working capital payments	Yes
Term Loan - HDFC BANK LIMITED	Towards process engineering at existing Plant at Hyderabad	Yes
Term Loan - HDFC BANK LIMITED	Towards capital expenditure of plant at Hyderabad.	Yes
Term Loan - SVC BANK	Towards Working capital payments	Yes
Term Loan - SVC BANK	Set up new factory at Silvassa, towards manufacturing of surface cleaning & toilet cleaing product and existing plant at Hyderabad.	Yes



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

F) The Company have not pledged any financial and non financial assets as security for current or non-current borrowings.

### 17(b). Current borrowings

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Secured</b>		
<b>From banks</b>		
Cash credits	2,427.21	14.41
Current maturities of long term borrowings * [refer note 17 (a)]	3,591.76	3,088.71
<b>Unsecured</b>		
Loan from related party [refer note 17(b)(A)]	1,109.23	-
Book overdraft	-	5.45
<b>Total current borrowings</b>	<b>7,128.20</b>	<b>3,108.57</b>

\* Includes interest accrued on long-term borrowings

#### A) Terms of current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
<b>Current, secured borrowings</b>	7.50% to 9.50%	Repayable on demand
<b>Current, unsecured borrowings</b>	10%	Repayable on demand

#### B) Nature of security :

- 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.
- Cash credit from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Company.
- Cash credit from HDFC Bank has been secured by charge on the stock and book debt and current and future land and building and plant and machinery of the Hyderabad unit of the Company.

#### C) Period and amount of default:

The Company has made no defaults in the payment of principal or interest.

D) The statements of current assets and stocks submitted by the Company with banks are materially in agreement with the books of accounts.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 18. Employee benefits obligation

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)(I)]	
	Non- current	Current	Non- current	Current
<b>Provision for employee benefits (refer note 36)</b>				
- Provision for gratuity (funded)	189.84	66.36	171.18	55.81
- Leave encashment (unfunded)	91.73	10.76	58.66	7.57
<b>Total employee benefits obligation</b>	<b>281.57</b>	<b>77.12</b>	<b>229.84</b>	<b>63.38</b>

### 19. Other non-current liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Security deposit received	-	84.67
<b>Total other non-current liabilities</b>	<b>-</b>	<b>84.67</b>

### 20. Trade Payables

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Outstanding dues of micro enterprises and small enterprises	85.29	75.78
Outstanding dues of creditors other than micro enterprises and small enterprises	24,963.24	21,437.89
<b>Total trade payables</b>	<b>25,048.53</b>	<b>21,513.67</b>

#### 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, 2022	As at March 31, 2021 [refer note 37(a)]
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	85.29	75.78
Interest	0.11	0.21
<b>Total</b>	<b>85.40</b>	<b>75.99</b>
(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.	0.11	0.21
(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.	-	-

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### Trade Payables ageing schedule

As at March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Unbilled	Payables Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	22.50	50.86	11.93	-	-	-	85.29
(ii) Disputed dues – MSME	-	-	-	-	-	-	-
(iii) Others	229.48	15,710.21	8,615.17	207.39	79.75	121.24	24,963.24
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	<b>251.98</b>	<b>15,761.07</b>	<b>8,627.10</b>	<b>207.39</b>	<b>79.75</b>	<b>121.24</b>	<b>25,048.53</b>

As at March 31, 2021 [refer note 37(a)]

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Unbilled	Payables Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	10.17	-	65.61	-	-	-	75.78
(ii) Disputed dues – MSME	-	-	-	-	-	-	-
(iii) Others	91.11	16,120.16	4,857.84	217.21	65.54	86.03	21,437.89
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	<b>101.28</b>	<b>16,120.16</b>	<b>4,923.45</b>	<b>217.21</b>	<b>65.54</b>	<b>86.03</b>	<b>21,513.67</b>

### 21. Other current financial liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Capital creditors	723.54	1,635.03
Security deposit received	9.42	3.25
Employee related payable	364.30	343.15
Other payables	372.00	25.76
<b>Total other financial liabilities</b>	<b>1,469.26</b>	<b>2,007.19</b>

### 22. Other current liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Statutory dues payable	175.17	150.47
Provision for CSR unspent amount (refer note 44)	-	21.98
Advance from customers	470.44	17.15
Other payables	23.61	2.15
Security deposit received	84.67	-
<b>Total other current liabilities</b>	<b>753.89</b>	<b>191.75</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 23. Current tax liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Current tax payable (net)	194.93	194.93
<b>Total current income tax liabilities</b>	<b>194.93</b>	<b>194.93</b>

### 24. Revenue from operations

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Revenue from contracts with customers:		
- Sale of products	1,98,427.87	1,38,204.61
- Trading of goods	1,196.77	23.31
- Sale of services	1,971.38	2,129.30
Other operating revenue		
- Export incentive	188.81	213.16
- Scrap sales	180.21	118.07
- Trial charges	104.99	28.74
<b>Total revenue from operations</b>	<b>2,02,070.03</b>	<b>1,40,717.19</b>

#### 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, 2022	Year ended March 31, 2021 [refer note 37(a)]
- Sale of products - contract manufacturing	1,98,427.87	1,38,204.61
- Trading of goods	1,196.77	23.31
- Sale of services	1,971.38	2,129.30
<b>Total</b>	<b>2,01,596.02</b>	<b>1,40,357.22</b>
Geographic revenue		
- India	1,97,159.34	1,35,936.69
- Rest of the world	4,436.68	4,420.53
<b>Total</b>	<b>2,01,596.02</b>	<b>1,40,357.22</b>

#### 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	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Receivables, which are included in trade receivables	7,141.10	4,987.17
Unbilled revenue	2,651.72	1,497.07
Advances from customers	470.44	17.15



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### C. Transaction price allocated to the remaining performance obligation

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

The Company applies the practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

### D. Reconciliation of revenue recognised:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Gross revenue	2,02,085.59	1,40,740.55
Adjustment for credit notes:	(15.56)	(23.36)
<b>Revenue from operations</b>	<b>2,02,070.03</b>	<b>1,40,717.19</b>

E. The Company does not have any significant adjustments between the contracted price and revenue recognised in the statement of profit and loss.

### 25. Other income

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Interest income on fixed deposits	103.02	90.66
Interest on loan to related parties (refer note 39)	321.59	89.08
Liabilities no longer required written back	66.58	40.61
Miscellaneous income	40.58	52.26
<b>Total other income</b>	<b>531.77</b>	<b>272.61</b>

### 26. Cost of material consumed

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Raw material</b>		
Inventory at the beginning of the year	8,524.87	4,611.85
Inventory acquired on business combination - [refer note 37(b)]	370.54	-
Add: Purchases	1,55,021.50	1,10,405.05
Less: Inventory at the end of the year	9,066.54	8,524.87
<b>Cost of raw material consumed</b>	<b>1,54,850.37</b>	<b>1,06,492.03</b>
<b>Packaging material</b>		
Inventory at the beginning of the year	2,484.04	1,449.97
Add : Purchases	24,263.41	14,531.99
Less : Inventory at the end of the year	3,048.12	2,484.04
<b>Cost of packaging material consumed</b>	<b>23,699.33</b>	<b>13,497.92</b>
<b>Total cost of materials consumed</b>	<b>1,78,549.70</b>	<b>1,19,989.95</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Inventories at the beginning of the year</b>		
- Finished goods	4,026.14	3,219.96
- Stock in trade	44.47	77.91
- Work-in-progress	1,747.01	1,593.91
- Inventory acquired on business combination - [refer note 37(b)]	159.05	-
	<b>5,976.67</b>	<b>4,891.78</b>
<b>Less: Inventories at the end of the year</b>		
- Finished goods	6,548.56	4,026.14
- Stock in trade	42.87	44.47
- Work-in-progress	2,954.54	1,747.01
	<b>9,545.97</b>	<b>5,817.62</b>
<b>Net increase</b>	<b>(3,569.30)</b>	<b>(925.84)</b>

### 28. Employee benefits expense

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Salaries, wages and bonus	3,565.42	3,130.74
Contribution to provident and other funds	151.06	135.60
Gratuity expense (refer note 36)	76.54	67.68
Staff welfare expenses	146.45	136.12
<b>Total employee benefits expense</b>	<b>3,939.47</b>	<b>3,470.14</b>

### 29. Finance costs

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Interest on borrowing	1,894.65	1,797.87
Interest expense on lease liabilities	24.77	18.59
Interest on redeemable non cumulative non convertible preference shares	5.83	5.35
Other finance charge	52.95	71.61
<b>Total finance costs</b>	<b>1,978.20</b>	<b>1,893.42</b>

### 30. Depreciation and amortisation expense

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Depreciation [refer note 4 (a)]	2239.07	1,832.71
Depreciation on right of use assets [refer note 4 (a)]	92.23	55.17
Amortisation [refer note 5 (b)]	44.39	53.43
<b>Total depreciation and amortisation expense</b>	<b>2,375.69</b>	<b>1,941.31</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 31. Manufacturing and operating costs

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Job work expenses	1,693.56	1,206.52
Power, fuel & electricity expenses	2,038.02	1,657.06
Repairs and maintenance - plant & machinery	387.84	223.75
Repairs and maintenance - building	19.44	13.54
Repairs and maintenance - others	229.04	191.59
Contract labour charges	3,316.38	3,130.90
Other manufacturing expenses	195.11	219.84
<b>Total manufacturing and operating costs</b>	<b>7,879.39</b>	<b>6,643.20</b>

### 32. Other expenses

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Stores and spares consumed	272.98	346.73
Insurance expenses	115.95	90.41
Rent (refer note 38)	253.01	246.03
Rates and taxes	170.83	212.63
Carriage and freight	626.98	548.40
Travel and conveyance	187.43	170.64
Postage and courier	24.16	24.91
Printing & stationery	37.82	37.80
Legal and professional charges	231.21	206.20
Advertisement expenses	6.39	2.08
Commission	3.78	24.80
Business promotion	9.65	1.00
Other balance written off	83.15	21.88
Provision for doubtful debts	19.00	67.37
Foreign exchange loss (net)	55.06	49.37
CSR expenses (refer note 45)	76.33	38.88
Security charges	252.36	227.10
Bank charges	9.64	18.57
Donation	0.33	2.49
Auditors remuneration [refer note (a) below]	34.00	30.57
Director's sitting fees (refer note 39)	9.95	8.00
Miscellaneous expenses	143.90	153.42
<b>Total other expenses</b>	<b>2,623.91</b>	<b>2,529.28</b>

#### (a) Auditors remuneration

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>As auditor:</b>		
Statutory audit	25.00	21.00
<b>In other capacity:</b>		
Limited review fees	9.00	8.00
Other matters	-	1.57
<b>Total</b>	<b>34.00</b>	<b>30.57</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 33. Income tax

#### A. Income tax expense

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Current tax</b>		
Current tax	1327.05	958.53
Tax adjustments pertaining to previous years	-	(393.15)
	1,327.05	565.38
<b>Deferred tax</b>		
Decrease/ (Increase) in deferred tax asset	(63.82)	(64.67)
(Decrease)/ Increase in deferred tax liabilities	814.95	904.60
MAT credit utilisation	603.68	109.75
<b>Deferred tax expense</b>	<b>1,354.81</b>	<b>949.68</b>
<b>Total tax expense</b>	<b>2,681.86</b>	<b>1,515.06</b>

#### B. Reconciliation of tax charge

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	7,689.56	5,448.34
Enacted income tax rate in India applicable to the Company	34.94%	34.94%
Income tax expense at tax rates applicable	2,687.04	1,903.87
Tax effects of:		
Pertaining to previous years	-	-393.15
Effect of tax exemptions	(29.06)	-14.53
CSR Expenditure and donations	11.23	14.11
Others	12.65	4.76
<b>Income tax expense</b>	<b>2,681.86</b>	<b>1,515.06</b>
Effective tax rate	34.88%	27.81%

#### C. Deferred tax relates to the following:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Deferred tax assets</b>		
On provision for employee benefits	125.34	102.46
On provision for doubtful debts	35.50	28.86
On impairment	8.74	8.74
On lease liabilities	10.97	4.50
On stamp duty provision	20.97	-
On unamortised processing cost	6.94	0.08
	<b>208.46</b>	<b>144.64</b>
<b>Deferred tax liabilities</b>		
On property, plant and equipment	3,651.18	2,831.14
On non redeemable non cumulative non convertible preference shares	31.23	33.27
On On lease liabilities	162.26	165.31
	<b>3,844.67</b>	<b>3,029.72</b>



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Deferred tax liabilities net	(3,636.21)	(2,885.08)
Minimum alternative tax (MAT) entitlements	79.34	683.02
Deferred tax asset on tax lossess taken over in Business Combination [refer note 37(b)]	895.41	-
Deferred tax liability on fair valuation of land on account of Business Combination [refer note 37(b)]	(47.78)	-
Others	5.37	-
<b>Deferred tax liability (net)</b>	<b>(2,703.87)</b>	<b>(2,202.06)</b>

### 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, 2022	Year ended March 31, 2021 [refer note 37(a)]
Deferred tax assets/(liabilities), net	(2,703.87)	(2,202.06)
Deferred tax asset on tax lossess taken over in business combination [refer note 37(b)]	(895.41)	-
Deferred tax liability on fair valuation of land on account of business combination [refer note 37(b)]	47.78	-
Less: Opening deferred tax liabilities	2,202.06	1,641.57
<b>Deferred tax expense for the year</b>	<b>(1,354.81)</b>	<b>(560.49)</b>
Tax liability recognised in Statement of Profit and Loss	(1,331.89)	(949.67)
Tax adjustments pertaining to previous years	-	393.15
Tax liability recognised in OCI	-	-
On re-measurements gain/(losses) of post-employment benefit obligations	(22.92)	(3.97)
<b>Total deferred tax expenses recognised in the statement of profit and loss</b>	<b>(1,354.81)</b>	<b>(560.49)</b>

### 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	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Profit attributable to equity holders	5,007.70	3,933.28
Add: Impact of dilutive potential equity shares	-	-
Attributable to equity holders adjusted for the effect of dilution	5,007.70	3,933.28
Weighted average number of equity shares (in Lakhs) for basic and diluted EPS	225.47	225.47
Basic per share (Rs.)	22.21	17.44
Diluted per share (Rs.)	22.21	17.44

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 35. Contingent liabilities

Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Claim for expired goods	7.13	7.13
Letter of Credit issued	4.59	59.26
Bank Guarantees	69.91	76.45
Financial Guarantee issued on behalf of subsidiary	9,000.00	-
	<b>9,081.63</b>	<b>142.84</b>
Capital commitments	856.57	662.11

### 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	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Discount rate (per annum)	6.95%	6.55%
Rate of increase in Salary	7.00%	7.00%
Expected average remaining working lives	24.80	25.43
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, 2022	March 31, 2021 [refer note 37(a)]
<b>Present value of obligation at the beginning of the year</b>	<b>247.83</b>	<b>182.31</b>
Transfer in/(out) obligation	37.49	17.08
Current service cost	63.76	57.78
Interest cost	15.20	12.61
Benefits paid	(40.23)	(9.30)
Actuarial (gain)/ loss on obligations	(67.56)	(12.65)
<b>Present value of obligation at the end of the year</b>	<b>256.49</b>	<b>247.83</b>

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

iii) Change in the fair value of plan assets:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Opening fair value of plan assets	20.84	26.01
Interest income	2.42	2.70
Contributions by employer	3.34	2.51
Benefits paid	(24.34)	(9.08)
Actuarial (losses)/ gains	(1.97)	(1.30)
<b>Closing fair value of plan assets</b>	<b>0.29</b>	<b>20.84</b>

iv) Expense recognised in the Statement of Profit and Loss

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Current service cost	63.76	57.78
Past service cost	-	-
Interest cost	12.78	9.90
<b>Total expenses recognised in the Statement Profit and Loss</b>	<b>76.54</b>	<b>67.68</b>

v) Expense recognised in the statement of other comprehensive income

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Actuarial (gain) / loss on obligations	(67.56)	(12.65)
Actuarial gain /(loss) for the year on asset	1.97	1.30
<b>Total expenses recognised in the statement of other comprehensive Income</b>	<b>(65.59)</b>	<b>(11.35)</b>

vi) Assets and liabilities recognised in the Balance Sheet:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Present value of funded obligation	256.49	247.83
Less: fair value of plan assets	(0.29)	(20.84)
<b>Net asset / (liability) recognised in Balance Sheet*</b>	<b>256.20</b>	<b>226.99</b>

\*Included in provision for employee benefits (refer note 18)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

vii) Expected contribution to the fund in the next year

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Gratuity	66.36	63.76

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, 2022	March 31, 2021 [refer note 37(a)]
Discount rate		
0.5% increase	245.24	238.12
0.5% decrease	268.64	258.28
Rate of increase in salary		
0.5% increase	266.96	256.86
0.5% decrease	246.57	238.61
Withdrawal rate		
110% change	255.87	246.69
90% change	257.19	248.98

ix) Maturity profile of defined benefit obligation

(Amounts in Rs. Lakhs, unless otherwise stated)

Year	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Apr 2021- Mar 2022	-	31.51
Apr 2022- Mar 2023	23.99	9.50
Apr 2023- Mar 2024	17.73	24.46
Apr 2024- Mar 2025	21.50	30.36
Apr 2025- Mar 2026	15.99	29.21
Apr 2026 onwards	-	99.76
Apr 2026- Mar 2027	18.98	-
Apr 2027 onwards	127.08	-

(C) Other long term employee benefit obligation

Leave entitlement

The liability for leave entitlement is recognised in the same manner as gratuity aggregating Rs. 31.47 Lakhs as at March 31, 2022 (March 31, 2021: Rs. 22.59 Lakhs).



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 37. Business combinations during current year

#### 37(a) Merger Information - Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited

- (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 Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited ('Avalon Cosmetics') with the Company was approved by the Hon'ble National Law Tribunal (Mumbai Bench) vide its order dated December 21, 2021 ("the NCLT Order"). The Certified copy of the NCLT Order was filed with Registrar of Companies on February 18, 2022. Consequently, the Scheme become operative from February 18, 2022 and effective from April 1, 2020 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 prior year financial statements of the Company for the year ended March 31, 2021 have been restated to give effect to the Scheme. All the assets and liabilities of the Coimbatore Manufacturing Unit of Avalon Cosmetics have been transferred to and vested in the Company at its carrying value w.e.f. April 1, 2020 and the amount of Rs. 263.67 Lakhs is recorded as capital reserve on account of the Scheme. In consideration of the business combination, the Company has allotted 1,349,283 equity shares of Rs. 10 each credited as fully paid up shares of Company to the shareholders of Avalon Cosmetics for each equity share held in Avalon Cosmetics. The same is presented as "Share Pending Issuance" under "Other Equity" as at April 1, 2020 and March 31, 2021.

Pursuant to the business combination between Coimbatore Manufacturing Unit of Avalon Cosmetics and the Company with effect from April 1, 2020, the profit attributable to the equity shareholders for the previous year has been restated to include the figures of Coimbatore Manufacturing Unit of Avalon Cosmetics. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per share of the comparative periods have been restated taking into consideration the equity shares issued to the shareholders of Avalon Cosmetics. Further, the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination.

Pursuant to the business combination between Coimbatore Manufacturing Unit of Avalon Cosmetics and the Holding Company with effect from April 1, 2020, the profit attributable to the equity shareholders for the comparative year have been restated to include the figures of Coimbatore Manufacturing Unit of Avalon Cosmetics. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per share of the comparative year have been restated taking into consideration the equity shares issued to the shareholders of Avalon Cosmetics. Further, the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination.

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Amount
<b>A) Assets acquired on April 1, 2020</b>	
Property, plant and equipment	2,922.73
<b>Financial assets</b>	-
Non-current tax assets	12.28
Other non current assets	45.39
Trade receivables	15.84
Cash and cash equivalents	407.71
Other current assets	528.77
<b>Total Assets acquired (A)</b>	<b>3,932.72</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars	Amount
<b>B) Liabilities assumed on April 1, 2020</b>	
Other equity	2,604.60
<b>Financial liabilities</b>	-
Deferred tax liabilities (net)	8.91
Trade payables	212.33
Other current financial liabilities	96.01
Other current liabilities	1,010.87
<b>Total Liabilities Assumed (B)</b>	<b>3,932.72</b>
<b>Net Assets acquired (A-B)</b>	-
<b>Add: Adjustment made for harmonisation of accounting policies</b>	<b>724.14</b>
<b>Less: Deferred tax liability on assets acquired pursuant to amalgamation</b>	<b>(325.53)</b>
<b>Less: Shares issued</b>	<b>(134.93)</b>
<b>Net assets acquired transferred to capital reserve</b>	<b>263.68</b>

- (iii) On business combination of the Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited, 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. 724.13 Lakhs and a deferred tax liability amounting to Rs. 325.53 Lakhs.

#### (iv) Acquisition related cost

The Company has incurred an aggregate of of Rs. 29.27 Lakhs (March 31, 2021 - Rs. Nil ) towards merger of Coimbatore Manufacturing Unit of Avalon Cosmetics and ATC Beverages Private Limited with the Company, which are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

#### 37 (b) Merger Information - ATC Beverages Private Limited

- (i) The Company was holding 44.43% stake in ATC Beverages Private Limited ('ATC'). On February 18, 2022, the Company completed the merger of ATC via an all-equity merger under which one share of the Company were allotted for every 16,228 shares of ATC as a consideration for acquiring remaining 55.57% stake. The scheme of merger ("Scheme") submitted by the Company was approved by Hon'ble National Company Law Tribunal by its order dated December 21, 2021 (Mumbai bench). The Scheme was filed with Registrar of Companies on February 18, 2022, and effective from April 1, 2020 i.e. appointed date. Accordingly, February 18, 2022, is considered as the acquisition date, i.e., the date on which control is transferred to the Company. The business combination has been accounted for using the acquisition accounting method under 'Ind AS 103 – Business Combinations'. All identified assets acquired, and liabilities assumed on the date of merger were recorded at their fair value. This amalgamation resulted in a Goodwill amounting to Rs. 157.70 Lakhs.

Further, in terms of the Scheme, during the year, 1,177 Ordinary (Equity) shares in the Company has been issued and allotted, valued based on the share price of the Company on the completion date (Rs. 2,028) to the shareholders of ATC other than the Company in the ratio of 1 Ordinary (Equity) Share of face value of Rs. 10 each fully paid-up in the capital of the Company for every 15,075 fully paid-up Equity Shares of Rs. 10 each held in ATC.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Amount
<b>A) Assets acquired on February 18, 2022</b>	
Property, plant and equipment	2,042.71
Capital work-in-progress	383.50
<b>Financial assets</b>	
i) Loans	-
Non-current tax assets	5.50
Other non current assets	76.86
Inventories	529.59
Trade receivables	690.10
Cash and cash equivalents	70.40
Other current financial assets	-
Other current assets	238.84
<b>Total Assets acquired (A)</b>	<b>4,037.50</b>
<b>B) Liabilities assumed on February 18, 2022</b>	
Employee benefits obligation - Non - Current	41.94
<b>Financial liabilities</b>	
Current borrowings	2,871.53
Lease liabilities	110.99
Trade payables	1,093.84
Other current financial liabilities	378.96
Other current liabilities	192.04
Employee benefits obligation - Current	12.00
<b>Total Liabilities Assumed (B)</b>	<b>4,701.30</b>
<b>Net Assets acquired and amalgamated with holding company (A-B)</b>	<b>663.80</b>
<b>Add: Shares issued pursuant to amalgamation</b>	<b>23.87</b>
<b>Add: Equity investment in ATC Beverages extinguished pursuant to Business Combination</b>	<b>317.66</b>
<b>Less: Deferred tax asset on brought forward losses of ATC pursuant to Business Combination</b>	<b>(895.41)</b>
<b>Add: Deferred tax liability on fair valuation of assets taken over pursuant to Business Combination</b>	<b>47.78</b>
<b>Goodwill on Amalgamation</b>	<b>157.70</b>

- (iii) On business combination of the ATC Beverages Private Limited ('ATC'), ATC was having Income tax losses of Rs. 2,531.81 Lakhs on which deferred tax asset was created of Rs. 895.41 Lakhs which was adjusted against Goodwill accounted as per note 37 (b)(II) as per para 66 of Ind AS 12. Further, deferred tax asset of Rs. 47.78 Lakhs was created on gain on fair valuation of Building of Rs. 136.72 Lakhs which was adjusted against Goodwill accounted as per note 37 (b)(II).

### 37 (c) Acquisition of Aero Care Personal Products LLP ('ACPPL')

On February 11, 2022, the Company had entered into an agreement with designated partners of ACPPL and acquired an entire contribution in ACPPL with effect from January 1, 2022. As a result of this acquisition, ACPPL has been determined as subsidiary of the Company.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 38 Leases

(A)(la) For Changes In the Carrying Value of Right-of-Use Assets Refer Note 4

(ii) Changes in the Lease Liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Category of ROU Asset			Total
	Leasehold land	Building	Plant and Machinery	
Balance as at April 1, 2020	35.15	98.17	31.90	165.22
Interest	5.45	10.12	3.02	18.59
Additions	-	103.13	-	103.13
Adjustments pertaining to practical expedient	-	(5.72)	-	(5.72)
Lease Payments	(3.60)	(28.12)	(25.56)	(57.28)
<b>Balance as at March 31, 2021</b>	<b>37.00</b>	<b>177.58</b>	<b>9.36</b>	<b>223.94</b>
Interest	5.75	18.16	0.86	24.77
Additions	110.99	295.35	-	406.34
Lease Payments	(3.60)	(81.18)	(10.22)	(95.00)
<b>Balance as at March 31, 2022</b>	<b>150.14</b>	<b>409.91</b>	<b>-</b>	<b>560.05</b>

### (ii) Break-up of current and non-current lease liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Current Lease Liabilities	81.58	85.25
Non-current Lease Liabilities	478.47	138.69

### (iii) Maturity analysis of lease liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Less than one year	81.58	85.25
One to five years	451.98	138.69
More than five years	26.49	-
<b>Total</b>	<b>560.05</b>	<b>223.94</b>

As per Para B11 of Ind AS 107 Financial Instruments: Disclosure, In preparing the maturity analyse an entity uses its judgment to determine an appropriate number of time bands.

### (iv) Amounts recognised in statement of Profit and Loss account

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Interest on Lease Liabilities	24.77	18.59
Adjustments pertaining to practical expedient	-	5.72
Low-value leases expensed	-	15.96
Short-term leases expensed	253.01	241.56
<b>Total</b>	<b>277.78</b>	<b>281.83</b>



NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(v) Amounts recognised in statement of Cash Flows

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Total Cash outflow for leases	(95.00)	(57.28)

39 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

Mahak Cosmetics and Credit Private Limited

Christine Valmy Institute Private Limited

Allies Logistics 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

M/s Spans Healthcare

**Subsidiary**

HFL Consumer Products Private Limited

Aero Care Personal Products LLP (with effect from January 1, 2022) [refer note 37(c)]

**Associate**

ATC Beverages Private Limited (up to February 18, 2022) [Refer note 37 (b)]

**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
Mayank Samdani	Chief Financial Officer
Nikhil Vora	Non-Independent Non-Executive Director
Honey Vazirani	Independent Non-Executive Director (woman)
Shashi Kalathil	Independent Non-Executive Director
Neeraj Chandra	Independent Non-Executive Director
Bankim Purohit	Company Secretary
Sarjit Singh Bedi	Non-Independent Non-Executive Director
Sandeep Mehta	Independent Non-Executive Director
Harsha Raghavan	Non-Independent Non-Executive Director

**Relatives of Directors**

Asha R Kothari Relative of Managing Director

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>(i) Avalon Cosmetics Private Limited</b>		
Reimbursement of expenses	4.07	100.75
Sale of property, plant and equipment	1.80	3.00
Rent paid	-	12.00
Payment received against other receivables	-	729.05
<b>(ii) Motown Trading Private Limited</b>		
Interest on loan taken	10.11	-
<b>(iii) Athene Laboratories</b>		
Purchase of consumables	0.15	-
Rent paid	60.00	60.00
Security deposit given	-	42.00
Advance given	-	1.42
<b>(iv) Shivom Industries</b>		
Reimbursement of Expenses	3.91	-
Purchase of Export Licenses	2.97	-
Purchase of consumables and other items	2.69	5.83
Sales of Product	0.01	0.45
Payment received against other receivables	-	12.58
Payment made against other payables	-	9.74
<b>(v) Galaxy Healthcare Products</b>		
Payment received against other receivables	-	349.28
Payment made against other payables	-	332.78
<b>(vi) Aero Care Personal Products LLP</b>		
Investment	2,612.02	-
Purchase of Raw Material	0.12	-
Reimbursement of Expenses	11.12	-
<b>(vii) Adonia Cosmetics Private Limited</b>		
Purchase of Export Licenses	3.06	-
<b>(viii) ATC Beverages Private Limited</b>		
Interest income accrued on loans granted	105.69	80.66
Loans granted	671.72	356.31
<b>(ix) Sameer Kothari</b>		
Equity shares issued*	51.84	-
<b>(x) Asha R Kothari</b>		
Equity shares issued*	51.84	-
<b>(xi) Christine Valmy Institute Private Limited</b>		
Sale of products	0.43	0.65
<b>(xii) Vanity Case (India) Private Limited</b>		
Equity shares issued*	31.00	-
<b>(xiii) HFL Consumer Private Limited</b>		
Loans granted	5,956.20	932.00
Loans repayment received	3,665.00	-
Recharge of salaries to Company	74.86	1.20
Interest on loan granted	215.90	8.42
Investment in equity shares	-	1.00

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Sale of export licenses	74.80	-
Reimbursement of expenses	134.04	-
Financial guarantee given	9,000.00	-
<b>(xiv) Spans Healthcare</b>		
Sale of property, plant and equipment	-	1.00
Purchase of Raw Material, Packing Material and Chemical Items	1,868.53	1,214.53
<b>(xv) Allies Logistics Private Limited</b>		
Freight inward	98.04	5.38
<b>(xvi) Sitting fees</b>		
Shrinivas Dempo	1.50	1.20
Sandeep Mehta	1.50	1.15
Shashi K. Kalathil	2.10	1.65
Honey Vazirani	2.20	1.50
Nikhil K Vora	1.00	1.00
Neeraj Chandra	1.65	1.50
<b>(xvii) Compensation of key management personnel</b>		
Sameer Kothari	156.00	156.00
Ganesh Argekar	73.85	52.00
Mayank Samdani	79.67	58.65
Bankim Purohit	19.39	17.53

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>(i) Avalon Cosmetics Private Limited</b>		
Other receivables	0.14	-
Other Payable	0.25	-
Trade payables	-	11.11
<b>(ii) HFL Consumer Private Limited</b>		
Loans given	3,223.20	932.00
Interest accrued on loan given	202.09	8.42
Other receivables	301.24	-
Financial guarantee given	9,000.00	-
<b>(iii) Aero Care Personal Products LLP</b>		
Other receivables	11.12	-
<b>(iv) Spans Healthcare</b>		
Advances given	-	0.33
Trade payables	456.00	156.16
<b>(v) ATC Beverages Private Limited</b>		
Loans given	-	898.86
Interest accrued on loan given	-	106.27
<b>(vi) Motown Trading Private Limited</b>		
Loans taken	900.00	-
Interest Accrued	209.23	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>(vii) Athene Industries</b>		
Advance given	42.00	42.00
Security deposit	-	1.42
<b>(viii) Christine Valmy Institute Private Limited</b>		
Trade Payable	0.01	-
<b>(ix) Sameer Kothari</b>		
Remuneration payable	0.21	9.24
<b>(x) Allies Logistics Private Limited</b>		
Trade Payables	13.11	5.35

\* Shared issued during the year ended March 31, 2022 as per the NCLT approved scheme [refer note 37].

^As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not separately included.

(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. The Company, during the year, has provided corporate guarantee to the bank of subsidiary amounting upto Rs. 9,000 Lakhs. The Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates.

40 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.

The Company has disclosed in the consolidated financial statement, the revenue contribution from major external customers.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 41 Fair values of financial assets and financial liabilities

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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, 2022 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
<b>Financial assets</b>						
Investments	11	690.66	-	-	-	690.66
Other Non Current Financial Assets	7	464.43	-	-	-	464.43
Other Current Financial Assets	7	5,192.63	-	-	-	5,192.63
Trade receivable	12	7,141.10	-	-	-	7,141.10
Cash and cash equivalents	13	2,721.44	-	-	-	2,721.44
Bank balances other than cash and cash equivalents	14	1,079.90	-	-	-	1,079.90
Loan	6	3,223.20	-	-	-	3,223.20
		<b>20,513.36</b>	-	-	-	<b>20,513.36</b>
<b>Financial liabilities</b>						
Non current Borrowings	17(a)	19,741.37	-	-	-	19,741.37
Current Borrowings	17(b)	7,128.20	-	-	-	7,128.20
Non-current and Current lease liabilities		560.05	-	-	-	560.05
Other current financial liabilities	21	1,469.26	-	-	-	1,469.26
Trade payables	20	25,048.53	-	-	-	25,048.53
		<b>53,947.41</b>	-	-	-	<b>53,947.41</b>

**The carrying value and fair value of financial instruments by categories as at March 31, 2021 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
<b>Financial assets</b>						
Investments	11	318.66	-	-	-	318.66
Other Non Current Financial Assets	7	365.11	-	-	-	365.11
Other Current Financial Assets	7	1,683.68	-	-	-	1,683.68
Trade receivable	12	4,987.17	-	-	-	4,987.17
Cash and cash equivalents	13	4,447.05	-	-	-	4,447.05
Bank balances other than cash and cash equivalents	14	1,409.49	-	-	-	1,409.49
Loan	6	1,830.87	-	-	-	1,830.87
		<b>15,042.03</b>	-	-	-	<b>15,042.03</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(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
<b>Financial liabilities</b>						
Non-current Borrowings	17(a)	18,514.00	-	-	-	18,514.00
Current Borrowings	17(b)	3,108.57	-	-	-	3,108.57
Non-current and Current lease liabilities		223.94	-	-	-	223.94
Other current financial liabilities	21	2,007.19	-	-	-	2,007.19
Trade payables	20	21,513.67	-	-	-	21,513.67
		<b>45,367.37</b>	-	-	-	<b>45,367.37</b>

### 42 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	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Level 3</b>		
Financial assets measured at amortised cost		
Investments	690.66	318.66
Other Non Current Financial Assets	464.43	365.11
Other Current Financial Assets	5,192.63	1,683.68
Trade receivable	7,141.10	4,987.17
Cash and cash equivalents	2,721.44	4,447.05
Bank balances other than cash and cash equivalents	1,079.90	1,409.49
Loans	3,223.20	1,830.87
	<b>20,513.36</b>	<b>15,042.03</b>

(Amounts in Rs. Lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Level 3</b>		
Financial liabilities measured at amortised cost		
Non current Borrowings	19,741.37	18,514.00
Current Borrowings	7,128.20	3,108.57
Non-current and Current lease liabilities	560.05	223.94
Other current financial liabilities	1,469.26	2,007.19
Trade payables	25,048.53	21,513.67
	<b>53,947.41</b>	<b>45,367.37</b>

Management has assessed that Cash and cash equivalents, Other balances with banks, Loans, Trade receivables, Other financial assets, Short term Borrowings, Trade payables and Other financial liabilities carried at amortised cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 43 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:

(Amounts in Rs. Lakhs, unless otherwise stated)

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
<b>2022</b>		
Rs.	+50	(127.67)
Rs.	-50	127.67
<b>Exposure to interest risk</b>	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>2021 [refer note 37(a)]</b>		
Rs.	+50	(107.02)
Rs.	-50	107.02

##### (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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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		As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
		Foreign currency in Lakhs	Rs. in Lakhs	Foreign currency in Lakhs	Rs. in Lakhs
Trade Receivables	EURO	5.56	467.66	2.78	239.23
	GBP	0.07	7.49	0.01	0.56
Cash & cash equivalents	EURO	1.09	91.96	3.26	280.67
	USD	-	-	0.05	3.95
	GBP	0.05	4.63	-	-
Trade Payables	EURO	-	-	0.17	14.49
	USD	0.71	53.98	0.16	11.91
Capital Creditors	EURO	1.11	93.49	0.01	1.15

##### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EURO, USD 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	
	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Trade Receivables	23.76	11.99	(23.76)	(11.99)
Cash & cash equivalents	4.83	14.23	(4.83)	(14.23)
Trade Payables	(2.70)	(1.32)	2.70	1.32
Capital Creditors	(4.67)	(0.06)	4.67	0.06
	<b>21.22</b>	<b>24.84</b>	<b>(21.22)</b>	<b>(24.84)</b>

#### (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 arises principally from the Company's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company measures the expected credit loss of trade receivables 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

(Amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Not due	6,649.85	4,738.50
Less than 6 months	488.37	210.32
6 months to 12 months	2.88	18.69
beyond 12 months	-	19.66
	<b>7,141.10</b>	<b>4,987.17</b>

### (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	1 to 5 years	More than 5 Years	Total
<b>As at March 31, 2022</b>				
Long-term borrowings	-	17,510.11	2,231.26	19,741.37
Short term borrowings	7,128.20	-	-	7,128.20
Trade payables	24,640.15	408.38	-	25,048.53
Lease Liability	81.58	478.47	-	560.05
Other financial liability	1,469.26	-	-	1,469.26
	<b>33,319.19</b>	<b>18,396.96</b>	<b>2,231.26</b>	<b>53,947.41</b>
<b>As at March 31, 2021 [refer note 37(a)]</b>	Less than 1 year	1 to 5 years	More than 5 Years	Total
Long-term borrowings	-	17,909.66	604.34	18,514.00
Short term borrowings	3,108.57	-	-	3,108.57
Trade payables	21,144.89	368.78	-	21,513.67
Lease Liability	85.25	138.69	-	223.94
Other financial liability	2,007.19	-	-	2,007.19
	<b>26,345.90</b>	<b>18,417.13</b>	<b>604.34</b>	<b>45,367.37</b>

### 44 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are in the field of promoting healthcare and education. A CSR committee has been formed by the Company as per the Act. The funds are utilised through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Gross amount required to be spent :	71.23	40.98
Add: Amount unspent from previous years	21.98	-
Total Gross amount required to be spent during the year	93.21	40.98
<b>Amount approved by the Board to be spent during the year</b>	<b>93.21</b>	<b>40.98</b>
<b>Amount spent during the year</b>	<b>98.31</b>	<b>16.90</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [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	-	-
ii. On purpose other than (i) above	98.31	16.90
	<b>98.31</b>	<b>16.90</b>
Less: Amount capitalised as corporate social responsibility assets	-	-
Excess amount spent in previous year set off in current year	-	2.10
Provision for unspent CSR amount	-	21.98
	<b>98.31</b>	<b>40.98</b>

During the year ended March 31, 2022, the Company has not made any CSR expenditure incurred with related parties/ contribution made to related party. Further, there was no shortfall in CSR spent.

### 45 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. 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)

Particulars		As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Total equity	(i)	30,804.91	25,730.66
Total non current borrowings (including liability portion of redeemable non cumulative non convertible preference shares)		27,429.62	21,841.06
Less: cash and cash equivalents		(2,721.44)	(4,447.05)
Total debt	(ii)	24,708.18	17,394.01
Overall financing	(iii) = (i) + (ii)	55,513.09	43,124.67
Gearing ratio	(ii)/ (iii)	0.45	0.40

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

46 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, 2022	As at March 31, 2021 [refer note 37(a)]
Opening balance	17,394.01	13,663.84
<b>Non cash movement</b>		
- Accrual of interest	1,919.42	1,816.46
- Interest on redeemable non cumulative non convertible preference shares	5.83	5.35
- Processing cost amortisation	6.89	8.86
Lease liability assumed during the year	452.40	103.13
<b>Cash movement</b>		
- Further borrowings	8,810.28	6,959.97
- Principle repayment	(3,563.66)	(1,675.34)
- Interest payment	(1,947.60)	(1,862.97)
- Lease rentals paid against lease liability	(95.00)	(57.28)
<b>Cash and cash equivalents</b>		
Cash flows	(1,725.61)	1,568.01
<b>Closing balance</b>	<b>24,708.18</b>	<b>17,394.01</b>

47 Disclosures pursuant to Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>(a) Loans</b>		
<b>(i) Loans to subsidiary</b>		
HFL Consumer Products Private Limited		
Balance as at the beginning of the year	932.00	-
Loans given during the year	5,956.20	932.00
Loans repaid during the year	3,665.00	-
Balance as at the end of the year	3,223.20	932.00
<b>(ii) Loans to associate (up to February 18, 2022)</b>		
ATC Beverages Private Limited		
Balance as at the beginning of the year	898.86	542.55
Loans given during the year	671.72	356.31
Eliminated on Business Combination [refer note 37 (b)]	(1,570.58)	-
Balance as at the end of the year	-	898.86
<b>(b) Investment by the loanees in the shares of the Company</b>		
The loanees have not made any investments in the shares of the Company.		
<b>(c) Guarantees given to subsidiary</b>		
HFL Consumer Products Private Limited	9,000.00	-
<b>(d) Details of investments made by the Company</b>		
<b>Unquoted equity instruments</b>		
NIL (March 31, 2021 93,94,084) Equity Shares of Rs. 10 each fully paid up in ATC Beverages Private Limited [also refer note 37(b)]	-	317.66
10,000 (March 31, 2021 10,000) Equity Shares of Rs. 10 each fully paid up in HFL Consumer Products Private Limited	1.00	1.00
<b>Investment in Limited liability Partnership Firm</b>		
Aero Care Personal Products LLP [refer note 37 (c)]	689.66	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

S. No.	Ratio	Formula	Particulars		March 31, 2022		March 31, 2021		Ratio as on March 31, 2022	Ratio as on March 31, 2021	Variation	Reason (if variation is more than 25%)
					Numerator	Denominator	Numerator	Denominator				
(a)	Current Ratio	Current Assets / Current Liabilities	Current Assets = Inventories + Current Investment + Trade Receivable + Cash & Cash Equivalents + Other Current Assets + Bank balances other than cash and cash equivalents + Loans + Other financial assets	Current Liability = Short term borrowings + Trade Payables + Other financial Liability+ Current tax (Liabilities) + Provisions + Other Current Liability + Employee benefits obligation + Lease liabilities + current tax liabilities	44,948.90	34,753.51	36,261.97	27,164.74	1.29	1.33	(3.11%)	NA
(b)	Debt-Equity Ratio	Debt / Equity	Debt= long term borrowing and Short term borrowings	Equity= Equity + Reserve and Surplus	26,869.57	30,804.92	21,622.57	25,730.66	0.87	0.84	3.80%	NA
(c)	Debt Service Coverage Ratio	Net Operating Income / Debt Service	Net Operating Income= Net profit after taxes + Non-cash operating expenses + finance cost	Debt Service = Interest & Lease Payments + Principal Repayments	6,993.38	5,606.26	5,902.83	3,595.99	1.25	1.64	(24.02%)	NA
(d)	Return on Equity Ratio	Profit after tax less pref. Dividend x 100 / Shareholder's Equity	Net Income= Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	5,007.70	28,267.78	3,933.28	22,258.73	18%	18%	0.25%	NA
(e)	Inventory Turnover Ratio	Cost of Goods Sold / Average Inventory	Cost of Goods Sold	(Opening Inventory + Closing Inventory)/2	1,76,115.58	19,324.09	1,19,064.11	13,940.45	9.11	8.54	6.71%	NA
(f)	Trade Receivables Turnover Ratio	Net Credit Sales / Average Trade Receivables	Net Credit Sales	(Opening Trade Receivables + Closing Trade Receivable)/2	2,02,070.03	6,064.14	1,40,717.19	4,374.82	33.32	32.17	3.60%	NA
(g)	Trade Payables Turnover Ratio	Net Credit Purchases / Average Trade Payables	Net Credit Purchases	(Opening Trade Payables + Closing Trade Payables)/2	1,79,284.91	23,281.10	1,24,937.04	1,77,38.44	7.70	7.04	9.34%	NA
(h)	Net Capital Turnover Ratio	Revenue / Average Working Capital	Revenue	Average Working Capital= Average of Current assets - Current liabilities	2,02,070.03	9,646.31	1,40,717.19	7,188.21	20.95	19.58	7.01%	NA
(i)	Net Profit Ratio	Net Profit / Net Sales	Net Profit	Net Sales	5,007.70	2,02,070.03	3,933.28	1,40,717.19	2.48%	2.80%	(11.34%)	NA
(j)	Return on Capital Employed	EBIT / Capital Employed	EBIT= Earnings before interest and taxes	Capital Employed= Total Assets - Current Liability	9,178.66	54,010.18	7,076.53	46,899.92	16.99%	15.09%	12.63%	NA
(k)	Return on Investment	Net Profit / Net Investment	Net Profit	Net Investment= Net Equity	5,007.70	28,267.78	3,933.28	22,258.73	17.72%	17.67%	0.25%	NA

48. Additional regulatory information  
(A) Accounting ratios



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 48. Additional regulatory information (continued)

#### (B) Title deeds of Immovable Properties not held in name of the Company as on March 31, 2022

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (Rs. in Lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property, plant and equipments	Freehold land	130.96	Avalon Cosmetics Private Limited	No	April 2020	The freehold land was transferred to Company as per the NCLT Approved Scheme [refer note 37(a)] w.e.f. April 1, 2020. The Company is in the process of transferring the title in the name of Hindustan Foods Limited.
Right of Use	Leasehold land	107.21	Government of Karnataka (KIADB)	No	February 2022	The leasehold rights of the land were transferred to Company as per the NCLT Approved Scheme [refer note 37(b)] w.e.f. February 18, 2022. As per the lease agreement with KIADB, the Company has an option of purchasing the land. The Company is in process of applying to KIADB for purchase of the land.

The Company does not hold any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company, at anytime during the year ended March 31, 2021.

#### (C) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

#### (D) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

#### (E) Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

The Company does not have any transactions or balance outstanding with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

#### (F) Registration of charges or satisfaction with Registrar of Companies

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

#### (G) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

#### (H) Undisclosed income

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

#### (I) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2022.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### (J) Utilisation of Borrowed funds and share premium\

- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### (K) Compliance with approved scheme(s) of arrangements

The Company has entered into scheme of arrangement and amalgamation having an accounting impact (refer note 37).

### (L) Valuation of Property plant and equipment

The Company has not revalued its property, plant and equipment during the year ended March 31, 2022 and March 31, 2021.

### (M) Loans and advances to promoters and directors

The Company has not given loans and advances to promoters and directors.

- The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the standalone financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- On January 24, 2022, the Company has signed a Share Purchase Purchase Agreement ("Agreement") with Reckitt Benckiser (India) Private Limited to acquire 100% equity shares of Reckitt Benckiser Scholl India Private Limited. The further execution of the Agreement is under process as few approvals essential for execution are yet to be received.
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- These financial statements were authorised for issue by the Board of Directors on May 20, 2022.

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

**Amrish Vaidya**  
Partner  
Membership No: 101739

Place : Mumbai  
May 20, 2022

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

**Sameer R. Kothari**  
Managing Director  
DIN: 01361343

**Mayank Samdani**  
Chief Financial Officer

Place : Mumbai  
May 20, 2022

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

# 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 "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, 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 subsidiaries, 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 Group as at March 31, 2022, 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 Group 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2022. 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 Business Combination - refer note 37 to the consolidated financial statements

The Composite Scheme of Arrangement ('the Scheme') under section 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for de-merger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited ('Avalon') and merger of ATC Beverages Private Limited ('ATC') with the Company was approved by the Hon'ble National Law Tribunal vide its order dated December 21, 2021 ("the NCLT Order") with appointed date being April 1, 2020. The Certified copy of the NCLT order was filed with Registrar of Companies on February 18, 2022.

The business combination with Avalon is determined as common control business combination accounted in accordance with Appendix C of Ind AS 103 'Business Combinations' while business combination with ATC is accounted in accordance with Ind AS 103 'Business Combination'.

Accounting for the business combination involves judgement in order to:

- Identify and measure the fair value of the identifiable assets (tangible and intangible) acquired and liabilities assumed including the contingent liabilities.
- Allocate the consideration transferred between identifiable assets and liability and goodwill.

Complex judgement and specialised skills were also required in evaluating the assumptions used in valuing Property, Plant and Equipment for which management had engaged external valuation experts. Given the level of complexity in estimation and judgement required, we considered it to be a key audit matter.

Our audit procedures in respect of this area, among others, included the following:

- Understanding the process followed by the Company for assessment and determination of the effective date and the accounting treatment for the Scheme, including the identification of assets and liabilities and

## INDEPENDENT AUDITOR'S REPORT (Contd.)

determination of their fair values and also evaluation of work of management experts.

- Evaluated the design and implementation and testing the operating effectiveness of key internal controls related to the Company's valuation process.
- Verified on test check basis the completeness of the identified assets acquired and liabilities assumed by comparison to the scheme of amalgamation, through discussions with the Company and their external valuation experts.
- Reviewed the reasonableness of the key assumptions around near and long-term revenue growth rates and discount rate.
- Involved our valuation professionals with specialised skills and domain knowledge to assist in evaluating the appropriateness of the valuation models and methodologies adopted to determine the value of identified assets (tangible and intangible assets) and economic useful life for identified assets. Also, in evaluating discount rate, long-term revenue growth rate, market rates assumptions and replacement cost to determine the fair value of property, plant and equipment.
- Verified source data used to develop the estimate for completeness and accuracy on test check basis.
- For significant taxation matters, we involved our tax professionals with specialised skills and domain knowledge to assist in reviewing the restated tax expenses on account of restatement of comparative numbers for common control business combination.
- Evaluated the appropriateness of accounting and accounting policies adopted by the management for the treatment of merger of ATC Beverages Private Limited at fair value on the acquisition date.
- Evaluated the appropriateness of 'Pooling of interest' method in common control business combination for accounting and accounting policies used by the management for de-merger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited.
- Evaluated the recognition of capital reserve as on the appointed date in respect of common control business combination including the impact on account of harmonisation of accounting policies.
- Assessed the adequacy and appropriateness of the disclosures made in the standalone financial statements

in compliance with the requirements of Ind AS 103: "Business Combinations".

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc but does not include the 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 Holding 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 Group 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 Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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,



## INDEPENDENT AUDITOR'S REPORT (Contd.)

which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### 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 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

- We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 6,304.19 Lakhs as at March 31, 2022, total revenues of Rs. 6,011.21 Lakhs and net cash flows amounting to Rs. 38.08 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

- We draw attention to note 37(a) to the consolidated financial statements which states that the comparative consolidated financial statement of the Group for the year ended March 31, 2021 have been restated to record the common control business combinations with effect from April 01, 2020. The financial information in respect of the Coimbatore Manufacturing Unit of Avalon Cosmetic Private Limited for the year ended March 31, 2021 included in these consolidated financial statements of the Group have been approved by the Holding Company's Board of Directors but have not been subjected to audit 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 auditor.

### Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - 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.
  - 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.
  - 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.
  - 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.
  - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the

## INDEPENDENT AUDITOR'S REPORT (Contd.)

reports of the statutory auditors of its subsidiary incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

- With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- 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:
  - There were no pending litigations which would impact the consolidated financial position of the Group.
  - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.
  - The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries from any persons or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- The Holding Company and subsidiary companies that are Indian companies under the Act have neither declared nor paid any dividend during the year.

- As required by the Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder except in case of one subsidiary, as the provisions of the aforesaid section is not applicable to private company and other subsidiary which is not a company.

### INDEPENDENT AUDITOR'S REPORT (Contd.)

3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and one subsidiary and on consideration of CARO report issued by us for one subsidiary included in the consolidated financial statements of the Company to which reporting under CARO is applicable, we report that there are no qualifications/adverse remarks except for following:

Sr. No	Name of the Company	CIN	Type of Company	Clause number of the CARO Report which is qualified or Adverse
1	Hindustan Foods Limited	L15139MH1984PLC316003	Holding Company	Clause i. (c)
2	Hindustan Foods Limited	L15139MH1984PLC316003	Holding Company	Clause iii. (f)
3	HFL Consumer Products Private Limited	U15400MH2020PTC343381	Wholly owned Subsidiary	Clause xvii

#### For M S K A & Associates

Chartered Accountants  
ICAI Firm Registration No. 105047W

#### Amrish Vaidya

Partner  
Membership No. 101739  
UDIN: 22101739AJHIZJ5611

Place: Mumbai  
Date: May 20, 2022

## 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 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 Group 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 Group 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 Group 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 entities included in the consolidated financial statements, which have been audited by other auditors, 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 Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 for the year ended March 31, 2022 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 M S K A & Associates

Chartered Accountants  
ICAI Firm Registration No. 105047W

#### Amrish Vaidya

Partner  
Membership No. 101739  
UDIN: 22101739AJHIZJ5611

Place: Mumbai  
Date: May 20, 2022



## 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, 2022

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

#### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of Hindustan Foods Limited (hereinafter referred to as "the Holding Company"), its subsidiary companies, which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies which are incorporated in India, have, in all material respects, an adequate 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, 2022, 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").

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in 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 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 Holding company and its subsidiary companies which are companies 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 adequate 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 adequacy of 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 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 Holding company and its subsidiary companies which are companies 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

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (Contd.)

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.

#### For M S K A & Associates

Chartered Accountants  
ICAI Firm Registration No. 105047W

#### Amrish Vaidya

Partner  
Membership No. 101739  
UDIN: 22101739AJHIZJ5611

Place: Mumbai  
Date: May 20, 2022

## CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipments	4 (a)	39,461.48	30,043.78
Right of use assets	4 (a)	3,232.67	694.88
Capital work-in-progress	4 (b)	8,716.12	5,346.83
Other intangible assets	5	6.70	51.09
Financial assets			
Other financial assets	7	669.10	365.28
Non-current tax assets (net)	8	1,735.79	1,059.31
Other non-current assets	9	789.34	1,119.87
<b>Total non-current assets</b>		<b>54,611.20</b>	<b>38,681.04</b>
<b>Current assets</b>			
Inventories	10	23,776.94	16,908.34
Financial assets			
Investments	11	-	41.27
Trade receivables	12	7,219.02	4,987.17
Cash and cash equivalents	13	3,259.75	4,445.66
Bank balances other than cash and cash equivalents	14	1,079.90	1,409.49
Loans	6	-	898.87
Other financial assets	7	3,265.55	1,674.70
Other current assets	9	5,422.70	4,679.59
<b>Total current assets</b>		<b>44,023.86</b>	<b>35,045.09</b>
<b>Total assets</b>		<b>98,635.06</b>	<b>73,726.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	2,254.86	2,119.81
Other equity	16	28,158.12	23,322.66
<b>Total equity</b>		<b>30,412.98</b>	<b>25,442.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	17	25,430.83	18,514.00
Lease liabilities	38	2,255.51	138.69
Employee benefits obligation	18	283.21	229.84
Deferred tax liabilities (net)	33	2,670.59	2,202.06
Other non current liabilities	19	-	84.67
<b>Total non-current liabilities</b>		<b>30,640.14</b>	<b>21,169.26</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	17	7,296.97	2,955.68
Trade payables	20	-	-
i) outstanding dues of micro enterprises and small enterprises		89.04	77.78
ii) outstanding dues of creditors other than micro enterprises and small enterprises		27,025.94	21,437.88
Lease liabilities	38	140.65	85.25
Other financial liabilities	21	1,980.35	2,079.73
Other current liabilities	22	776.94	219.77
Employee benefits obligation	18	77.12	63.38
Current tax liabilities (net)	23	194.93	194.93
<b>Total current liabilities</b>		<b>37,581.94</b>	<b>27,114.40</b>
<b>Total liabilities</b>		<b>68,222.08</b>	<b>48,283.66</b>
<b>Total equity and liabilities</b>		<b>98,635.06</b>	<b>73,726.13</b>
Summary of significant accounting policies	2-4		

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

As per our report of even date  
**For M S K A & 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

**Mayank Samdani**  
Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Income</b>			
Revenue from operations	24	2,04,010.49	1,40,717.19
Other income	25	368.67	264.19
<b>Total income</b>		<b>2,04,379.16</b>	<b>1,40,981.38</b>
<b>Expenses</b>			
Cost of material consumed	26	1,80,245.05	1,19,989.95
Purchase of stock-in-trade		1,135.18	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(3,569.30)	(925.84)
Employee benefits expense	28	4,080.47	3,470.14
Finance costs	29	2,024.10	1,893.42
Depreciation and amortisation expenses	30	2,450.88	1,941.31
Manufacturing and operating costs	31	7,957.66	6,643.20
Other expenses	32	2,674.45	2,532.66
<b>Total expenses</b>		<b>1,96,998.49</b>	<b>1,35,544.84</b>
<b>Profit before share of net loss of investments accounted for using equity method and tax</b>		<b>7,380.67</b>	<b>5,436.54</b>
Share of loss from associate and joint venture (net)		(232.49)	(195.84)
Profit before tax		7,148.18	5,240.70
<b>Tax expense</b>	33		
Current tax		1,337.63	958.53
Add: MAT credit utilisation		603.68	109.75
Deferred tax (excluding MAT credit utilisation)		740.55	839.93
Tax adjustments pertaining to previous years		-	(393.15)
<b>Total tax expense</b>		<b>2,681.86</b>	<b>1,515.06</b>
<b>Profit for the year</b>		<b>4,466.32</b>	<b>3,725.64</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss :			
- Re-measurement gains/(losses) on defined benefit plans		65.59	11.35
- Share of other comprehensive income of investments accounted for using the equity method		0.39	1.99
- Income tax effect on above		(22.92)	(3.97)
Other comprehensive income that will be reclassified to profit or loss :			
- Gain on bargain purchase on acquisition		37.81	-
<b>Total other comprehensive income for the year</b>		<b>80.87</b>	<b>9.37</b>
<b>Total comprehensive income for the year</b>		<b>4,547.19</b>	<b>3,735.01</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		4,466.32	3,725.64
Non-controlling interests		-	-
		<b>4,466.32</b>	<b>3,725.64</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		4,547.19	3,735.01
Non-controlling interests		-	-
		<b>4,547.19</b>	<b>3,735.01</b>
<b>Earnings per share (face value Rs. 10 each) [refer note 37(a)]</b>			
Basic earnings per share (Rs.)	34	19.81	16.52
Diluted earnings per share (Rs.)	34	19.81	16.52
Summary of significant accounting policies	2-4		

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

As per our report of even date  
**For M S K A & 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**  
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**Sameer R. Kothari**  
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Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [Refer note 37(a)]
<b>Cash flows from operating activities</b>		
Profit before tax	7,148.18	5,240.70
Adjustments for:		
Depreciation and amortisation expenses	2,450.88	1,941.31
Interest on borrowing	1,963.53	1,816.46
Interest on redeemable non cumulative non convertible preference shares	5.83	5.35
Other finance charge	54.74	71.61
Interest income	(213.69)	(171.88)
Gain on sale of property, plant and equipment		-
Provision for doubtful debts	19.00	67.37
Other receivable written off	115.10	21.88
Share of loss from Associate and joint venture (net)	273.76	195.84
Liabilities no longer required written back	-	(40.61)
Re-measurement gains on defined benefit plans reclassified to OCI	65.59	11.35
Unrealised foreign exchange translation loss	11.00	25.65
<b>Operating profit before working capital changes</b>	<b>11,893.92</b>	<b>9,185.03</b>
<b>Changes in working capital</b>		
Increase in inventories	(6,178.50)	(5,935.78)
Increase in trade receivables	(1,560.75)	(1,295.01)
(Increase)/ decrease in other assets	(834.45)	304.46
Increase in financial assets	(2,020.85)	(267.37)
Increase in trade payables	4,505.50	7,366.95
Increase in other liabilities	472.50	124.03
Increase/ (decrease) in financial liabilities	167.98	(619.91)
Increase in provisions	67.11	94.23
<b>Cash generated from operations</b>	<b>6,512.46</b>	<b>8,956.63</b>
Income tax paid (net)	(2,873.95)	(1,760.92)
<b>Net cash generated from operating activities (A)</b>	<b>3,638.51</b>	<b>7,195.71</b>
<b>Cash flows from investing activities</b>		
Acquisition of property plant and equipment (net of capital creditors and including capital advances)	(14,012.38)	(8,032.92)
Bank balances other than cash and cash equivalents	329.59	(390.78)
Loans given to related parties (net)	-	(356.32)
Payment for acquisition of business	(688.00)	(710.00)
Interest received	300.17	112.00
<b>Net cash used in investing activities (B)</b>	<b>(14,070.62)</b>	<b>(9,378.02)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [Refer note 37(a)]
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	10,702.94	7,769.83
Repayment of long-term borrowings	(3,791.94)	(1,675.34)
Proceeds from short-term borrowings (net)	4,341.29	(809.86)
Lease rentals paid against lease liability	(95.00)	(57.28)
Interest paid	(2,096.83)	(1,862.97)
<b>Net cash generated from financing activities (C)</b>	<b>9,060.46</b>	<b>3,364.38</b>
<b>Net Increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,371.65)</b>	<b>1,182.07</b>
Cash and cash equivalents at the beginning of the year	4,445.66	2,879.04
Cash acquired pursuant to business combination [Refer Note 37 (a) and 37 (b)]	174.74	407.71
Exchange difference on translation of currency cash and cash equivalents	11.00	(23.16)
<b>Cash and cash equivalents at the end of the year</b>	<b>3,259.75</b>	<b>4,445.66</b>
<b>Cash and cash equivalents comprise of</b>		
<b>Balance with banks</b>		
On current accounts	1,702.32	2,341.13
Fixed deposits with original maturity of less than 3 months	1,543.32	2,100.00
Cash on hand	14.11	4.53
<b>Total cash and cash equivalents at the end of the year</b>	<b>3,259.75</b>	<b>4,445.66</b>

(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-"Statement of Cash flows" notified under the Section 133 of the Companies Act, 2013.

(iii) The Holding Company has issued equity shares to the shareholders of Avalon Cosmetics Private Limited and ATC Beverages Private Limited as a purchase consideration pursuant to business combination. This being a non cash transaction [Refer Note 37 (a) and 37 (b)], the aforementioned consolidated cash flow statement excludes the same.

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

As per our report of even date  
**For M S K A & 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

**Mayank Samdani**  
Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

### (A) Equity share capital

(Amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Balance at the beginning of the year	2,11,98,078	2,119.81	2,11,98,078	2,119.81
Add: Issued during the year [refer note 15(f) and 15(g)]	13,50,460	135.05	-	-
<b>Balance at the end of the year</b>	<b>2,25,48,538</b>	<b>2,254.86</b>	<b>2,11,98,078</b>	<b>2,119.81</b>

### (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	Share pending issuance [refer note 37(a)]	Total
<b>Balance as at April 1, 2020 *</b>	86.29	13,477.05	(223.69)	3,244.79	-	16,584.44
Profit for the year	-	-	-	3,725.64	-	3,725.64
Acquired on business combination [refer note 37(a)]	-	-	263.68	2,604.60	134.93	3,003.21
Other comprehensive income	-	-	-	9.37	-	9.37
<b>Total comprehensive income for the year</b>	<b>86.29</b>	<b>13,477.05</b>	<b>39.99</b>	<b>9,584.40</b>	<b>134.93</b>	<b>23,322.66</b>
<b>Balance as at March 31, 2021</b>	<b>86.29</b>	<b>13,477.05</b>	<b>39.99</b>	<b>9,584.40</b>	<b>134.93</b>	<b>23,322.66</b>
<b>Balance as at April 1, 2021 *</b>	86.29	13,477.05	39.99	9,584.40	134.93	23,322.66
Profit for the year	-	-	-	4,466.32	-	4,466.32
Other comprehensive income	-	-	-	80.48	-	80.48
Other comprehensive income transferred to capital reserve [refer note 37(c)]	-	-	37.81	(37.81)	-	-
<b>Total comprehensive income for the year</b>	<b>86.29</b>	<b>13,477.05</b>	<b>77.80</b>	<b>14,093.39</b>	<b>134.93</b>	<b>27,869.46</b>
<b>Transaction with owners in their capacity as owners</b>						
Securities premium on shares issue	-	23.75	-	-	-	23.75
Capital Reserve pursuant to amalgamation of ATC Beverages [refer note 37 (b) ii]	-	-	399.83	-	-	399.83
Issue of shares pending issuance issued [refer note 15(f)]	-	-	-	-	(134.93)	(134.93)
<b>Balance as at March 31, 2022</b>	<b>86.29</b>	<b>13,500.80</b>	<b>477.63</b>	<b>14,093.39</b>	<b>-</b>	<b>28,158.12</b>

\* There are no changes in other equity due to prior period errors.

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

As per our report of even date  
**For M S K A & 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**  
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Chief Financial Officer

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865

Place : Mumbai  
May 20, 2022

Place : Mumbai  
May 20, 2022

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

#### 1. General information

Hindustan Foods Limited (the 'Company' or the 'Holding 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. 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 Holding Company, its subsidiary (the Holding Company, its subsidiary together referred to as 'Group') mainly engaged in the business of contract manufacturing of FMCG products comprising primarily of Home Care, Personal Care, Foods & Refreshments, packing of tea and job working of shoes.

#### 2. Significant accounting policies

Significant accounting policies adopted by the Group 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 Group has ascertained its operating cycle as twelve months for the purpose of current/ non-

current classification of its assets and liabilities. The Group 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

###### 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 an ongoing 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### e) Rounding off of amounts

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

### 2.2 Principles of consolidation

The financial statements have been prepared on the following basis:

#### a) Subsidiary

Subsidiaries is entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The acquisition method of accounting is used to account for business combinations by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The Group combines the financial statements of the Holding Company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policy of subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet, respectively.

The consolidated financial statements have been presented to the extent possible, in the same manner as Holding Company's standalone financial statements.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e. year ended on March 31.

#### b) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit and loss, and the Group'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 Group'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 Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group'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 Group.

The carrying amount of equity accounted investments are tested for impairment in

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

accordance with the policy described in note 2.5 below.

### c) New and amended standards adopted by the Group

The Group has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 1, 2021:

Extension of COVID-19 related concessions – amendments to Ind AS 116 Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### d) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated March 23, 2022, notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 1, 2022. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions. Refer Note 2.24 below.

### e) Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 1, 2021.

Consequent to above, the group has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year.

The current maturities of long-term borrowings have now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have

been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The Group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1.

### 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.

The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to acquisition or construction of qualifying PPE are capitalised.

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 Group 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'.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the Property, plant and equipment is de-recognised.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

### Depreciation methods, estimated useful lives

The Group 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	5 to 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.

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.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. An intangible asset is derecognised on disposal or when no future economic

benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss.

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 Group 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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 Group 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 Group'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.

### 2.7 Fair value measurement

The Group 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 Group.

The Group 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 Group'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 Group recognises revenue when (or as) the Group 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 Group recognises revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Group's premises or as per the terms with customers.

For sale of services, the Group recognises revenue as or when the performance obligation in relation the service is satisfied by the Group based on terms of the agreements with customers and there are no unfulfilled obligation.

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



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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.

Dividend income is recorded when the right to receive payment is established.

### 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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years, items that are never taxable or deductible and tax incentives.

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.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 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.

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 Group 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 Group will pay normal income tax during the specified period.

### 2.10 Leases

The Group's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Group 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset
- the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group 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 Group 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.

### 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.

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 net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

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,

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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 Group 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 Group 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.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

### 2.13 Corporate social responsibility (CSR)

Provisions are recognised for all CSR activity undertaken by the Group for which an obligation has arisen during the year and are recognised in Consolidated Statement of profit on loss on accrual basis. Provision is made against unspent amount of CSR.

### 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.

### 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:

- at amortised cost; or
- at fair value through other comprehensive income; or
- 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group 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.

#### iii. Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Group 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 Group 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 Group 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 Group does not reduce impairment allowance from the gross carrying amount.

#### iv. Derecognition of financial assets

A financial asset is derecognised only when

- the rights to receive cash flows from the financial asset is transferred or
- 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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  
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 received and fair value of liability on initial recognition is included in shareholder equity, net of 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 Group 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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 Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group 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.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group 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 Group 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 Group'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 Group'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 Group'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 Group as contract manufacturing and other manufacturing for sale under the Company's own brand name. The Company's other business for manufacturing and sale under its own Brand name does not meet the quantitative threshold as per para 13 of Ind AS 108 on Segment Reporting. Consequently, no separate segment information has been furnished.

### 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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 Group. 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 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.

### 2.24 Recent accounting development

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

#### Ind AS 103 – Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree's employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method and instead, the acquirer recognises those costs in its post combination financial statements in accordance with other Ind AS.

This amendment do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 16 - Property Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, is not to be recognised in the profit or loss but is to be deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group is in the process of evaluating the impact of this amendment.

#### Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 109 - Financial Instruments

The amendment clarifies that while performing the '10% test' for derecognition of a financial liability, for computing the discounted present value of the cash flows under the new terms, for determining fees paid net of fees received, a borrower should include only fees paid or received between borrower and lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment is under Annual Improvements to Ind AS (2021). The Group does not expect the above amendment/ improvement to have any significant impact on its standalone financial statements.

The amendments to Ind AS 101 - First Time Adoption and Ind AS 41 – Agriculture have not been specified here since both Standards are presently not applicable to the Group.

### 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 Group 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 Group. 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 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.

#### d) Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

longer suitable for sale or use. Group estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Group reassesses the estimation on each balance sheet date.

### e) Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model on trade

receivables. The Group 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, 2022 (Contd.)

### 4(a) Property, plant and equipment

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2021	Additions/ Adjustments	Acquisition through business purchase [refer note 37(b) and 37(c) ]	Deductions/ Adjustments	As at March 31, 2022	As at April 1, 2021	Acquisition through business purchase [refer note 37(b) and 37(c) ]	For the year	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2022
<b>I. Owned Assets</b>											
Freehold lands	1,665.47	-	-	-	1,665.47	-	-	-	-	-	1,665.47
Buildings	13,628.92	1,544.47	1,198.22	-	16,371.61	1,851.31	444.29	515.35	-	2,810.95	13,560.66
Plant and machinery#	17,802.50	6,568.60	4,130.25	10.41	28,490.94	3,125.66	2,167.87	1,379.96	3.27	6,670.22	21,820.72
Furniture and fixtures	259.90	76.62	13.20	-	349.72	111.75	12.46	28.95	-	153.16	196.56
Electrical equipments	2,439.71	334.26	96.36	-	2,870.33	866.43	14.80	249.78	-	1,131.01	1,739.32
Computers	107.73	22.39	14.27	-	144.39	77.21	12.74	21.72	-	111.67	32.72
Vehicles	64.06	25.26	25.99	-	115.31	18.26	25.58	3.60	-	47.44	67.87
Office equipment's	491.67	108.47	52.36	-	652.50	374.81	43.76	48.73	-	467.30	185.20
Leasehold improvement	15.48	3.69	210.56	-	229.73	6.23	22.62	7.92	-	36.77	192.96
<b>II. Right of Use Assets</b>											
Building	221.46	2,072.32	-	-	2,293.78	58.55	-	124.66	-	183.21	2,110.57
Plant and machinery	47.41	-	-	-	47.41	34.48	-	12.93	-	47.41	-
Leasehold land ##	540.42	508.88	107.21	-	1,156.51	21.38	-	13.03	-	34.41	1,122.10
<b>Total</b>	<b>37,284.73</b>	<b>11,264.96</b>	<b>5,848.42</b>	<b>10.41</b>	<b>54,387.70</b>	<b>6,546.07</b>	<b>2,744.12</b>	<b>2,406.63</b>	<b>3.27</b>	<b>11,693.55</b>	<b>42,694.15</b>

# Includes finance cost capitalised during the year amounting to Rs. 80.94 Lakhs (31 March 2021: Nil) in Plant and Machinery. Further, Rs. 140.72 Lakhs (31 March 2021: Nil) capitalised in Capital Work-in-progress.

## Leasehold land aggregating to Rs. 107.21 Lakhs (acquired as a part of business combination [refer note 37(b)]) wherein the lease deed has expired and the Company has a right to convert the land into freehold land subject to complying with certain conditions. The Company is in the process of converting the title into freehold as per the lease cum sale agreement.

### for title deeds of immovable properties not held in the name of the Company refer note 48(B)

^ For changes in the carrying value of Lease Liability refer note 38.

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated depreciation					Net block
	As at April 1, 2020	Additions	Additions on amalgamation [refer note 37(a)]	Deductions	As at March 31, 2021	As at April 1, 2020	Additions on amalgamation [refer note 37(a)]	For the year	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2021
<b>I. Owned Assets</b>											
Freehold lands	776.92	757.59	130.96	-	1,665.47	-	-	-	-	-	1,665.47
Buildings	10,235.06	377.68	3,016.18	-	13,628.92	847.77	540.62	462.92	-	1,851.31	11,777.61
Plant and machinery#	14,180.89	2,327.40	1,294.21	-	17,802.50	1,880.65	188.23	1,056.78	-	3,125.66	14,676.84
Furniture and fixtures	183.21	33.47	43.22	-	259.90	61.76	26.45	23.54	-	111.75	148.15
Electrical equipments	1,820.92	155.14	463.65	-	2,439.71	363.01	276.54	226.88	-	866.43	1,573.28
Computers	88.05	13.01	6.67	-	107.73	47.12	6.24	23.85	-	77.21	30.52
Vehicles	23.12	33.33	7.61	-	64.06	8.62	7.61	2.03	-	18.26	45.80
Office equipment's	135.13	26.58	329.96	-	491.67	20.00	321.04	33.77	-	374.81	116.86
Leasehold improvement	15.48	-	-	-	15.48	3.29	-	2.94	-	6.23	9.25
<b>II. Right of Use Assets</b>											
Building	118.33	103.13	-	-	221.46	27.31	-	31.24	-	58.55	162.91
Plant and machinery	47.41	-	-	-	47.41	17.24	-	17.24	-	34.48	12.93
Leasehold land ##	540.42	-	-	-	540.42	14.69	-	6.69	-	21.38	519.04
<b>Total</b>	<b>28,164.94</b>	<b>3,827.33</b>	<b>5,292.46</b>	<b>-</b>	<b>37,284.73</b>	<b>3,291.46</b>	<b>1,366.73</b>	<b>1,887.88</b>	<b>-</b>	<b>6,546.07</b>	<b>30,738.66</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 4(b) Ageing of CWIP

March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

CWIP	Amount in CWIP				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8,289.36	65.98	-	-	8,355.34
Projects temporarily suspended	-	360.78	-	-	360.78

In case of the following projects (CWIP), where completion is overdue as compared to it's original plan, completion schedule is as below:

31 March 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects temporarily suspended					
Project - 1	360.78	-	-	-	360.78

Details of capital-work-in progress which has exceeded its cost compared to its original plan as at 31 March 2022

There were no material projects other than above which have exceeded their original plan or cost as at 31 March 2022.

### Ageing of CWIP

31 March 2021

(Amounts in Rs. Lakhs, unless otherwise stated)

CWIP	Amount in CWIP				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3,582.17	1,764.66	-	-	5,346.83
Projects temporarily suspended	-	-	-	-	-

Details of capital-work-in progress which has exceeded its cost compared to its original plan as at 31 March 2021

- There were no material projects which have exceeded their original plan or cost as at 31 March 2021.
- There are no projects where activity has been suspended.

### 5 Intangible assets

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation					Net block
	As at April 1, 2021	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2022	As at April 1, 2021	Acquisition through business purchase	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2022	As at March 31, 2022
Other intangible assets											
Computer software	17.32	-	-	-	17.32	7.90	-	2.73	-	10.63	6.69
Trademark	0.70	-	-	-	0.70	0.55	-	-	-	0.55	0.15
Brand	200.00	-	-	-	200.00	158.48	-	41.52	-	200.00	-
Less : Impairment	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>218.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218.02</b>	<b>166.93</b>	<b>-</b>	<b>44.25</b>	<b>-</b>	<b>211.18</b>	<b>6.84</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

	Gross block					Accumulated amortisation					Net block
	As at April 1, 2020	Additions/ Adjustments	Acquisition through business purchase	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	Acquisition through business purchase	For the year	Deductions/ Adjustments/ Impairment	As at March 31, 2021	As at March 31, 2021
Other intangible assets											
Computer software	15.61	1.71	-	-	17.32	4.69	-	3.21	-	7.90	9.42
Trademark	0.70	-	-	-	0.70	0.33	-	0.22	-	0.55	0.15
Brand	200.00	-	-	-	200.00	108.48	-	50.00	-	158.48	41.52
Total	216.31	1.71	-	-	218.02	113.50	-	53.43	-	166.93	51.09

### 6. Financial assets - Loans

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non- current	Current	Non- current	Current
Unsecured, considered good				
Other loan, repayable on demand	-	-	-	898.87
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>898.87</b>

Details of loans and advances in the nature of loans granted to promoters, directors, key managerial personnel and related parties (as defined under Companies Act, 2013):

(Amounts in Rs. Lakhs, unless otherwise stated)

Type of Borrower	Loans/Advances granted Individually or Jointly with other (Individually / Jointly)	Repayable on demand	Terms/Period of repayment is specified	March 31, 2022		March 31, 2021	
				Amount outstanding	% of Total	Amount outstanding	% of Total
Associate ( up to February 18, 2022)	Individually	Yes	No	-	0%	898.87	100%
<b>Total</b>				<b>-</b>		<b>898.87</b>	

### 7 Other financial assets

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non- current	Current	Non- current	Current
In fixed deposit accounts with original maturity for more than 12 months#	157.92	-	40.88	-
Interest accrued on deposits	-	49.97	-	43.31
Interest accrued on loans given to related parties	-	12.57	-	105.71
Unbilled revenue	-	3,095.10	-	1,497.07
Security deposits	511.18	-	324.40	-
Other receivable	-	107.91	-	28.61
<b>Total other financial assets</b>	<b>669.10</b>	<b>3,265.55</b>	<b>365.28</b>	<b>1,674.70</b>
(# Includes Balance with bank held as margin money deposit against guarantees and lien with Goa, Jammu Electricity Board and Uttar Pradesh Industrial Development Authority)	156.42	-	39.86	-



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 8. Non-current tax assets

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Advance income tax (net)	1,735.79	1,059.31
<b>Total non-current tax assets</b>	<b>1,735.79</b>	<b>1,059.31</b>

### 9 Other assets

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
	Non- current	Current	Non- current	Current
Capital advances	789.34	-	1,119.87	-
Export incentive receivable	-	192.29	-	278.34
Balance with government authorities (other than income tax)	-	4,412.75	-	3,749.35
Prepaid expenses	-	146.76	-	72.17
Advances to suppliers	-	668.00	-	571.13
Advances to employees	-	2.90	-	8.60
<b>Total other assets</b>	<b>789.34</b>	<b>5,422.70</b>	<b>1,119.87</b>	<b>4,679.59</b>

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Raw materials in stock	11,103.64	8,524.87
Work in progress in stock	2,954.52	1,747.01
Finished goods in stock	6,548.58	4,026.14
Stock in trade	42.87	44.47
Packing material in stock	3,048.10	2,484.04
Consumables, store and spares parts	79.23	81.81
<b>Total inventories</b>	<b>23,776.94</b>	<b>16,908.34</b>

During the year, an amount of Rs. NIL [March 31, 2021: Rs. 75.21 Lakhs] is charged to the statement of Profit and Loss on account of obsolete, damaged and slow moving inventories.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 11 Investments

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
	Non- current	Current	Non- current	Current
<b>Associate</b>				
NIL (March 31, 2021 93,94,084) Equity Shares of Rs 10 each fully paid up in ATC Beverages Private Limited [refer note 37(b)]	-	-	-	41.27
	-	-	-	41.27

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	-	41.27
Aggregate amount of impairment in value of Investments	-	-

### 12. Trade receivables

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Trade receivables	7,320.60	5,069.75
Less: Loss allowance	(101.58)	(82.58)
<b>Total trade receivables</b>	<b>7,219.02</b>	<b>4,987.17</b>
<b>Current portion</b>	<b>7,219.02</b>	<b>4,987.17</b>
<b>Non current portion</b>	<b>-</b>	<b>-</b>

#### Breakup of security details

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Trade receivable considered good- secured	-	-
Trade receivable considered good- unsecured	7,320.60	5,069.75
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
<b>Total</b>	<b>7,320.60</b>	<b>5,069.75</b>
Loss allowance	(101.58)	(82.58)
<b>Total trade receivables</b>	<b>7,219.02</b>	<b>4,987.17</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### Ageing of Trade Receivables

March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date of receipts					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	6,649.85	566.29	8.67	13.57	64.05	18.17	7,320.60
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	(5.79)	(13.57)	(64.05)	(18.17)	(101.58)
	<b>6,649.85</b>	<b>566.29</b>	<b>2.88</b>	-	-	-	<b>7,219.02</b>

March 31, 2021

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date of receipts					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,738.50	210.32	18.69	95.52	0.70	6.02	5,069.75
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	(75.86)	(0.70)	(6.02)	(82.58)
	<b>4,738.50</b>	<b>210.32</b>	<b>18.69</b>	<b>19.66</b>	-	-	<b>4,987.17</b>

### 13. Cash and cash equivalents

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	1,702.32	2,341.13
- Fixed deposits with original maturity of less than 3 months	1,543.32	2,100.00
Cash on hand	14.11	4.53
<b>Total cash and cash equivalents</b>	<b>3,259.75</b>	<b>4,445.66</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 14. Bank balances other than cash and cash equivalents

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
In fixed deposit with original maturity for more than 3 months but less than 12 months *	1,079.90	1,409.49
<b>Total bank balances other than cash and cash equivalents</b>	<b>1,079.90</b>	<b>1,409.49</b>
(*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)	563.96	1,366.11

### 15. Equity share capital

The Holding 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, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Authorised</b>		
5,31,52,253 (March 31, 2021 : 2,20,00,000) Equity shares of Rs. 10/- each	5,315.23	2,200.00
	<b>5,315.23</b>	<b>2,200.00</b>
<b>Issued, subscribed and paid up</b>		
2,25,48,538 (March 31, 2021 : 2,11,98,078) Equity shares of Rs. 10/- each fully paid up	2,254.86	2,119.81
<b>Total</b>	<b>2,254.86</b>	<b>2,119.81</b>

#### (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, 2022		As at March 31, 2021 [refer note 37(a)]	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	2,11,98,078	2,119.81	2,11,98,078	2,119.81
Add: Issued during the year [refer note 15(f) and 15(g)]	13,50,460	135.05	-	-
Outstanding at the end of the year	<b>2,25,48,538</b>	<b>2,254.86</b>	<b>2,11,98,078</b>	<b>2,119.81</b>

#### (b) Rights, preferences and restrictions attached to shares

Equity Shares: The Holding 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, 2022, the amount of per share dividend recognised as distributions to equity shareholders was Nil (March 31, 2021: Nil).

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding 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, 2022 (Contd.)**

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Name of the shareholder	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
M/s. Vanity Case (India) Private Limited	92,91,629	41.21%	89,81,593	42.37%
Asha R. Kothari	24,15,183	10.71%	18,96,750	8.95%
Sameer R. Kothari	24,15,183	10.71%	18,96,750	8.95%
M/s. Jwalamukhi Investment Holdings	13,25,909	5.88%	13,40,000	6.32%

**(d) Details of Shares held by Promoters at the end of the year**

(Amounts in Rs. Lakhs, unless otherwise stated)

Promoter name	As at March 31, 2022			As at March 31, 2021 [refer note 37(a)]		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
M/s. Vanity Case (India) Private Limited	92,91,629	41.21%	(1.16%)	89,81,593	42.37%	0.00%
Asha Ramanlal Kothari	24,15,183	10.71%	1.76%	18,96,750	8.95%	0.00%
Sameer Ramanlal Kothari	24,15,183	10.71%	1.76%	18,96,750	8.95%	0.00%
Shrinivas Vasudeva Dempo	4,00,000	1.77%	(0.11%)	4,00,000	1.89%	0.00%
Soiru Dempo Management Holding Private Limited	1,00,000	0.44%	(0.03%)	1,00,000	0.47%	0.00%
<b>Total</b>	<b>1,46,21,995</b>	<b>64.85%</b>	<b>2.22%</b>	<b>1,32,75,093</b>	<b>62.62%</b>	<b>0.00%</b>

**(e) Information regarding issue of Equity Shares during last five years**

- (i) No bonus share have been issued
- (ii) No share have been bought back

**(f) Shares issued for consideration other than cash: In consideration of the business combination, Holding Company has allotted 13,49,283 equity shares of Rs. 10/- each credited as fully paid up shares of Holding Company to the shareholders of Avalon Cosmetics Private Limited (ACPL) on March 14, 2022 in the ratio of 1.325 Ordinary (Equity) Share of face value of Rs. 10 each fully paid-up in the capital of the Holding Company for each equity share held in ACPL. [Refer note 37 (a)]**

**(g) Shares issued for consideration other than cash: In consideration of the business combination, Holding Company has allotted 1,177 equity shares of Rs. 10/- each credited as fully paid up shares of Holding Company to the shareholders of ATC Beverages Private Limited (ATC) on March 14, 2022 in the ratio of 1 Ordinary (Equity) Share of face value of Rs. 10 each fully paid-up in the capital of the Holding Company for every 15,075 fully paid-up Equity Shares for each equity share held in ATC. [Refer note 37 (b)]**

**16. Other equity**

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
Capital reserve	477.63	39.99
Securities premium	13,500.80	13,477.05
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Shares pending issuance [Refer note 37 (a)(I)]	-	134.93
Retained earnings	14,093.39	9,584.40
	<b>28,158.12</b>	<b>23,322.66</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

**Nature and purpose of other reserves**

Capital reserve (including reserve created on common control business combination)	The Group recognises profit or loss on purchase, sale, issue or cancellation of the holding Company's own equity instruments to capital reserve.
Securities premium	Securities premium is used to record the premium on issue of shares. This is utilised in accordance with the provisions of the Act.
Equity component of redeemable non cumulative non convertible preference shares	Equity component represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax).
Retained earnings	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>(A) Capital reserve</b>		
Opening balance	39.99	(223.69)
Add: Capital reserve on business combination [Refer note 37 (a)]	-	263.68
Other comprehensive income transferred to capital reserve [refer note 37(c)]	37.81	-
Capital Reserve pursuant to amalgamation of ATC Beverages [refer note 37 (b) ii]	399.83	-
<b>Closing balance</b>	<b>477.63</b>	<b>39.99</b>
<b>(B) Securities premium</b>		
Opening balance	13,477.05	13,477.05
Add : Securities premium on share issue [Refer note 15 (f) and 15(g)]	23.75	-
<b>Closing balance</b>	<b>13,500.80</b>	<b>13,477.05</b>
<b>(C) Equity component of redeemable non cumulative non convertible preference shares</b>	<b>86.29</b>	<b>86.29</b>
<b>(D) Shares pending issuance</b>		
Opening balance	134.93	-
Add : Shares pending issuance pursuant to business combination [Refer note 37 (a)(I)]	-	134.93
Less : Issue of shares pending issuance [Refer note 37 (a)]	(134.93)	-
<b>Closing balance</b>	<b>-</b>	<b>134.93</b>
<b>(E) Retained earnings</b>		
Opening balance	9,584.40	5,849.39
Add: Net profit for the current year	4,466.32	3,725.64
Add/(Less): Item of OCI for the year, net of tax	42.67	9.37
<b>Closing balance</b>	<b>14,093.39</b>	<b>9,584.40</b>
<b>Total other equity</b>	<b>28,158.12</b>	<b>23,322.66</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 17(a). Non-current borrowings

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Secured</b>		
<b>Term loan</b>		
Banks	29,120.74	21,390.48
<b>Unsecured</b>		
<b>Liability component of compound financial instruments</b>		
9% redeemable non cumulative non convertible preference shares*	70.62	64.79
Less: Current maturities of term loans [refer note 17(b)]	(3,760.53)	(2,941.27)
<b>Total non-current borrowings</b>	<b>25,430.83</b>	<b>18,514.00</b>

#### A) Terms of non-current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
<b>Non current, secured borrowings</b>		
Term loan from Bank	Ranging from 7.50% to 9.18%	Repayable in monthly and quarterly instalments
<b>Non current, unsecured borrowings</b>		
Redeemable non cumulative non convertible preference shares*	9.00%	Redeemable not later than 19 years from the date of issue i.e. September 27, 2012.

\*The holding company has authorised redeemable non cumulative non convertible preference shares of. 200 Lakhs, of which the company has issued preference shares amounting to Rs.160 Lakhs to V. S. Dempo Holdings Pvt Ltd

#### B) Nature of security :

- Term Loan from SVC Bank has been secured by charge on the current and future Property, plant and equipment of Hyderabad, Piparia and Masat factory of the Holding Company .
- Term Loan from HDFC Bank has been secured by charge on the current and future Property, plant and equipment of Hyderabad factory of the Holding Company .
- Term Loan from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Holding Company.

#### C) Period and amount of default:

The Group has made no defaults in the payment of principal or interest during the year ended March 31, 2022.

- D) The Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Group meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements.

The Group has also satisfied all other debt covenants prescribed in the terms of bank loan. The other loans do not carry any debt covenant.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### E)

Particulars of Loans	Purpose (as per Loan Agreement)	Whether used for the purpose stated in the loan Agreement
Term Loan - Yes Bank	Towards acquisition of manufacturing unit at samba industrial Area, Jammu.	Yes
Term Loan - Yes Bank	Towards Purchase of Land and Setting up of manufacturing plant in Coimbatore (Including reimbursement incurred)	Yes
Guaranteed Emergency Credit Line (GECL) - Yes Bank	Towards Working capital payments	Yes
Emergency Credit Line Guaranteed Scheme (ECGLS) - HDFC BANK LIMITED	Towards Working capital payments	Yes
Term Loan - HDFC BANK LIMITED	Towards process engineering at existing Plant at Hyderabad	Yes
Term Loan - HDFC BANK LIMITED	Towards capital expenditure of plant at Hyderabad	Yes
Term Loan - SVC BANK	Towards Working capital payments	Yes
Term Loan - SVC BANK	Set up new factory at Silvassa ,towards manufacturing of surface cleaning (LIZOL) & toilet cleaning product (HARPIC) and Existing plant at Hyderabad	Yes

- F) The Company have not pledged any financial and non financial assets as security for current or non-current borrowings.

### 17(b). Current borrowings

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [Refer note 37(a)]
<b>Secured</b>		
<b>From banks</b>		
Cash credits	2,427.21	14.41
Current maturities of long term borrowings * [refer note 17 (a)]	3,760.53	2,941.27
<b>Unsecured</b>		
Loan from related party [refer note 17(b)(A)]	1,109.23	-
<b>Total current borrowings</b>	<b>7,296.97</b>	<b>2,955.68</b>

\* Includes interest accrued on long-term borrowings



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### A) Terms of current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Current, secured borrowings	7.50% to 9.50%	Repayable on demand
Current, unsecured borrowings	10%	Repayable on demand

### B) Nature of security :

- 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 Holding Company.
- Cash credit from Yes Bank has been secured by charge on the current and future Property, plant and equipment of the Holding Company.
- Cash credit from HDFC Bank has been secured by charge on the stock and book debt and current and future land and building and plant and machinery of the Hyderabad unit of the Holding Company.

### C) Period and amount of default:

The Group has made no defaults in the payment of principal or interest in the current year.

### D) The statements of current assets and stocks submitted by the Group with banks are materially in agreement with the books of accounts.

## 18. Employee benefits obligation

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
	Non- current	Current	Non- current	Current
<b>Provision for employee benefits (refer note 36)</b>				
- Provision for gratuity (funded)	191.48	66.36	171.18	55.81
- Leave encashment (unfunded)	91.73	10.76	58.66	7.57
<b>Total employee benefits obligation</b>	<b>283.21</b>	<b>77.12</b>	<b>229.84</b>	<b>63.38</b>

## 19. Other non-current liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Security deposit received	-	84.67
<b>Total other non-current liabilities</b>	<b>-</b>	<b>84.67</b>

## 20. Trade payables

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Outstanding dues of micro enterprises and small enterprises	89.04	77.78
Outstanding dues of creditors other than micro enterprises and small enterprises	27,025.94	21,437.88
<b>Total trade payables</b>	<b>27,114.98</b>	<b>21,515.66</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	89.04	75.78
Interest	0.11	0.21
<b>Total</b>	<b>89.15</b>	<b>75.99</b>
(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.	0.11	0.21
(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.	-	-

### Trade payables ageing schedule

#### March 31, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Unbilled	Payables Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	26.25	50.86	11.93	-	-	-	89.04
(ii) Disputed dues – MSME	-	-	-	-	-	-	-
(iii) Others	229.48	15,710.21	10,677.87	207.39	79.75	121.24	27,025.94
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	<b>255.73</b>	<b>15,761.07</b>	<b>10,689.80</b>	<b>207.39</b>	<b>79.75</b>	<b>121.24</b>	<b>27,114.98</b>

#### March 31, 2021

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Unbilled	Payables Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	75.78	-	-	-	75.78
(ii) Disputed dues – MSME	-	-	-	-	-	-	-
(iii) Others	93.10	16,120.16	4,857.84	217.21	65.54	86.03	21,439.88
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	<b>93.10</b>	<b>16,120.16</b>	<b>4,933.62</b>	<b>217.21</b>	<b>65.54</b>	<b>86.03</b>	<b>21,515.66</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 21. Other current financial liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Capital creditors	1,219.79	1,640.64
Interest accrued but not due on borrowings	-	147.44
Security deposit received	9.42	3.25
Employee related payable	379.14	285.72
Other Payables	372.00	-
Book overdraft	-	2.68
<b>Total other financial liabilities</b>	<b>1,980.35</b>	<b>2,079.73</b>

### 22. Other current liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Statutory dues payable	198.22	152.73
Provision for CSR unspent amount (refer note 44)	-	21.98
Advance from customers	470.44	17.15
Other payables	23.61	27.91
Security deposit received	84.67	-
<b>Total other current liabilities</b>	<b>776.94</b>	<b>219.77</b>

### 23. Current tax liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Current tax payable (net)	194.93	194.93
<b>Total current income tax liabilities</b>	<b>194.93</b>	<b>194.93</b>

### 24. Revenue from operations

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Revenue from contracts with customers:		
- Sale of products	2,00,368.33	1,38,204.61
- Trading of goods	1,196.77	23.31
- Sale of services	1,971.38	2,129.30
Other operating revenue (including export incentives, scrap sales etc.)		
- Export incentive	188.81	213.16
- Scrap sales	178.16	118.07
- Trial charges	107.04	28.74
<b>Total revenue from operations</b>	<b>2,04,010.49</b>	<b>1,40,717.19</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 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, 2022	Year ended March 31, 2021 [refer note 37(a)]
- Sale of products - contract manufacturing	2,00,368.33	1,38,204.61
- Trading of goods	1,196.77	23.31
- Sale of services	1,971.38	2,129.30
<b>Total</b>	<b>2,03,536.48</b>	<b>1,40,357.22</b>
Geographic revenue		
- India	1,99,099.80	1,35,936.69
- Rest of the world	4,436.68	4,420.53
<b>Total</b>	<b>2,03,536.48</b>	<b>1,40,357.22</b>

### 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	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Receivables, which are included in trade receivables	7,219.02	4,987.17
Unbilled revenue	3,095.10	1,497.07
Advances from customers	470.44	17.15

### C. Transaction price allocated to the remaining performance obligation

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

The Group applies the practical expedient in paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

### D. Reconciliation of revenue recognised:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Gross revenue	2,04,026.05	1,40,740.55
Adjustment for credit notes:	(15.56)	(23.36)
<b>Revenue from operations</b>	<b>2,04,010.49</b>	<b>1,40,717.19</b>

### E. The Group does not have any significant adjustments between the contracted price and revenue recognised in the statement of profit and loss.

### 25. Other income

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Interest income on fixed deposits	107.13	90.66
Interest on loan to related parties (refer note 39)	106.42	80.66
Gain on sale of property, plant and equipment	4.51	-
Foreign exchange gain (net)	43.45	-
Liabilities no longer required written back	66.58	40.61
Miscellaneous income	40.58	52.26
<b>Total other income</b>	<b>368.67</b>	<b>264.19</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 26. Cost of material consumed

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Raw material</b>		
Inventory at the beginning of the year	8,524.87	4,611.85
Inventory acquired on business combination - [refer note 37(b)]	370.53	-
Add: Purchases	1,56,716.85	1,10,405.05
Less: Inventory at the end of the year	9,066.55	8,524.87
<b>Cost of raw material consumed</b>	<b>1,56,545.70</b>	<b>1,06,492.03</b>
<b>Packaging material</b>		
Inventory at the beginning of the year	2,484.04	1,449.97
Add : Purchases	24,263.41	14,531.99
Less : Inventory at the end of the year	3,048.10	2,484.04
<b>Cost of packaging material consumed</b>	<b>23,699.35</b>	<b>13,497.92</b>
<b>Total cost of materials consumed</b>	<b>1,80,245.05</b>	<b>1,19,989.95</b>

### 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, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Inventories at the beginning of the year</b>		
- Finished goods	4,026.14	3,219.96
- Stock in trade	44.47	77.91
- Work-in-progress	1,747.01	1,593.91
- Inventory acquired on business combination - [refer note 37(b)]	159.05	-
	<b>5,976.67</b>	<b>4,891.78</b>
<b>Less: Inventories at the end of the year</b>		
- Finished goods	6,548.58	4,026.14
- Stock in trade	42.87	44.47
- Work-in-progress	2,954.52	1,747.01
	<b>9,545.97</b>	<b>5,817.62</b>
<b>Net increase</b>	<b>(3,569.30)</b>	<b>(925.84)</b>

### 28. Employee benefits expense

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Salaries, wages and bonus	3,700.35	3,130.74
Contribution to funds	155.95	135.60
Gratuity expense (refer note 36)	78.18	67.68
Staff welfare expenses	145.99	136.12
<b>Total employee benefits expense</b>	<b>4,080.47</b>	<b>3,470.14</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 29. Finance costs

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Interest on borrowing	1,894.65	1,797.87
Interest expense on lease Liabilities	68.88	18.59
Interest on redeemable non cumulative non convertible preference shares	5.83	5.35
Other finance charge	54.74	71.61
<b>Total finance costs</b>	<b>2,024.10</b>	<b>1,893.42</b>

### 30. Depreciation and amortisation expense

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Depreciation [refer note 4 (a)]	2,256.01	1,832.71
Depreciation on right of use assets [refer note 4 (a)]	150.62	55.17
Amortisation (refer note 5)	44.25	53.43
<b>Total depreciation and amortisation expense</b>	<b>2,450.88</b>	<b>1,941.31</b>

### 31. Manufacturing and operating costs

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Job work expenses</b>	<b>1,693.56</b>	<b>1,206.52</b>
Power, fuel & electricity expenses	2,063.24	1,657.06
Repairs and maintenance - plant & machinery	395.40	223.75
Repairs and maintenance - building	19.44	13.54
Repairs and maintenance - others	229.04	191.59
Contract labour charges	3,367.81	3,130.90
Other manufacturing expenses	189.17	219.84
<b>Total manufacturing and operating costs</b>	<b>7,957.66</b>	<b>6,643.20</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 32. Other expenses

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Stores and spares consumed	302.26	346.73
Insurance expenses	117.37	90.41
Rent (refer note 38)	253.07	246.21
Rates and taxes	172.45	212.63
Carriage and freight	626.98	548.40
Travel and conveyance	190.69	170.64
Postage and courier	24.28	24.91
Printing & stationery	39.64	37.80
Legal and professional charges	239.05	207.40
Advertisement expenses	6.39	2.08
Commission	3.78	24.80
Business promotion	9.65	1.00
Other balance written off	83.15	21.88
Provision for doubtful debts	19.00	67.37
Foreign exchange loss (net)	55.06	49.37
CSR expenses (refer note 44)	76.33	38.88
Security charges	260.21	227.10
Bank charges	9.81	18.57
Donation	0.41	2.49
Auditors remuneration [ refer note (a) below]	38.85	32.57
Director's sitting fees (refer note 39)	9.95	8.00
Miscellaneous expenses	136.07	153.42
<b>Total other expenses</b>	<b>2,674.45</b>	<b>2,532.66</b>

#### (a) Auditors remuneration

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>As auditor:</b>		
Statutory audit	29.85	23.00
<b>In other capacity:</b>		
Limited review fees	9.00	8.00
Other matters	-	1.26
Reimbursement of expenses	-	0.31
<b>Total</b>	<b>38.85</b>	<b>32.57</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 33. Income tax

#### A. Income tax expense

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>Current tax</b>		
Current tax	1337.63	958.53
Tax adjustments pertaining to previous years	-	(393.15)
	<b>1,337.63</b>	<b>565.38</b>
<b>Deferred tax</b>		
Decrease/ (Increase) in deferred tax asset	(74.40)	(64.67)
(Decrease)/ Increase in deferred tax liabilities	814.95	904.59
MAT credit entitlement	603.68	109.75
<b>Income tax expense</b>	<b>1,344.23</b>	<b>949.67</b>

#### B. Reconciliation of tax charge

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Profit before tax	7,148.18	5,240.70
Enacted income tax rate in India applicable to the Holding Company	34.94%	34.94%
Income tax expense at tax rates applicable	2,497.86	1,831.31
Tax effects of:		
Share of loss in associate not taxable	81.24	68.43
Loss of subsidiaries not taxable	108.40	
Pertaining to previous years	0.00	(393.15)
Effect of tax exemptions	(29.06)	(13.93)
CSR Expenditure and donations	11.23	14.11
Others	12.19	8.29
<b>Income tax expense</b>	<b>2,681.86</b>	<b>1,515.06</b>
Effective tax rate	37.52%	28.91%

#### C. Deferred tax relates to the following:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Deferred tax assets</b>		
On provision for employee benefits	125.34	102.46
On provision for doubtful debts	35.50	28.86
On impairment	8.74	8.74
On lease liabilities	10.97	4.50
On stamp duty provision	20.97	-
On unamortised processing cost	6.94	0.08
On unused tax losses	10.58	
	<b>219.04</b>	<b>144.64</b>
<b>Deferred tax liabilities</b>		
On property, plant and equipment	3,651.18	2,831.14
On non redeemable non cumulative non convertible preference shares	31.23	33.27
On lease liabilities	162.26	165.31
	<b>3,844.67</b>	<b>3,029.72</b>



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Deferred tax liabilities net	(3,625.63)	(2,885.08)
Minimum alternative tax (MAT) entitlements	79.34	683.02
Deferred tax asset on tax losses of subsidiary taken over during the year	28.07	-
Deferred tax asset on tax losses taken over in business combination [refer note 37(b)]	895.41	-
Deferred tax liability on fair valuation of Land on account of merger [refer note 37(b)]	(47.78)	-
Deferred tax liability net	<b>(2,670.59)</b>	<b>(2,202.06)</b>

**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, 2022	Year ended March 31, 2021 [refer note 37(a)]
Deferred tax assets/(liabilities), net	(2,670.59)	(2,202.06)
Deferred tax asset on tax losses taken over in business combination [refer note 37(b)]	(895.41)	-
Deferred tax liability on fair valuation of Land on account of merger [refer note 37(b)]	47.78	-
Deferred tax asset on tax losses of subsidiary taken over during the year	(28.07)	-
Less: Opening deferred tax liabilities	2,202.06	1,641.57
<b>Deferred tax expense for the year</b>	<b>(1,344.23)</b>	<b>(560.49)</b>
Tax liability recognised in Statement of Profit and Loss	(1,321.31)	(949.67)
Tax adjustments pertaining to previous years	-	393.15
Tax liability recognised in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	(22.92)	(3.97)
<b>Total deferred tax expenses recognised in the statement of profit and loss</b>	<b>(1,344.23)</b>	<b>(560.49)</b>

**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	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Profit attributable to equity holders	4,466.32	3,725.64
Add: Impact of dilutive potential equity shares	-	-
Attributable to equity holders adjusted for the effect of dilution	4,466.32	3,725.64
Weighted average number of equity shares (in Lakhs) for basic and diluted EPS	225.47	225.47
Basic per share (Rs.)	19.81	16.52
Diluted per share (Rs.)	19.81	16.52

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

**35. Contingent liabilities**

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Claim for expired goods	7.13	7.13
Letter of Credit issued	59.26	59.26
Bank Guarantees	186.85	76.45
	<b>253.24</b>	<b>142.84</b>
Capital commitments	2,859.02	3,029.00

**36 Employee benefits**

The Group 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	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Discount rate (per annum)	6.95%	6.55%
Rate of increase in Salary	7.00%	7.00%
Expected average remaining working lives	24.80	25.43
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, 2022	March 31, 2021 [refer note 37(a)]
<b>Present value of obligation at the beginning of the year</b>	247.83	182.31
Transfer in/out obligation	37.49	17.08
Current service cost	65.40	57.78
Interest cost	15.20	12.61
Benefits paid	(40.23)	(9.30)
Actuarial (gain)/ loss on obligations	(67.56)	(12.65)
<b>Present value of obligation at the end of the year</b>	<b>258.13</b>	<b>247.83</b>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

iii) Change in the fair value of plan assets:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Opening fair value of plan assets	20.84	26.01
Interest income	2.42	2.70
Contributions by employer	3.34	2.51
Benefits paid	(24.34)	(9.08)
Actuarial (losses)/ gains	(1.97)	(1.30)
<b>Closing fair value of plan assets</b>	<b>0.29</b>	<b>20.84</b>

iv) Expense recognised in the Statement of Profit and Loss

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Current service cost	65.40	57.78
Past service cost	-	-
Interest cost	12.78	9.90
<b>Total expenses recognised in the Statement Profit and Loss</b>	<b>78.18</b>	<b>67.68</b>

v) Expense recognised in the statement of other comprehensive income

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Actuarial (gain) / loss on obligations	(67.56)	(12.65)
Actuarial gain /(loss) for the year on asset	1.97	1.30
<b>Total expenses recognised in the statement of other comprehensive Income</b>	<b>(65.59)</b>	<b>(11.35)</b>

vi) Assets and liabilities recognised in the Balance Sheet:

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Present value of funded obligation	258.13	247.83
Less: fair value of plan assets	(0.29)	(20.84)
<b>Net (asset) / recognised in Balance Sheet*</b>	<b>257.84</b>	<b>226.99</b>

\*Included in provision for employee benefits (refer note 18)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

vii) Expected contribution to the fund in the next year

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Gratuity	66.36	63.76

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, 2022	March 31, 2021 [refer note 37(a)]
Discount rate		
0.5% increase	245.24	238.12
0.5% decrease	268.64	258.28
Rate of increase in salary		
0.5% increase	266.96	256.86
0.5% decrease	246.57	238.61
Withdrawal rate		
110% change	255.87	246.69
90% change	257.19	248.98

ix) Maturity profile of defined benefit obligation

(Amounts in Rs. Lakhs, unless otherwise stated)

Year	Employee's gratuity fund	
	March 31, 2022	March 31, 2021 [refer note 37(a)]
Apr 2021- Mar 2022	-	31.51
Apr 2022- Mar 2023	23.99	9.50
Apr 2023- Mar 2024	17.73	24.46
Apr 2024- Mar 2025	21.50	30.36
Apr 2025- Mar 2026	15.99	29.21
Apr 2026 onwards		99.76
Apr 2026- Mar 2027	18.98	-
Apr 2027 onwards	127.08	-

(C) Other long term employee benefit obligation

Leave entitlement

The charge for leave entitlement is recognised in the same manner as gratuity aggregating Rs. 31.47 Lakhs as at March 31, 2022 (March 31, 2021: Rs. 22.59 Lakhs).



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 37 Business combinations during current year

#### 37(a) Merger Information - Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited

- (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 Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited ('Avalon Cosmetics') with the Holding Company was approved by the Hon'ble National Law Tribunal (Mumbai Bench) vide its order dated December 21, 2021 ("the NCLT Order"). The Certified copy of the NCLT Order was filed with Registrar of Companies on February 18, 2022. Consequently, the Scheme become operative from February 18, 2022 and effective from April 1, 2020 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 consolidated financial statement of the Group for the year ended March 31, 2021 included in this consolidated financial statement have been restated to give effect to the Scheme. All the assets and liabilities of the Coimbatore Manufacturing Unit of Avalon Cosmetics have been transferred to and vested in the Holding Company at it's carrying value w.e.f. April 1, 2020 and the amount of Rs. 263.67 Lakhs is recorded as capital reserve on account of the Scheme.

Further, in terms of the Scheme, during the year, 13,49,283 Ordinary (Equity) shares of INR 10 each in the Holding Company has been issued and allotted as fully paid up to the shareholders of ACPL other than the Holding Company, in the ratio of 1.325 Ordinary (Equity) Share of Rs. 10 each fully paid-up in the capital of the Holding Company for every 1 fully paid-up Equity Shares of Rs. 10 each held in ACPL. Consequently, an amount of Rs. 134.93 Lakhs representing difference between the consideration issued and value of net identifiable assets acquired has been transferred to Capital Reserve in the Consolidated Financial Statements as at April 1, 2020. The same is presented as "Share Pending Issuance" under "Other Equity" as at April 1, 2020 and March 31, 2021.

Pursuant to the business combination between Coimbatore Manufacturing Unit of Avalon Cosmetics and the Holding Company with effect from April 1, 2020, the profit attributable to the equity shareholders for the comparative periods have been restated to include the figures of Coimbatore Manufacturing Unit of Avalon Cosmetics. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per share of the comparative year have been restated taking into consideration the equity shares issued to the shareholders of Avalon Cosmetics. Further, the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination.

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Amount
<b>A) Assets acquired on April 1, 2020</b>	
Property, plant and equipment	2,922.73
<b>Financial assets</b>	
Non-current tax assets	12.28
Other non current assets	45.39
Trade receivables	15.84
Cash and cash equivalents	407.71
Other current assets	528.77
<b>Total Assets acquired (A)</b>	<b>3,932.72</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars	Amount
<b>B) Liabilities assumed on April 1, 2020</b>	
Other equity	2,604.60
<b>Financial liabilities</b>	-
Non current borrowings	-
Deferred tax liabilities (net)	8.91
Current borrowings	-
Trade payables	212.33
Other current financial liabilities	96.01
Other current liabilities	1,010.87
<b>Total Liabilities Assumed (B)</b>	<b>3,932.72</b>
<b>Net Assets acquired (A-B)</b>	<b>-</b>
<b>Add: Adjustment made for harmonisation of accounting policies</b>	<b>724.14</b>
<b>Less: Deferred tax liability on assets acquired pursuant to amalgamation</b>	<b>(325.53)</b>
<b>Less: Shares issued</b>	<b>(134.93)</b>
<b>Net assets acquired transferred to capital reserve</b>	<b>263.68</b>

- (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. 724.13 Lakhs and a deferred tax liability amounting to Rs. 325.53 Lakhs.

#### (iv) Acquisition related cost

The Group has incurred an aggregate of Rs. 29.27 Lakhs (March 31, 2021 - Rs. Nil ) towards merger of Coimbatore Manufacturing Unit of Avalon Cosmetics and ATC Beverages Private Limited with the Group, which are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

#### 37 (b) Merger Information - ATC Beverages Private Limited

- (i) The Group was holding 44.43% stake in ATC Beverages Private Limited ('ATC'). On February 18, 2022, the Holding Company has completed the merger of ATC via an all-equity merger under which one share of the Holding Company was allotted for every 16,228 shares of ATC as a consideration for acquiring remaining 55.57% stake. The scheme of merger("Scheme") submitted by the Holding Company was approved by Hon'ble National Company Law Tribunal by its order dated December 21, 2021 (Mumbai bench). The Scheme was filed with Registrar of Companies on February 18, 2022, and effective from April 1, 2020 i.e. appointed date. Accordingly, February 18, 2022, is considered as the acquisition date, i.e., the date on which control is transferred to the Group. The business combination has been accounted for using the acquisition accounting method under 'Ind AS 103 – Business Combinations'. All identified assets acquired, and liabilities assumed on the date of merger were recorded at their fair value. This amalgamation resulted in a Goodwill amounting to Rs. 157.70 Lakhs.

Further, in terms of the Scheme, during the year, 1,177 Ordinary (Equity) shares in the Holding Company has been issued and allotted, valued based on the share price of the Holding Company on the completion date (Rs. 2,028) to the shareholders of ATC other than the Holding Company in the ratio of 1 Ordinary (Equity) Share of face value of Rs. 10 each fully paid-up in the capital of the Holding Company for every 15,075 fully paid-up Equity Shares of Rs. 10 each held in ATC.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Amount
<b>A) Assets acquired on February 18, 2022</b>	
Property, plant and equipment	2,042.71
Capital work-in-progress	383.50
<b>Financial assets</b>	
Non-current tax assets	5.50
Other non current assets	76.86
Inventories	529.59
Trade receivables	690.10
Cash and cash equivalents	70.40
Other current financial assets	
Other current assets	238.84
<b>Total Assets acquired (A)</b>	<b>4,037.50</b>
<b>B) Liabilities assumed on February 18, 2022</b>	
Employee benefits obligation - Non - Current	41.94
<b>Financial liabilities</b>	
Current borrowings	2,871.53
Lease liabilities	110.99
Trade payables	1,093.84
Other current financial liabilities	378.96
Other current liabilities	192.04
Employee benefits obligation - Current	12.00
<b>Total Liabilities Assumed (B)</b>	<b>4,701.30</b>
<b>Net Assets acquired and amalgamated with holding company (A-B)</b>	<b>663.80</b>
<b>Add: Shares issued pursuant to amalgamation</b>	<b>23.87</b>
<b>Add: Equity investment in ATC Beverages extinguished pursuant to business combination</b>	<b>317.66</b>
<b>Less: Deferred tax asset on brought forward losses of ATC pursuant to business combination</b>	<b>(895.41)</b>
<b>Add: Deferred tax liability on fair valuation of assets taken over pursuant to business combination</b>	<b>47.78</b>
<b>Less: Cumulative losses of ATC adjusted pursuant to business combination</b>	<b>(557.53)</b>
<b>Capital Reserve on Consolidation</b>	<b>(399.83)</b>

- (iii) On business combination of the ATC Beverages Private Limited ('ATC'), ATC was having Income tax losses of Rs. 2,531.81 Lakhs on which Deferred tax asset was created of Rs. 895.41 Lakhs which was adjusted against Capital reserve accounted as per note 37 (b)(II) as per para 66 of Ind AS 12. Further, deferred tax asset of Rs. 47.78 Lakhs was created on gain on fair valuation of Building of Rs. 136.72 Lakhs which was adjusted against Capital reserve accounted as per note 37 (b)(II).

### 37 (c) Acquisition of Aero Care Personal Products LLP ('ACPPL')

On February 11, 2022, the Group had entered into an agreement with designated partners of ACPPL and acquired an entire contribution in ACPPL with effect from January 1, 2022. As a result of this acquisition, ACPPL became subsidiary of the Company. The acquisition of ACPPL has been accounted in accordance with Ind AS 103 - Business Combinations. The acquisition was made to increase the contract manufacturing business of the Company.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### Details of the purchase consideration, the net assets acquired and gain on bargain purchase are as follows:

(Amounts in Rs. Lakhs, unless otherwise stated)

Purchase Consideration	Amount
Cash paid	688.00
Fixed Capital	6.17
Fluctuating Capital	283.13
<b>Total Purchase Consideration</b>	<b>977.30</b>

### The assets and liabilities recognised as a result of the acquisition are as follows:

(Amounts in Rs. Lakhs, unless otherwise stated)

Description	Amount
<b>Assets Acquired on January 1, 2022</b>	
Property, plant and equipment	1061.59
Inventories	1306.37
Trade receivables	481.95
Cash and cash equivalents	104.35
Other current assets	424.66
<b>Total Assets Acquired (A)</b>	<b>3,378.92</b>
<b>Liabilities Assumed on January 1, 2022</b>	
Trade Payables	1,841.91
Other financial liabilities	521.90
<b>Total Liabilities Assumed (B)</b>	<b>2,363.81</b>
<b>Net identifiable assets acquired (A-B)</b>	<b>1,015.11</b>

### Calculation of Gain on Bargain Purchase

(Amounts in Rs. Lakhs, unless otherwise stated)

Description	Amount
Net identifiable assets acquired	1,015.11
Less: Consideration	(977.30)
<b>Gain on Bargain Purchase recognised in OCI</b>	<b>37.81</b>

The acquired business of ACPPL contributed revenues and profits to the group for the year March 31, 2022 as follows:

Revenue of 1,940.46 Lakhs and Loss of Rs. 126.69 Lakhs for the period from January 1, 2022 till March 31, 2022

If the acquisition had occurred on April 1, 2021, consolidated pro-forma revenue and profit for the year ended March 31, 2022 would have been Rs. 208,081.24 Lakhs and Rs. 4,460.65 Lakhs respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 38 Leases

(A)(ia) For changes in the carrying value of Right-of-use Assets refer note 4

(ib) Changes in the Lease liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Category of ROU Asset			Total
	Leasehold land	Building	Plant and Machinery	
Balance as at April 1, 2020	35.15	98.17	31.90	165.22
Interest	5.45	10.12	3.02	18.59
Additions	-	103.13	-	103.13
Adjustments pertaining to practical expedient		(5.72)	-	(5.72)
Lease Payments	(3.60)	(28.12)	(25.56)	(57.28)
<b>Balance as at March 31, 2021</b>	<b>37.00</b>	<b>177.58</b>	<b>9.36</b>	<b>223.94</b>
Interest	6.25	61.77	0.86	68.88
Additions	119.21	2,079.13	-	2,198.34
Lease Payments	(3.60)	(81.18)	(10.22)	(95.00)
<b>Balance as at March 31, 2022</b>	<b>158.86</b>	<b>2,237.30</b>	<b>-</b>	<b>2,396.16</b>

(ii) Break-up of current and non-current lease liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Current Lease Liabilities	140.65	85.25
Non-current Lease Liabilities	2,255.51	138.69

(iii) Maturity analysis of lease liabilities

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Less than one year	140.65	85.25
One to five years	2,255.51	138.69
More than five years	-	-
<b>Total</b>	<b>2,396.16</b>	<b>223.94</b>

As per Para B11 of Ind AS 107 Financial Instruments: Disclosure, In preparing the maturity analyse an entity uses its judgment to determine an appropriate number of time bands.

(iv) Amounts recognised in statement of Profit and Loss account

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Interest on Lease Liabilities	68.88	18.59
Adjustments pertaining to practical expedient	-	5.72
Low-value leases expensed	-	15.96
Short-term leases expensed	253.07	235.97
<b>Total</b>	<b>321.95</b>	<b>276.24</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(v) Amounts recognised in statement of Cash Flows

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Total Cash outflow for leases	(95.00)	(57.28)

### 39 Related party disclosures:

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

#### 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

Mahak Cosmetics and Credit Private Limited

Christine Valmy Institute Private Limited

Allies Logistics Private Limited

#### Firm in which Directors of Group are Partner

M/s Shivom Industries

M/s Athene Laboratories

M/s Sundaram Cosmetics

M/s Galaxy Healthcare Products

M/s Spans Heathcare

#### Associate

ATC Beverages Private Limited (up to February 18, 2022) [Refer note 37 (b)]

#### 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
Mayank Samdani	Chief Financial Officer
Nikhil Vora	Non-Independent Non-Executive Director
Honey Vazirani	Independent Non-Executive Director (woman)
Shashi Kalathil	Independent Non-Executive Director
Neeraj Chandra	Independent Non-Executive Director
Bankim Purohit	Company Secretary
Sarvjit Singh Bedi	Non-Independent Non-Executive Director
Sandeep Mehta	Independent Non-Executive Director
Harsha Raghavan	Non-Independent Non-Executive Director

#### Relatives of Directors

Asha R Kothari Relative of Managing Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>(i) Avalon Cosmetics Private Limited</b>		
Reimbursement of expenses	4.07	100.75
Sale of property, plant and equipment	1.80	3.00
Rent paid	-	12.00
Payment received against other receivables	-	729.05
<b>(ii) Motown Trading Private Limited</b>		
Interest on loan taken	10.11	-
<b>(iii) Athene Laboratories</b>		
Purchase of consumables	0.15	-
Rent paid	60.00	60.00
Security deposit given	-	42.00
Advance given	-	1.42
<b>(iv) Shivom Industries</b>		
Reimbursement of Expenses	3.91	-
Purchase of Export Licenses	2.97	-
Purchase of consumables and other items	2.69	5.83
Sales of Product	0.01	0.45
Payment received against other receivables	-	12.58
Payment made against other payables	-	9.74
<b>(v) Galaxy Healthcare Products</b>		
Payment received against other receivables	-	349.28
Payment made against other payables	-	332.78
<b>(vi) Adonia Cosmetics Private Limited</b>		
Purchase of Export Licenses	3.06	-
<b>(vii) ATC Beverages Private Limited</b>		
Interest income accrued on loans granted	105.69	80.66
Loans granted	671.72	356.31
<b>(viii) Sameer Kothari</b>		
Equity shares issued*	51.84	-
<b>(ix) Asha R Kothari</b>		
Equity shares issued*	51.84	-
<b>(x) Christine Valmy Institute Private Limited</b>		
Sale of products	0.43	0.65
<b>(xi) Vanity Case (India) Private Limited</b>		
Equity shares issued*	31.00	-
<b>(xii) Spans Healthcare</b>		
Sale of property, plant and equipment	-	1.00
Purchase of Raw Material, Packing Material and Chemical Items	1,868.53	1,214.53
<b>(xiii) Allies Logistics Private Limited</b>		
Freight inward	98.04	5.38
<b>(xiv) Sitting fees</b>		
Shrinivas Dempo	1.50	1.20
Sandeep Mehta	1.50	1.15
Shashi K. Kalathil	2.10	1.65
Honey Vazirani	2.20	1.50
Nikhil K Vora	1.00	1.00
Neeraj Chandra	1.65	1.50

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>(xviii) Compensation of key management personnel</b>		
Sameer Kothari	156.00	156.00
Ganesh Argekar	73.85	52.00
Mayank Samdani	79.67	58.65
Bankim Purohit	19.39	17.53

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

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>(i) Avalon Cosmetics Private Limited</b>		
Other receivables	0.14	-
Other Payable	0.25	-
Trade payables	-	11.11
<b>(ii) Spans Healthcare</b>		
Advances given	-	0.33
Trade payables	456.00	156.16
<b>(iii) ATC Beverages Private Limited</b>		
Loans given	-	898.86
Interest accrued on loan given	-	106.27
<b>(iv) Motown Trading Private Limited</b>		
Loans given	900.00	-
Interest Accrued	209.23	-
<b>(v) Athene Industries</b>		
Advance given	42.00	42.00
Security deposit	-	1.42
<b>(vi) Christine Valmy Institute Private Limited</b>		
Trade Payable	0.01	-
<b>(vii) Sameer Kothari</b>		
Remuneration payable	0.21	9.24
<b>(viii) Allies Logistics Private Limited</b>		
Trade Payables	12.45	5.35

\* Shared issued during the year ended March 31, 2022 as per the NCLT approved scheme for Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited.

(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. The Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 40 Segment reporting

The Group's operations predominantly relate to contract manufacturing and other manufacturing for sale under the Holding Company's own brand name. The Chief Operating Decision Maker (CODM) reviews the operations of the Group as contract manufacturing and other manufacturing for sale under the Holding 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 Holding Company's own brand name", no separate segment information has been furnished herewith.

Majority of the revenue is derived from one geography and two external customers amounting to Rs. 193,072.73 lakhs (Previous year: Rs. 132,779.08 lakhs From two external customers).

### 41 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, 2022 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
<b>Financial assets</b>						
Non current other financial assets	7	669.10	-	-	-	669.10
Current other financial assets	7	3,265.55	-	-	-	3,265.55
Trade receivable	12	7,219.02	-	-	-	7,219.02
Cash and cash equivalents	13	3,259.75	-	-	-	3,259.75
Bank balances other than cash and cash equivalents	14	1,079.90	-	-	-	1,079.90
		<b>15,493.32</b>	-	-	-	<b>15,493.32</b>
<b>Financial liabilities</b>						
Non current Borrowings	17(a)	25,430.83	-	-	-	25,430.83
Current Borrowings	17(b)	7,296.97	-	-	-	7,296.97
Current and Non-current lease liabilities		2,396.16	-	-	-	2,396.16
Other current financial liabilities	21	1,980.35	-	-	-	1,980.35
Trade payables	20	27,114.98	-	-	-	27,114.98
		<b>64,219.29</b>	-	-	-	<b>64,219.29</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

The carrying value and fair value of financial instruments by categories as at March 31, 2021 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
<b>Financial assets</b>						
Investments	11	41.27	-	-	-	41.27
Non current other financial assets	7	365.28	-	-	-	365.28
Current other financial assets	7	1,674.70	-	-	-	1,674.70
Trade receivable	12	4,987.17	-	-	-	4,987.17
Cash and cash equivalents	13	4,445.66	-	-	-	4,445.66
Bank balances other than cash and cash equivalents	14	1,409.49	-	-	-	1,409.49
Loan	6	898.87	-	-	-	898.87
		<b>13,822.44</b>	-	-	-	<b>13,822.44</b>
<b>Financial liabilities</b>						
Non current Borrowings	17(a)	18,514.00	-	-	-	18,514.00
Current Borrowings	17(b)	2,955.68	-	-	-	2,955.68
Current and Non-current lease liabilities		223.94	-	-	-	223.94
Other current financial liabilities	21	2,079.73	-	-	-	2,079.73
Trade payables	20	21,515.66	-	-	-	21,515.66
		<b>45,289.01</b>	-	-	-	<b>45,289.01</b>

### 42 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	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Level 3</b>		
Financial assets measured at amortised cost		
Investments	-	41.27
Non current other financial assets	669.10	365.28
Other current financial assets	3,265.55	1,674.70
Trade receivable	7,219.02	4,987.17
Cash and cash equivalents	3,259.75	4,445.66
Bank balances other than cash and cash equivalents	1,079.90	1,409.49
Loans	-	898.87
	<b>15,493.32</b>	<b>13,822.44</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Level 3</b>		
Financial liabilities measured at amortised cost		
Non current Borrowings	25,430.83	18,514.00
Current Borrowings	7,296.97	2,955.68
Current and Non-current lease liabilities	2,396.16	223.94
Other current financial liabilities	1,980.35	2,079.73
Trade payables	27,114.98	21,515.66
	<b>64,219.29</b>	<b>45,289.01</b>

Management has assessed that Cash and cash equivalents, Other balances with banks, Loans, Trade receivables, Other financial assets, Short term Borrowings, Trade payables and Other financial liabilities carried at amortised cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

### 43 Financial risk management objectives and policies

The Group is exposed to various financial risks. These risks are categorised into market risk, credit risk and liquidity risk. The Group's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Group 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 Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group 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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amounts in Rs. Lakhs, unless otherwise stated)

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
<b>2022</b>		
Rs.	+50	(156.96)
Rs.	-50	156.96
<b>Exposure to interest risk</b>	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>2021</b>		
Rs.	+50	(107.02)
Rs.	-50	107.02

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

#### (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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group'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		As at March 31, 2022		As at March 31, 2021 [refer note 37(a)]	
		Foreign currency in Lakhs	Rs. in Lakhs	Foreign currency in Lakhs	Rs. in Lakhs
Trade Receivables	EURO	5.56	467.66	2.78	239.23
	GBP	0.07	7.49	0.01	0.56
Cash & cash equivalents	EURO	1.09	91.96	3.26	280.67
	USD	-	-	0.05	3.95
	GBP	0.05	4.63	-	-
Trade Payables	EURO	-	-	0.17	14.82
	USD	0.71	53.98	0.16	11.37
Capital Creditors	EURO	3.66	309.26	0.01	1.15

#### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EURO, USD and GBP exchange rate, with all other variables held constant, of the Group'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	
	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Trade Receivables	23.76	11.99	(23.76)	(11.99)
Cash & cash equivalents	4.83	14.23	(4.83)	(14.23)
Trade Payables	(2.70)	(1.32)	2.70	1.32
Capital Creditors	(15.46)	(0.06)	15.46	0.06
	<b>10.43</b>	<b>24.84</b>	<b>(10.43)</b>	<b>(24.84)</b>

#### (B) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is primarily attributable to the Group'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 Group measures the expected credit loss of trade receivables 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, 2022 (Contd.)

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

(Amounts in Rs. Lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
Not due	6,649.85	4,738.50
Less than 6 months	566.29	210.32
6 months to 12 months	2.88	18.69
beyond 12 months	-	19.66
	<b>7,219.02</b>	<b>4,987.17</b>

### (C) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group 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 Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Group's financial liabilities:

(Amounts in Rs. Lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Years	Total
<b>As at March 31, 2022</b>			
Long-term borrowings	-	25,430.83	25,430.83
Short term borrowings	7,296.97	-	7,296.97
Trade payables	27,114.98	-	27,114.98
Lease Liability	2,255.51	140.65	2,396.16
Other financial liability	1,980.35	-	1,980.35
	<b>38,647.81</b>	<b>25,571.48</b>	<b>64,219.29</b>
<b>As at March 31, 2021 [refer note 37(a)]</b>	Less than 1 year	More than 5 Years	Total
Long-term borrowings	-	18,514.00	18,514.00
Short term borrowings	2,955.68	-	2,955.68
Trade payables	21,515.66	-	21,515.66
Lease Liability	138.69	85.25	223.94
Other financial liability	2,079.73	-	2,079.73
	<b>26,689.75</b>	<b>18,599.25</b>	<b>45,289.01</b>

### 44 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are in the field of promoting healthcare and education. A CSR committee has been formed by the Company as per the Act. The funds are utilised through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
Gross amount required to be spent :	71.23	40.98
Add: Amount Unspent from previous years	21.98	-
Total Gross amount required to be spent during the year	93.21	40.98
<b>Amount approved by the Board to be spent during the year</b>	<b>93.21</b>	<b>40.98</b>
<b>Amount spent during the year</b>	<b>98.31</b>	<b>16.90</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
i. construction/acquisition of any asset	-	-
-under control of the Group for future use	-	-
-not under control of the Group for future use	-	-
ii. On purpose other than (i) above	98.31	16.90
	<b>98.31</b>	<b>16.90</b>
Less: Amount capitalised as corporate social responsibility assets	-	-
Excess amount spent in previous year set off in current year	-	2.10
Provision for unspent CSR amount	-	21.98
	<b>98.31</b>	<b>40.98</b>

During the year ended March 31, 2022, the Company has not made any CSR expenditure incurred with related parties / contribution made to related party. Further, there was no shortfall in CSR spent.

### 45 Capital management

For the purpose of the Group'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 Group's capital management is to maximise the shareholder value and to ensure the Group's ability to continue as a going concern.

The Group has not distributed any dividend to its shareholders. The Group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents borrowings from bank & others and liability component of redeemable non cumulative non convertible preference shares. The Group 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)

Particulars		As at March 31, 2022	As at March 31, 2021 [refer note 37(a)]
<b>Total equity</b>	(i)	30,412.98	25,442.47
Total non current borrowings (including liability portion of redeemable non cumulative non convertible preference shares)		35,123.96	21,841.06
Less: cash and cash equivalents		(3,259.75)	(4,445.66)
Total debt	(ii)	31,864.21	17,395.40
Overall financing	(iii) = (i) + (ii)	62,277.19	42,837.87
Gearing ratio	(ii)/ (iii)	0.51	0.41

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

**46 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, 2022	As at March 31, 2021 [refer note 37(a)]
Opening balance	17,395.40	13,663.84
<b>Non cash movement</b>		
- Accrual of interest	1,963.53	1,816.46
- Interest on redeemable non cumulative non convertible preference shares	5.83	5.35
- Processing cost amortisation	8.17	8.86
Lease Liability assumed during the year	2,244.90	103.13
<b>Cash movement</b>		
- Further borrowings	15,044.23	6,959.97
- Principle repayment	(3,791.94)	(1,675.34)
- Interest payment	(2,096.83)	(1,862.97)
- Lease rentals paid against lease liability	(95.00)	(57.28)
<b>Cash and cash equivalents</b>		
Cash flows	(1,185.91)	1,566.62
<b>Closing balance</b>	<b>31,864.21</b>	<b>17,395.40</b>

**47 Disclosures pursuant to Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013**

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 [refer note 37(a)]
<b>(a) Loans</b>		
<b>Loans to associate (up to February 18, 2022)</b>		
ATC Beverages Private Limited		
Balance as at the beginning of the year	898.86	542.55
Loans given during the year	671.72	356.31
Eliminated on business combination [refer note 37 (b)]	(1,570.58)	-
Balance as at the end of the year	-	898.86
<b>(b) Investment by the loanees in the shares of the Holding Company</b>		
The loanees have not made any investments in the shares of the Holding Company.		

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)**

**48 Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information :**

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	FY 2021-2022							
	Net Assets i.e. total assets minus total liabilities		Share in profit / (loss)		Share in OCI		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit	Amount	As a % of consolidated profit	Amount	As a % of consolidated profit	Amount
<b>Parent :</b>								
Hindustan Foods Limited	101.29%	30,804.91	112.12%	5,007.70	52.76%	42.67	111.07%	5,050.37
<b>Subsidiary :</b>								
HFL Consumer Products Private Limited	(0.21%)	(62.75)	(1.14%)	(50.95)	0.00%	-	(1.12%)	(50.95)
Aero care personal care products LLP (From January 1, 2022)	(0.27%)	(81.14)	(2.81%)	(125.38)	46.75%	37.81	(1.93%)	(87.57)
<b>Associate :</b>								
ATC Beverages Private Limited (Upto January 1, 2022)	(0.92%)	(281.14)	(6.29%)	(281.14)	0.48%	0.39	(6.17%)	(280.75)
Aero care personal care products LLP	0.16%	48.65	1.09%	48.65	0.00%	-	1.07%	48.65
Elimination	(0.05%)	(15.55)	(2.97%)	(132.56)	0.00%	-	(2.92%)	(132.56)
<b>Grand Total</b>	<b>100.00%</b>	<b>30,412.98</b>	<b>100.00%</b>	<b>4,466.32</b>	<b>100.00%</b>	<b>80.87</b>	<b>100.00%</b>	<b>4,547.19</b>

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	FY 2020-2021							
	Net Assets i.e. total assets minus total liabilities		Share in profit / (loss)		Share in OCI		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit	Amount	As a % of consolidated profit	Amount	As a % of consolidated profit	Amount
<b>Parent :</b>								
Hindustan Foods Limited	101.13%	25,730.66	105.57%	3,933.28	78.76%	7.38	105.51%	3,940.66
<b>Subsidiary :</b>								
HFL Consumer Products Private Limited	(0.05%)	(11.80)	(0.32%)	(11.80)	-	-	(0.32%)	(11.80)
<b>Associate :</b>								
ATC Beverages Private Limited	(1.09%)	(276.39)	(5.26%)	(195.84)	21.24%	1.99	(5.19%)	(193.85)
<b>Grand Total</b>	<b>100.00%</b>	<b>25,442.47</b>	<b>100.00%</b>	<b>3,725.64</b>	<b>100.00%</b>	<b>9.37</b>	<b>100.00%</b>	<b>3,735.01</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

### 49 Disclosure of interest in other entities

The Consolidated Financial Statements present the Consolidated Accounts of Hindustan Foods Limited with its following Subsidiary and Associate :

#### A. Subsidiary

(Amounts in Rs. Lakhs, unless otherwise stated)

Name	Country of incorporation	Activities	Percentage of ownership interest As at March 31, 2022	Percentage of ownership interest As at March 31, 2021
HFL Consumer Products Private Limited	India	Contract Manufacturing	100%	100%
Aero Care Personal Products LLP	India	Contract Manufacturing	100%	0%

#### B. Associate

Below mentioned information relates to Proportionate of Group's Share -

(i) Details of Summarised Financial Information, Summarised Performance and other details of an associate

(Amounts in Rs. Lakhs, unless otherwise stated)

Name	Country of incorporation	Activities	Percentage of ownership interest As at March 31, 2022 [Refer note 37 (b)]	Percentage of ownership interest As at March 31, 2021
ATC Beverages Private Limited	India	Contract Manufacturing	0.00%	44.43%

(ii) Summarised Financial Information of an associate

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022 [Refer note 37 (b)]	As at March 31, 2021
<b>(A) Non current assets</b>	-	1,777.18
<b>(B) Current assets</b>		
i) Cash and cash equivalent	-	14.13
ii) Others	-	898.99
<b>Total current assets</b>	-	<b>913.12</b>
<b>Total assets (A+B)</b>	-	<b>2,690.30</b>
<b>(A) Non current liabilities</b>		
i) Financial liabilities	-	-
ii) Non financial liabilities	-	44.42
<b>Total non current liabilities</b>	-	<b>44.42</b>
<b>(B) Current liabilities</b>		
i) Financial liabilities	-	2,648.06
ii) Non financial liabilities	-	160.89
<b>Total current liabilities</b>	-	<b>2,808.95</b>
<b>Total liabilities (A+B)</b>	-	<b>2,853.37</b>
<b>Net assets/(liabilities)</b>	-	<b>(163.07)</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(iii) Summarised performance of an associate

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue	1,880.74	1,057.98
Profit/(loss) before tax	632.02	(440.78)
Tax expense	-	-
Profit/(loss) after tax	632.02	(440.78)
Other comprehensive income - gain/ (loss)	0.39	4.49
Total comprehensive income - gain/(loss)	632.41	(436.29)
Depreciation and amortisation	226.92	249.65
Interest income	-	1.27
Interest expense	185.58	170.75

(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	As at March 31, 2022 [Refer note 37 (b)]	As at March 31, 2021
<b>Net assets as per entity's financial statements</b>	-	(72.45)
Add/ (less) : Consolidation adjustment	-	-
(i) Fair value of Investment	-	113.72
<b>Net assets per consolidated financial statements</b>	-	<b>41.27</b>

(v) Reconciliation of profit and loss/ other comprehensive income (OCI) considered for consolidated financial statements to profit and loss

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit/ (loss) as per entity's financial statements	(195.84)	(195.84)
Add/ (less) : Consolidation adjustment	-	-
(i) Dividend distributed	-	-
(ii) Others	-	-
Net Profit / (loss) as per consolidated financial statements	(195.84)	(195.84)
OCI as per entity's financial statements	0.39	1.99
Add/ (less) : Consolidation adjustment	-	-
(i) Fair valuation	-	-
(ii) Others	-	-
OCI as per consolidated financial statements	0.39	1.99

(vi) Movement of Investment using equity method

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2022 [Refer note 37 (b)]	As at March 31, 2021
Interest in ATC Beverages Private Limited		
Interest at the beginning of the year	41.27	235.12
Add:- Share of profit for the period	(281.14)	(195.84)
Add:- Share of OCI for the period	0.39	1.99
Less:- Eliminated on merger [refer note 37(b)]	239.48	0.00
<b>Balance as at the end of the year</b>	-	<b>41.27</b>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

50 Additional regulatory information

(A) Details of benami property held

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(B) Wilful defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(C) Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

The Group does not have any transactions or balance outstanding with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(D) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(E) Undisclosed income

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(F) Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2022.

(G) Utilisation of Borrowed funds and share premium

- (i) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (ii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(H) Compliance with approved scheme(s) of arrangements

The Holding Company has complied and entered into scheme of arrangement for merger of Coimbatore Manufacturing Unit of Avalon Cosmetics Private Limited and ATC Beverages Private Limited which has an accounting impact on current year as well as previous year. Refer note 37.

(I) Valuation of Property plant and equipment

The Group has not revalued its property, plant and equipment during the current year or during the previous year.

(J) Loans and advances to promoters and directors

The Group has not given loans and advances to promoters and directors.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

- 51 The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Group will assess the impact of the Code and will give appropriate impact in the consolidated financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 52 On January 24, 2022, the holding company has signed a Share Purchase Agreement ("Agreement") with Reckitt Benckiser (India) Private Limited to acquire 100% equity shares of Reckitt Benckiser Scholl India Private Limited. The further execution of the Agreement is under process as few approvals essential for execution are yet to be received.
- 53 These consolidated financial statements were authorised for issue by the Board of Directors on May 20, 2022.

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

**Amrish Vaidya**  
Partner  
Membership No: 101739

Place : Mumbai  
May 20, 2022

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

**Sameer R. Kothari**  
Managing Director  
DIN: 01361343

**Mayank Samdani**  
Chief Financial Officer

Place : Mumbai  
May 20, 2022

**Ganesh T. Argekar**  
Executive Director  
DIN: 06865379

**Bankim Purohit**  
Company Secretary  
Membership No:ACS21865



## 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

Amount (Rs. in Lakhs)

Sr. No.	Particulars	Name of Subsidiaries	
		HFL Consumer Products Private Limited	Aero Care Personal Products LLP
1	Date since when Subsidiary was acquired	August 06, 2020	January 01, 2022
2	Reporting period	2021-22	2021-22
3	Reporting Currency	INR	INR
4	Share Capital/ Partner's Capital Account	1.00	2,623.14
5	Reserves & Surplus	(62.75)	(81.13)
6	Total Assets	10,193.20	6,304.19
7	Total Liabilities	10,254.95	3,762.18
8	Investments	Nil	Nil
9	Turnover	47.50	1,940.46
10	Profit/(Loss) before taxation	(50.95)	(135.95)
11	Provision for taxation	Nil	(10.58)
12	Profit/(Loss) after taxation	(50.95)	(125.38)
13	Proposed Dividend	Nil	Nil
14	% of Shareholding	100%	100%*

## Notes:

- Names of Subsidiaries which are yet to commence operations - **HFL Consumer Products Private Limited**
- Names of Subsidiaries which have been liquidated or sold during the year - **Not Applicable**
- \*% of Shareholding includes direct and indirect holding in LLP

## Part "B": Associates and Joint Ventures

Associates and Joint Ventures - **Not Applicable**

## Notes:

- The Company was holding 44.43% stake in ATC Beverages Private Limited ('ATC'). On February 18, 2022, the Company completed the Merger of ATC via an all-equity Merger under which one share of the Company was allotted for every 16,228 shares of ATC as a consideration for acquiring remaining 55.57% stake. The Composite scheme of Arrangement and Amalgamation ("Scheme") submitted by the Company was approved by Hon'ble National Company Law Tribunal by its order dated December 21, 2022 (Mumbai bench). The Scheme was filed with Registrar of Companies on February 18, 2022, and effective from April 1, 2020 i.e. appointed date. Accordingly, February 18, 2022, is considered as the acquisition date, i.e. the date on which control is transferred to the Company. The business combination has been accounted for using the acquisition accounting method under 'Ind AS 103 – Business Combinations'. All identified assets acquired, and liabilities assumed on the date of merger were recorded at their fair value.
- During the Financial Year under Audit, the Company had made an investment in the form of Capital Contribution of 19% to acquire Partnership Share in Aero Care Personal Products LLP ('Aero Care'). Further, on February 11, 2022 the Company had made an additional investment in the form of Capital Contribution and as a result of such additional investment, the total Capital Contribution of the Company in Aero Care has become 100% and since, the information's pertaining to the salient features of Financial Statements are already provided in Part A of this Form and hence, information under Part B is not applicable.



HINDUSTAN FOODS LIMITED

**Registered Office**

Office No. 3, Level 2, Centrium,  
Phoenix Market City,  
15 Lal Bahadur Shastri Road,  
Kurla (W), Mumbai 400 070, India  
**CIN No.:** L15139MH1984PLC316003