



HINDUSTAN FOODS LIMITED

EARNINGS PRESENTATION | H1 / Q2-FY19



Executive Summary

- Founded in 1988, Hindustan Foods Limited (HFL) is a principal contract manufacturer for a range of leading FMCG products.
- In 2013, Vanity Case Group bought a controlling stake in Hindustan Foods Ltd. from Dempo Group of Goa and since then the company has diversified across various FMCG categories with manufacturing competencies in food extrusion & blending processes, beverages, leather and pest control products.
- The company has manufacturing units in Goa, Pondicherry, Jammu & Kashmir and proposed unit in Coimbatore and Mumbai.
- HFL has a market capitalization of INR 4,387.10 Mn as on 30th September, 2018.

Business Model			Owned Brands
Contract Manufacturing	OEM Manufacturing	Private Labels	
Food Extrusion: Marico	Food Extrusion: Danone.		Leather Products: UN:OR, ESTD 1977
Leather Products: Gabor, Richter, Bata, Jomos, TBS, Hidesign, Reliance Brands Ltd., Arvind Ltd.	Pest Control Product: Reckitt Benckiser.	Leather Products: Steve Madden, U.S. Polo, Kenneth Cole.	Licensing & Distribution: TBS, Gabor, Richter.
	Beverages: Hindustan Unilever Ltd.		

Financial Highlights

Total Income	EBITDA	PAT
H1-FY19: INR 970 Mn FY18: INR 1,400 Mn	H1-FY19: INR 93 Mn FY18: INR 112 Mn	H1-FY19: INR 49 Mn FY18: INR 63 Mn



COMPANY OVERVIEW

Company Overview

Introduction

- The company is headquartered in Goa and was promoted by the Dempo Group. The plant located at Goa is equipped with state-of-the-art twin-screw extruder technology to manufacture superior quality cereal-based food products.
- In 2013, Vanity case group acquired a controlling stake in Hindustan Foods Ltd., which is one of the largest FMCG contract manufacturers in the country.
- In December 2016, HFL acquired the leather shoes and accessories business of Ponds Exports Ltd, a subsidiary of Hindustan Unilever located in Pondicherry as a going concern. This marked the entry of Hindustan Foods Ltd. in the leather industry with global clientele.
- In less than five years, two separate businesses turned around successfully and are now reporting attractive profits.
- In September 2017, the company launched its own brand, UN:OR "Unorthodox, and also ventured into the distribution sector with global brands like TBS, Gabor and Richter.
- HFL acquired Reckitt Benckiser's pest products manufacturing plant located at Jammu & Kashmir in 2017 on a going concern and commenced production by January 2018 for Mortein range of products.
- The company is in the process of setting up a new plant in Coimbatore for contract manufacturing of beverages for Hindustan Unilever Ltd. HFL expects to start commercial operations at this unit by September-October, 2018.
- The company is in the process to acquire assets of G Shoe Export Ltd. along with their brand ESTD 1977 which will complement their existing leather business.
- The company is in the process of acquiring a controlling stake in Saucery India Pvt. Ltd. which is a fresh sauce and dip company.

Clientele

Manufacturing:



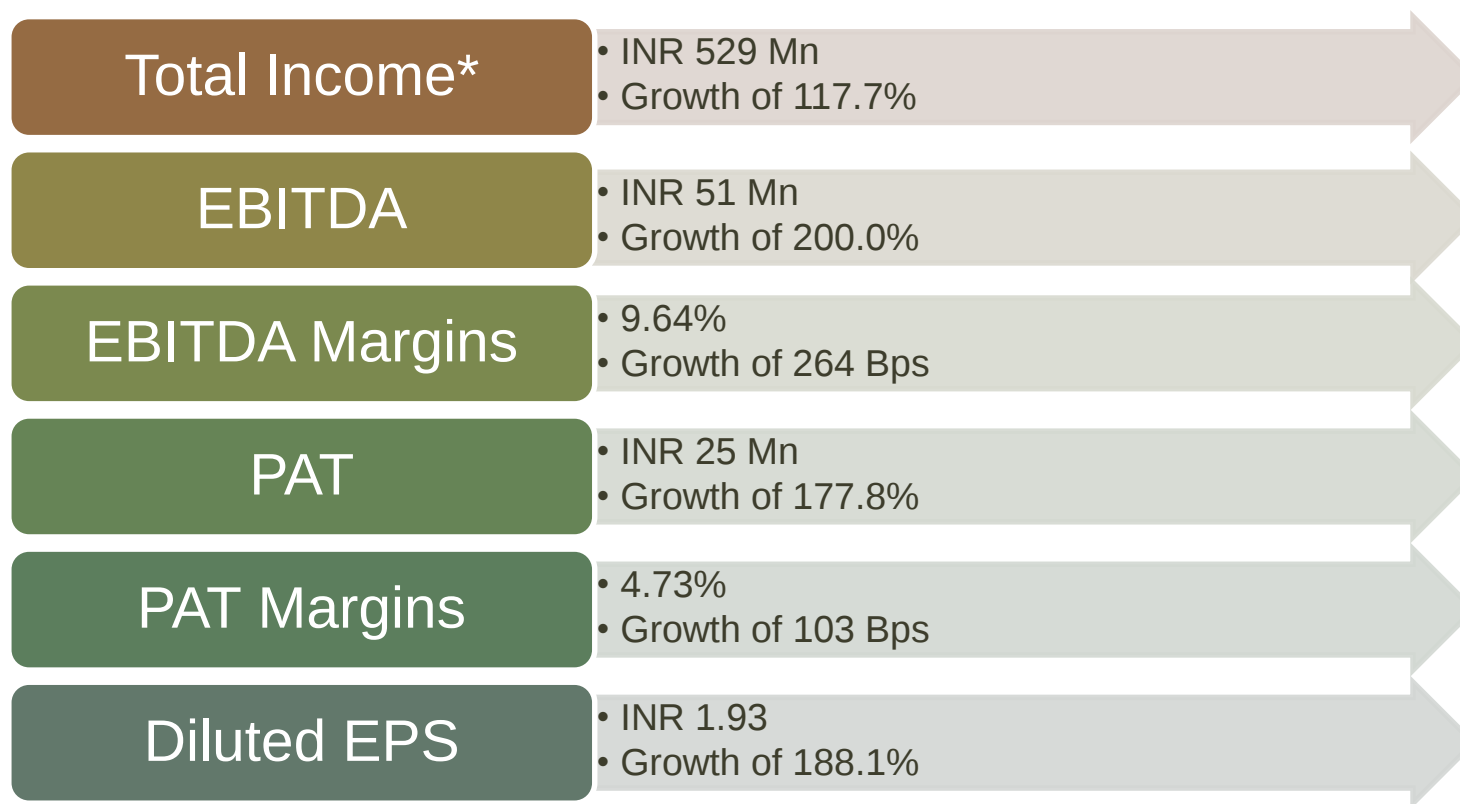
Owned Brands





FINANCIAL OVERVIEW

Q2-FY19 Financial Highlights



**Includes Other Income*

Key Operational Highlights

- The existing business comprising the factory at Goa which manufactures extruded Foods, the leather business at Chennai and Pondicherry and the Pest Control manufacturing facility at Jammu continued to perform consistently.
- The Company was felicitated by the Council of Leather Exports for achieving the second place in the Western Region for export of Footwear Components.
- The Company's green-field project in Coimbatore (admeasuring 100,000 sft) received all statutory approvals and will commence production by December 1st. The expected off-take is around 8,000 tons per annum and the company will be packing tea for Hindustan Unilever Limited under the brands of Taj, Three Roses and Lipton.
- The process for the take-over of the factory in Hyderabad has been initiated. This factory manufactures around 75,000 tons of detergent powder for Hindustan Unilever Limited under the brand of Rin, Wheel and Surf.

Key Strategic Highlights

- The Board authorized an additional investment of INR 7.5 Cr in the Coimbatore site to set up coffee packing facilities for BRU, a Hindustan Unilever brand and to expand the tea packaging capacity in addition to INR 30 crore which is already budgeted for the project. Post this expansion, the capacity of the factory will increase to around 15,000 tons from the existing 8,000 tons per annum.
- Pursuant to the approval given by the Board of Directors to invest upto INR 100 Cr in building up liquid detergent manufacturing facility in Hyderabad in addition to the existing detergent powder facility, the Company has started the pre-engineering and the groundwork of the facility which is expected to manufacture 40,000 KL of liquid detergent for a well known FMCG company.

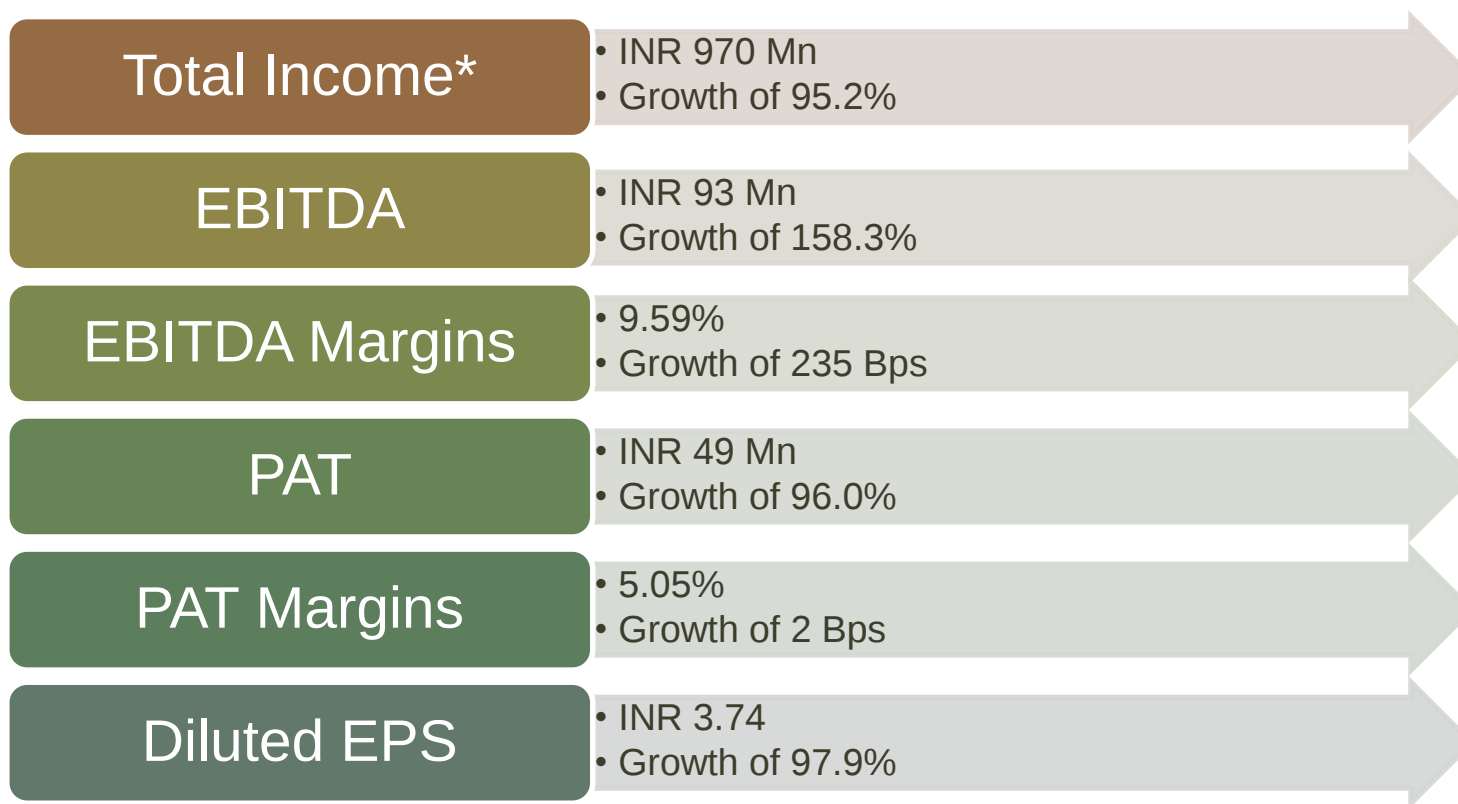


Quarterly Income Statement

Income Statement (INR Mn)	Q2-FY19	Q2-FY18	Y-o-Y	Q1-FY19	Q-o-Q
Total Income*	529	243	117.7%	442	19.7%
Total Expenses	478	226	111.5%	399	19.8%
EBITDA	51	17	200.0%	43	18.6%
Depreciation	7	2	250.0%	6	16.7%
Interest	9	1	800.0%	6	50.0%
PBT	35	14	150.0%	31	12.9%
Tax	10	5	100%	7	42.9%
Profit After tax	25	9	177.8%	24	4.2%
PAT Margins(%)	4.73%	3.70%	103 Bps	5.43%	(70) Bps
Other Comprehensive Income	-	-	NA	-	NA
Total Comprehensive Income	25	9	177.8%	24	4.2%
Diluted EPS (INR)	1.93	0.67	188.1%	1.84	4.9%

*Includes Other Income

H1-FY19 Financial Highlights



**Includes Other Income*

Half-Yearly Income Statement

Income Statement (INR Mn)	H1 FY19	H1 FY18	Y-o-Y
Total Income*	970	497	95.2%
Total Expenses	877	461	90.2%
EBITDA	93	36	158.3%
Depreciation	13	4	225.0%
Interest	14	2	600.0%
PBT	66	30	120.0%
Tax	17	5	240.0%
Profit After tax	49	25	96.0%
PAT Margins(%)	5.05%	5.03%	2 Bps
Other Comprehensive Income	-	-	NA
Total Comprehensive Income	49	25	96.0%
Diluted EPS (INR)	3.74	1.89	97.9%

*Includes Other Income

Historical Income Statement

Income Statement (INR Mn)	FY15	FY16	FY17**	FY18**	H1-FY19
Total Income*	174[^]	239	389	1,400	970
Total Expenses	231	217	357	1,288	877
EBITDA	(57)	22	32	112	93
Depreciation	13	13	14	12	13
Interest	16	10	9	13	14
PBT	(86)	(1)	9	87	66
Tax	-	[^]	2	24	17
Profit After tax	(86)	(1)	7	63	49
PAT Margins(%)	NA	NA	1.80%	4.50%	5.05%
Other Comprehensive Income	-	-	(2)	-	-
Total Comprehensive Income	(86)	(1)	5	63	49
EPS Diluted (INR)	NA	NA	0.65	4.81	3.74

Notes:

*Includes Other Income

**As per IND-AS

[^] Exceptional Items:

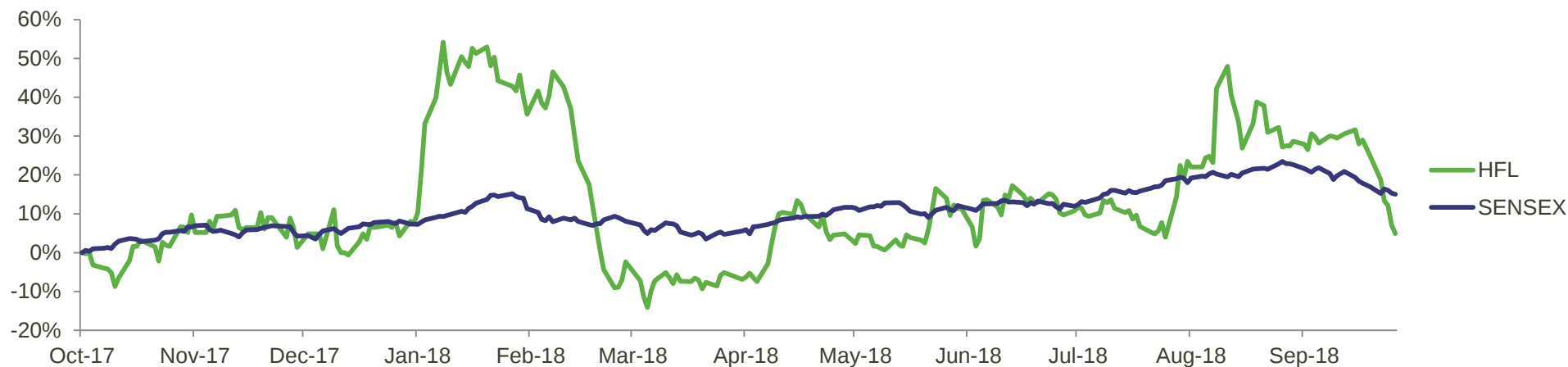
- FY15 does not include a one time loan write back of INR 110 Mn.
- FY16 does not include a deferred tax asset of INR 14 Mn.

Balance Sheet (As per IND-AS)

PARTICULARS (INR Mn)	FY17	FY18	H1-FY19	PARTICULARS (INR Mn)	FY17	FY18	H1-FY19
EQUITIES & LIABILITIES				ASSETS			
Shareholder Funds				Non Current Assets			
Share Capital	130	130	135	Property, Plant and equipment	94	390	398
Other Equity	190	253	444	Capital Work in Progress	33	30	183
				Intangible Assets	-	1	20
Non Current Liabilities				Deferred Tax Asset (Net)	10	2	-
Long Term Borrowings	51	294	268	Long Term Loans & Advances	3	2	4
Other Long Term Liabilities	-	-	-	Other Non-Current Assets	33	27	15
Other Financial Liabilities	1	6	17	Other Financial Assets	3	1	2
Long Term Provisions	3	4	5	Non-Current tax assets	-	6	12
Current Liabilities				Current Assets			
Short term Borrowings	-	31	93	Inventories	59	244	264
Trade Payables	109	415	395	Trade Receivables	68	291	271
Other Current Liabilities	15	14	23	Cash & Bank Balances	162	66	126
Other Financial Liabilities	1	12	39	Short-term loans & advances	-	-	-
Provisions	1	2	2	Other Financial Assets	10	45	42
Deferred tax liabilities (Net)	-	-	2				
Current Income Tax	1	14	28	Other Current Assets	27	70	114
GRAND TOTAL - EQUITIES & LIABILITIES	502	1,175	1,451	GRAND TOTAL – ASSETS	502	1,175	1,451

*As per IND-AS

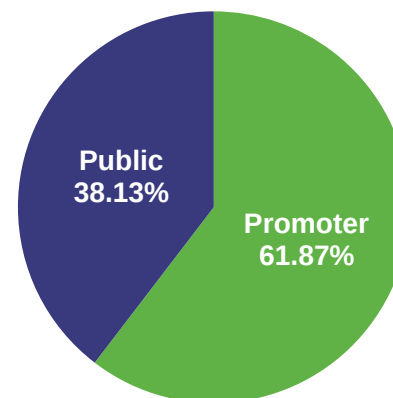
Share Price Performance (As on 30th September, 2018)



Market Data (INR) (As on 30th September, 2018)

Face Value	10.0
CMP	325.15
52 Week H/L	499.95/252.8
MCAP (Mn)	4,387.10
Shares O/S (Mn)	13.4
1 Yr Avg. Vol. ('000)	2.22
1 Yr Avg. T/O (Mn)	6.37

Shareholding Pattern (As on 30th September, 2018)



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The image features a central white rectangular area containing the text "THANK YOU". This central area is flanked by two vertical bands of decorative stripes. The left band consists of numerous thin, vertical stripes in various shades of green and teal. The right band consists of numerous thin, vertical stripes in various shades of blue, purple, and orange. The entire composition is set against a light gray background.

THANK YOU