HINDUSTAN FOODS LIMITED

IN TIME'S SHADOW LIES OPPORTUNITY

HINDUSTAN FOODS LIMITED

36th ANNUAL REPORT

2020-21

The cover shows Kairos, the youngest son of the God Zeus who is also the Greek God of opportunity, luck and favourable moments. Kairos is young & beautiful and standing on tiptoe, running, with wings even on his heels. He holds a pair of scales, balanced on a sharp edge, ready to run after, and catch, the opportunity before it disappears.

We selected Kairos as the graphic on the cover this year for a simple reason. At Hindustan Foods Limited (HFL), we believe this is our Kairos year – a period where we seized multiple opportunities that came our way. The hourglass placed on the back cover further emphasises the essence of seizing on the opportunity and striking it at the right time. For we know, it's about getting the timing right and that everything has its time.

ACROSS THE PAGES

Corporate Overview

Statutory Reports

Financial Statements

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

Investor Information

- Market Capitalisation : Rs. 4,472.58 cr as at March 31, 2021
- CIN : L15139MH1984PLC316003
- BSE Code : 519126
- NSE Symbol : HNDFDS
- Bloomberg Code : HFD:IN
- AGM Date : September 23, 2021
- AGM Day : Thursday
- AGM Mode : Video Conferencing **(VC)** and Other Audio Visual Means **(OAVM)**

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.

IN TIME'S SHADOW LIES OPPORTUNITY

*What is time? Is it just a unit of measurement (a minute/an hour/a day/an year) or is it something more? If Time is the same for all, what is **The Right Time**? When does time become the right moment when something happens...*

*The ancient Greeks had two Gods for time – brothers Chronos and Kairos. While Chronos refers to chronological time, Kairos stood for the opportune time for action. When Chronos suggested quantitative time, Kairos laid a thrust on qualitative time. Kairos is, thus, revered in Greek mythology as the mythical God of Opportunities. He is the personification of the **RIGHT TIME.***

*As shown in the cover, Kairos is a striking figure with a long lock of hair hanging down from his forehead, wings on either side of his legs, always standing on tiptoe, ready to fly with the wind. His looks stand out with a message. The hair on his forehead covers his face, not allowing people to recognise him easily. The message is loud and clear – no opportunity is easily recognisable, particularly when it comes in times of a chaos. In addition to the difficulty in recognising him, he is also fleet-footed with extra wings on his legs – denoting if you are unable to hold on to him, the **RIGHT TIME** is lost.*

The Kairos rhetoric perfectly fits us this year, as we identified and embraced the opportune 'KAIROS moment' in the veil of the chaos of the pandemic. And given our history in the Contract Manufacturing space, complimented by our experienced management team, we were nimble enough to grab the opportunities.

*It is Kairos who guided us to stay the course, grab the time and turn it to our favour, because we believe, **In Time's Shadow Lies Opportunity.***

EMBRACING OPPORTUNITY

Opportunity doesn't come knocking. One must prepare for it using strong foresightedness and recognise using sharp vision in the first place. And then must pursue it with undeterred determination before it passes away. The key here is being prepared and seizing when it comes our way, even if not entirely ready then. The year that went by was a testimony to how at Hindustan Foods Limited, our customer-centric business model and the excellent team kept us prepared. It helped us embrace every opportunity and made way for our success through hard work and resolve.

Last year was challenging in the retrospective of the pandemic. Despite the various lockdowns and other strict Government restrictions and regulations in different cities, we, at Hindustan Foods Limited, had an exceptional year. We clocked in healthy growth across our financial and operational metrics, posting our best-ever financial performance. With constant support from our Customers, a solid all-around working team, dedicated management and our decentralised manufacturing strategy, we have been able to welcome every opportunity that came our way with both our hands – making the most of it.

Numbers that Transpired from Opportunities

Rs. 1,389 cr
Total Revenue

Rs. 86 cr
EBITDA

Rs. 36.5 cr
PAT

Rs. 375 cr
CAPEX

Rs. 224 cr
Net Worth

EVOLVED WITH TIME

Recognised as India's most diversified and trusted Fast Moving Consumer Goods (FMCG) Contract Manufacturer for domestic and international brands, Hindustan Foods Limited ('HFL' or 'the Company' or 'we') is a pioneer in the FMCG industry. We offer a comprehensive range of products through assiduous and flexible business models suitable for businesses of any size and different product categories – making us the preferred choice. We are a one-stop shop for all Contract Manufacturing solutions with dedicated teams to meet the requirements of every Customer– whether it is an insurgent brand or a disruptor brand or even an established one. Set up in 1988, today, HFL is spread across India with 11 manufacturing facilities and a marquee clientele.

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

11
Sites

30+
Years of Experience

3 Mn+
Lives Touched Daily

2,400+*
Strong Team

*Direct & Indirect

SHAREHOLDING PATTERN

Promoters and Promoters' Group
62.62%

Alternate Investment Funds (AIF)
7.21%

Investors (FPI)
10.07%

Bodies Corporate
6.04%

Public
14.06%

JOURNEY THROUGH TIME

HOW WE GREW TO TAP THE OPPORTUNITIES

At HFL, we believe success is what we make of it. All these years, we have believed in seizing opportunities at the right time. We have relentlessly focussed on creating our path, acted on our goals to leave a trail without waiting for things to happen on their own. Over the last three decades, we have touched millions of lives, surpassing our expectations with every passing year. What started as a joint venture to manufacture and supply a single product from a single plant has now shaped into a gigantic group of diversified FMCG Contract Manufacturers. Let us witness our journey through the time below:

2016-17

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

2015-16

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

2013-14

- Sealed an agreement with Danone and PepsiCo to manufacture and supply food products from their Goa facility

2017-18

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

2018-19

- Commenced the merger of the detergent powder manufacturing Hyderabad unit into HFL (completed in 2019-20)
- Acquired a Mumbai-based shoe manufacturing unit
- Commenced production at the Coimbatore plant for blending and packaging tea, coffee and soups

2019-20

- Raised equity through the Convergent Group and the Sixth Sense Ventures
- 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 of liquid detergent at a manufacturing unit in Hyderabad
- Acquired Immovable and Movable properties at Silvassa Masat and Piparia from the Related Party
- Invested towards setting up Liquid Floor Cleaners and Toilet Cleaners manufacturing facilities at Silvassa
- Commenced merger of Malted Beverages packing unit in Coimbatore for GSKCH (now HUL) and ATC Beverages Private Ltd. into HFL

2020-21

- Established a disinfectant toilet cleaner plant and surface cleaner plant in Silvassa for Reckitt
- Commenced the project for manufacturing bath soaps and detergent bars in Hyderabad
- Set-up a wholly owned Subsidiary Company namely HFL Consumer Products Private Limited

2021-22

- Commenced work for the Greenfield F&B plant in Uttar Pradesh through its wholly owned Subsidiary Company

WE FOUND OPPORTUNITIES IN

HOME CARE

Fabric Care
- Liquid Detergents
- Detergent Powder
- Fabric Conditioners

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

Pest Control
- Coils
- Aerosols
- Liquid Vaporisers
- Mosquito Mats
- Activ Cards

PERSONAL CARE

Hair Care
- Shampoos, Hair Oils & Hair Foods
- Hair Gels & Hair Creams

Toiletries & Fragrances
- Talcs, Shaving Creams
- Hand Wash

Baby Care
- Creams, Shampoos & Lotions
- Hair Oils & Powders

Skin Care
- Body Lotions, Moisturisers & Creams
- Petroleum Jelly
- Shower Gels, Face Wash & Scrubs
- Body Scrubs & Wipes
- Dusting Powder

FOOD AND BEVERAGES

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

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

LEATHER SHOES, SPORTS SHOES AND ACCESSORIES
- Men's Footwears
- Women's Footwears
- Footwear for Juniors
- Uppers
- Accessories

Hot Beverages
Energising
2.5 Mn
tea/coffee lovers daily

Carbonated & Health Drinks
Refreshing
>1 Mn
families per day

Baby Food & Snacks
Delivering healthy baby food to
~67,000
infants daily

Home & Personal Care
Catering hygiene needs of
~10 Mn
people everyday

Pesticides
Protecting
~1,20,000
families daily from deadly insect-borne diseases

Leather Shoes & Sports Shoes
Delighting
~50,000
Customers across the world

OUR BUSINESS MODEL

HOW WE CREATE OPPORTUNITIES FOR OUR CUSTOMERS

DEDICATED MANUFACTURING

Exclusivity is the key. Right from finalising the location, design, and capacity, among other parameters, we customise our plans as per the requirements of our Principal Company. All the investments and expenses associated with the manufacturing are HFL's responsibility, enabling the Customer to focus their spending on factors likely to improve their business.

1 Unit = 1 Client + 1 or more Brand/s or Category/ies

SHARED MANUFACTURING

A single facility is shared by multiple companies, resulting in lower costs and lesser overhead expenses. The in-house dedicated manufacturing teams help maintain quality standards while controlling the batch sizes and adjusting lead times. Competitive products are also made in the same facility, with strong secrecy codes.

1 Unit = Multiple Clients + Multiple Brands/Products

PRIVATE LABEL MANUFACTURING

We own the product formula and provide complete turnkey private labelling solutions for our Customers. We offer customisable options at competitive pricing, owing to our extensive research and testing methods. Our skilled team of designers help conceptualise the products' unique brand identity.

Your Concept + Our Expertise

MANAGING DIRECTOR'S COMMUNIQUÉ

> OUR CONTINUOUS AND AGGRESSIVE APPROACH TO GRAB THE MARKET OPPORTUNITIES PRESENTED TO US IS A TESTAMENT TO THE STRENGTH OF THE BUSINESS MODEL, OUR COMPETENT AND PROFICIENT MANAGEMENT TEAM, AND OUR OPERATIONAL AND PRUDENT FINANCIAL SKILLS.

DEAR SHAREHOLDERS,

There are moments in life when we sit back, reflect on the time that went by and look within to understand ourselves better. Such times of contemplation often lead to critical self-analysis and discoveries of potential. For us at HFL, the year 2020-21 was one of introspection where we found opportunities in adversities.

The pandemic has proven (and unfortunately, continues) to be a tragedy of epic proportions, impacting humanity with lost lives and livelihoods. However, amidst all the tragic stories, there have been stories of heroism that have arisen from this adversity! Deservedly, a lot has been written and said about the entire frontline healthcare fraternity. But I would also like to pay gratitude to some of these unsung heroes.

The pandemic-induced lockdowns, announced worldwide, underlined the importance of factories' and supply chain management. From PPE kits to testing kits, basic staples to medicines, companies were forced to differentiate based on the manufacturing and distribution might. Companies who were able to handle the disruptions better were successful in getting their product to the Customer and meet the demand, sometimes at the expense of other brands, which was lost not due to the lack of demand but due to lack of supply!

The unsung heroes in this frontline were the workers who continued to produce the 'essential' products, the truck drivers who drove deserted roads with no food and water (since the 'dhaabas' were also locked down), the warehouse workers who unloaded the goods and then distributed the products to the retailers, the delivery boys who delivered the product to our homes while we hunkered down and sanitised even the deliveries.

Among these heroes, we found 'Kairos' – the thought around which this year's Annual Report is built. Let me elaborate
on why.

Last year helped us take all our business models – dedicated, shared and private label manufacturing – to the next level, where each model developed in some form of granularity.

The GST implementation and the advent of modern trade and e-commerce have led to the distribution network becoming more focussed, further creating demand for new factories. The pandemic catalysed this process due to the fragile supply chains. For instance, upon the announcement of lockdowns, many stores were running out of even basic staples. FMCG companies realised the vital need to have a more decentralised supply chain network and have manufacturing facilities closer to the market.

The supply chain disruption also affected companies importing the products for distribution or importing raw material for production in India. Besides, the increase in shipping costs owing to container shortages paralysed them. The entire FMCG industry was grappling with raw material procurement and sourcing issues, unavailability of skilled and competent human task force, and regulatory issues.

With differentiated and decentralised business models, providing end-to-end services, we provided an impetus to the sector. The relevance of our business models became even more pronounced. For instance, we could successfully switch between product categories at our shared facilities as and when required. Our fungible capacities enabled us to serve our Principals during the pandemic. It helped when they wanted us to switch and manufacture the then 'high-in-demand' basic hygiene-led products like hand washes, sanitisers and other cleaning products.

Besides, given the constraints in transportation caused due to the lockdowns, we were able to manufacture the same product from different locations and serve the relevant markets without our Customers having to transport goods across the country.

Our private labelling business model, though still in a very nascent stage for us, became extremely relevant for the hygiene-led products. With the increasing demands for these products, many retailers and digital e-commerce Clients wanted to launch new products in this space. We were able to offer products from our library and reduced the time to market, enabling these brands to launch products in the shortest time.

As the Customers relied more on e-commerce to deliver products at their doorsteps, the digitalisation of the FMCG delivery was accelerated. And, with that, the demand for decentralised manufacturing to manufacture a diverse set of products at one location or the same product at multiple locations became more prominent than ever. With this, our multiple business model strengths with nation-wide presence of our facilities, reinforced our decentralised manufacturing strategy during the pandemic.

This has helped create a stable foundation for our Company's strong future. One, where, with our sector-agnostic business model, provides us with the ability to

manufacture any FMCG product going ahead. Our geography-agnostic business model provided us with the ability to manufacture anywhere in India. Our Customer-agnostic model, which enabled us to hedge the lost sales that some of our Customers faced due to the troubles in their front end distribution models or their inability to quickly adapt to e-commerce for delivering their products.

Under all of these situations, we witnessed Kairos – the Greek God of Opportunity – at work. I firmly believe time is the same for everyone, but one's understanding of time separates the winners from the lesser initiated. Knowing the contrast between the 'time' and the 'right time', being prepared for the potential opportunity and not letting it pass, defines winners.

Our years-rich experience as a Contract Manufacturer helped us live up to the philosophy of Kairos. Even amid challenging times, identifying the right time empowered us to turn something in the offing into a growth opportunity. Over the years, our resilience and nimble-footed approach have established us as a market leader and the most preferred Contract Manufacturer in the FMCG space. The last year made us realise that Contract Manufacturing has come of age. From being viewed as a cottage industry, enabling tax arbitrage to becoming an 'essential service', we have come a long way.

Let us move to the year's crucial takeaways from the business standpoint. We recorded the best-ever financial scorecard in the Company's history in terms of revenue, EBITDA, and PAT, reflecting the right direction we are heading in. However, having missed our financial targets during 2019-20, I must express a cautious exuberance regarding the current year's performance. While we haven't been as severely affected as other sectors, we are still prudent regarding what may be in the offing and grooming ourselves to tap opportunities about to knock on our door.

Coming to absolute numbers, I'm happy to report the near doubling of gross revenues from Rs. 771.89 cr reported in 2019-20 to Rs. 1,386.34 cr in 2020-21.

HFL made quite a few breakthroughs in this past year. We clocked a record-breaking Y-o-Y EBITDA growth of 51% to touch Rs. 86.02 cr in 2020-21, a sharp rise from Rs. 57 cr in the previous year. While our EBITDA margins fell, they were in line to our focus on increasing the contribution of the dedicated factories.

We also recorded a healthy PAT growth touching Rs. 36.48 cr in 2020-21, as against Rs. 22.73 cr in 2019-20. Subsequently, the operational leverage benefit from ramping up the Coimbatore, Hyderabad and Silvassa facilities helped shore up the PBT and PAT margins. The year further witnessed robust operating cash flow, growing four-fold to reach Rs. 70+ cr – a result of stabilising of the operations at the newer factories and efficient working capital management.

Proper capital allocation is required to extract maximum value. We have invested close to Rs. 200 cr over the past couple of years and will invest more in the coming years. Despite having carried out CAPEX consistently, our Debt-to-Equity ratio stood at 0.97 as on March 31, 2021. On a strategic front, we may continue to use debt to fund our expansions, especially in this low-interest regime, while maintaining a prudent mix of debt and equity. We have seen our Credit Rating improving to IND A/Positive by India Ratings and Research on account of increased scale and profitability, strong executional track record, enhanced diversification, and guaranteed fixed costs recovery while maintaining a solid credit profile.

With such performances, our return ratios have also strengthened, showcasing effective capital utilisation while also strengthening shareholders' value.

These numbers in a year ravaged by the pandemic are a testament to our belief that **In Time's Shadow Lies Opportunity**.

However, there was a fair share of misses during the year as well. There was a delay in the execution of new projects due to lockdown restrictions in Lucknow, Silvassa and Hyderabad and the continued under-utilisation of the Vasai factory as well. Our jinx with the beverage foray continued. The entire summer season, during the last quarter of 2020-21, was impacted. We could not produce to our total capacity due to the low demand for beverages and reduced Out of Home consumption due to the pandemic.

With the merger of our Hyderabad facility a couple of years ago, we had started merging all the business of Vanity Case into HFL, keeping our minority shareholders' interests in mind. Currently, placed with NCLT, we are merging the Coimbatore facility and hoping to consolidate the entire Vanity Case business into Hindustan Foods to alleviate the issues and conflict of interests, if any. But the nCov restrictions slowed down the merger application process, which was filed in the second quarter of 2020-21.

While we remain confident about the demand revival and growth in the FMCG sector, one should be cautious. A Boston Consulting Group (BCG) Report claimed that the pandemic is likely to impact household consumption adversely. The overall consumption growth has been envisaged to have been pushed back by a couple of years, with the household expenditure pegged to reach Rs. 290-300 trillion by 2030, instead of the earlier projection of reaching the mark by 2028.

Moving on, I will forever remain indebted to our highly skilled crew of Argonauts, our employees, with expertise across the Contract Manufacturing spectrum. They are the brave ones who continue sailing through the stormy seas. We have ensured our teammates' good health and safety at every step, undertaking healthcare measures while following social distancing, hygiene, and all other protocols across our plants. In a humble way of recognising our employees' superhuman efforts, we ensured zero pay cuts and layoffs, even for the facilities where production was sub-optimal.

As responsible corporate, our constant endeavour is to create a sustainable business. We are committed to a fairer and more socially inclusive world. And so, we have been undertaking several measures to reduce our operations' environmental impact. Right from using solar energy to rainwater harvesting, replacing briquette boilers, and working alongside our Clients on environment-friendly product packaging, we are doing everything it takes to help conserve the planet.

WITH OUR HIGHLY DEDICATED TEAM MEMBERS, ALL THE PLANTS HAVE BEEN OPERATIONAL AND WERE RUN AT OPTIMUM UTILISATION LEVELS DURING THESE UNPRECEDENTED TIMES WITH MINIMAL DISRUPTION. WE FOLLOWED SOCIAL DISTANCING, HYGIENE, AND ALL THE GOVERNMENT PROTOCOLS ACROSS ALL OUR PLANT LOCATIONS.

Let me take a moment to express grief about the demise of one of our most valued management team members. Our GM, Quality Assurance & R&D, Mr. Suryakant Mishra, recently left us for heavenly abode. My heartfelt condolences to his family. He will be genuinely missed.

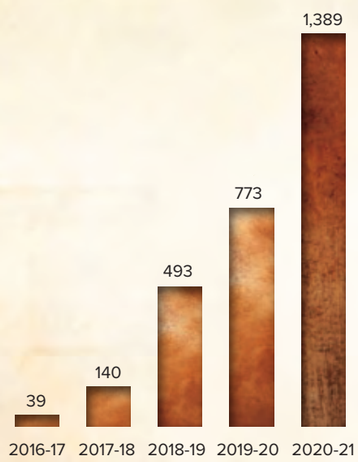
I want to conclude by saying that this year has been a catalyst for the various shifts in the FMCG manufacturing space which we have been talking about – decentralisation, larger facilities closer to the market, flexible facilities with the ability to manufacture multiple products, shared facilities to cater to the smaller brands and meeting short term demand spikes. As pioneers in this space, we are well placed and likely to benefit from this evolving landscape. We are optimistic about achieving our goal of Rs. 2,000 cr of turnover by 2021-22 and are excited about maintaining this pace of growth. I feel immense gratitude for the people who tirelessly work to ensure that we continue serving the nation even in difficult times. I would also like to thank you, our shareholders, for your unceasing trust, support and confidence in HFL You have helped us through EVERY TIME.

Regards,

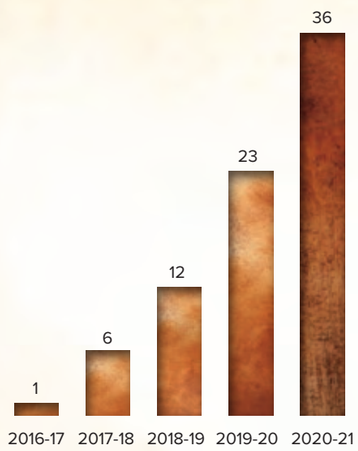
Sameer R Kothari

FINANCIAL HIGHLIGHTS

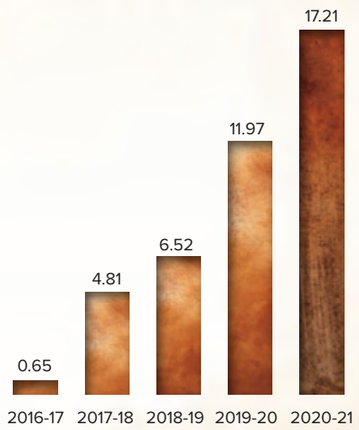
Total Revenue# (Rs. cr)



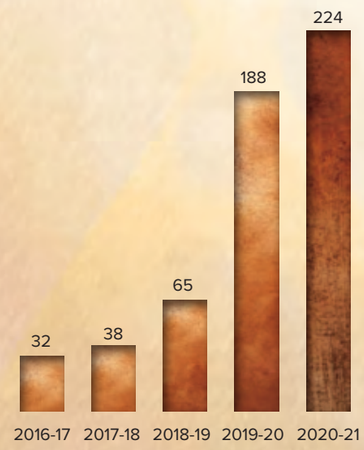
PAT* (Rs. cr)



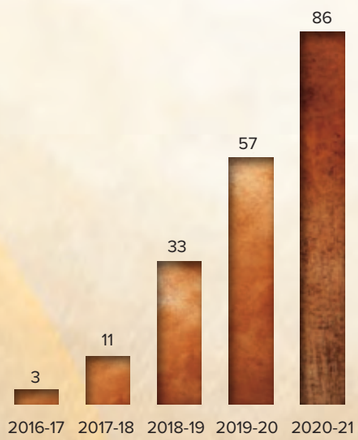
EPS (Rs.)



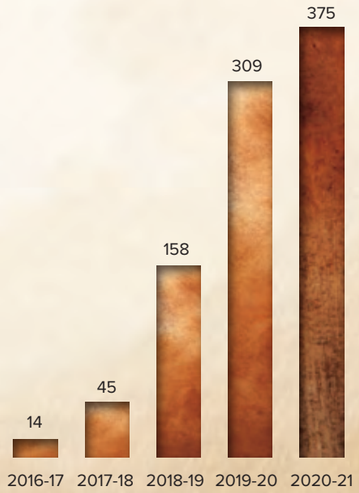
Net Worth (Rs. cr)



EBITA (Rs. cr)



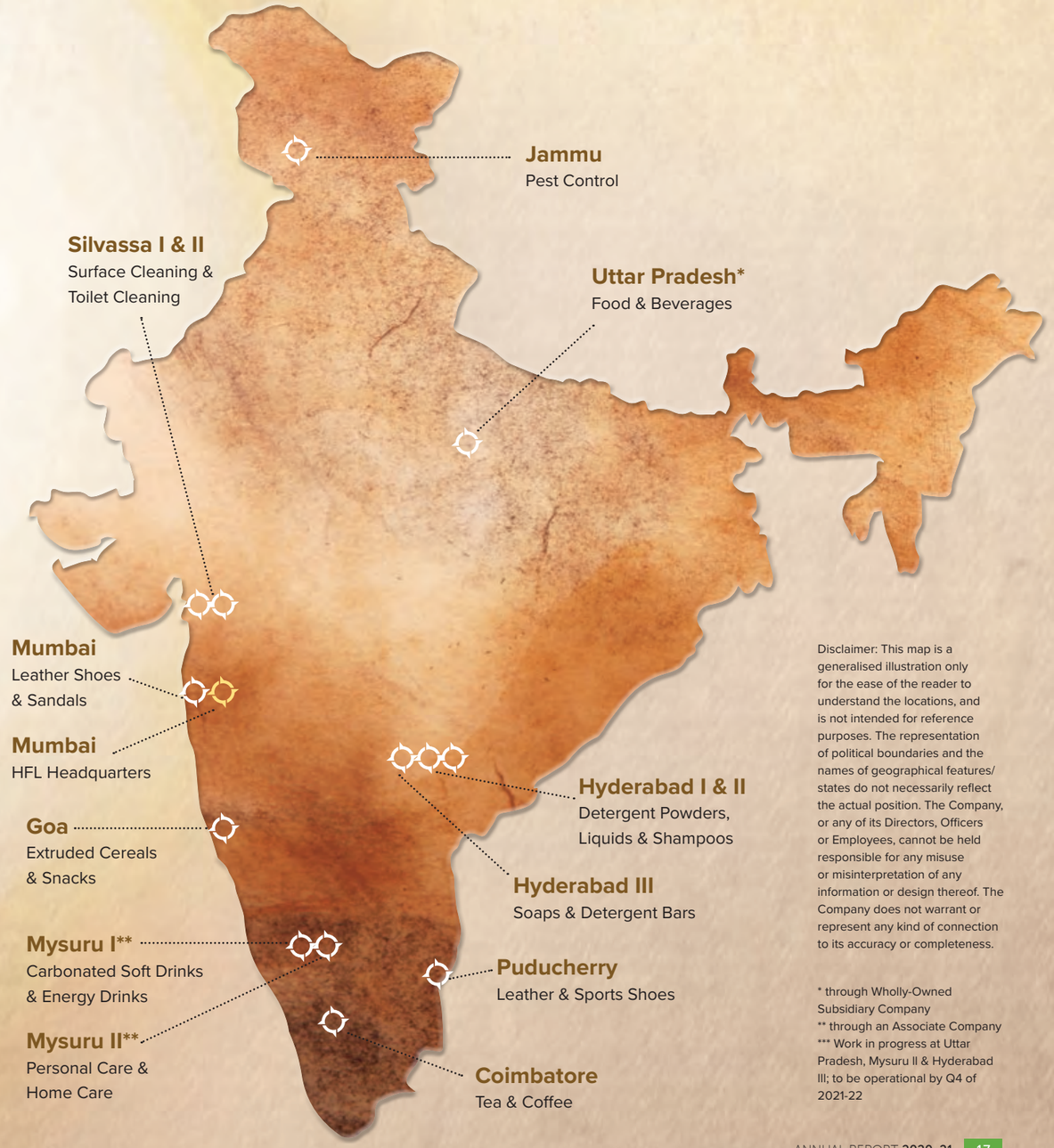
Capex (Rs. cr)



Includes Other Income

* PAT includes excess provision of tax to the tune of Rs. 3.86 cr in 2019-20, which has been reversed in 2020-21 after filing tax returns.

GEOGRAPHICAL PRESENCE



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

* through Wholly-Owned Subsidiary Company
** through an Associate Company
*** Work in progress at Uttar Pradesh, Mysuru II & Hyderabad III; to be operational by Q4 of 2021-22

MANUFACTURING FACILITIES

At HFL, over the years, we have diversified across product categories, geographies, and Customers. Our state-of-the-art manufacturing and automated facilities enable us to successfully hedge against the concentration from single product/vertical/geography.

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 meters 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
- Utilised for manufacturing pest control products such as coil, aerosols and vaporisers

COIMBATORE

Capacity:

Tea: 700 Tons a week

Coffee: 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 tea, coffee and soup products
- Well planned high-speed single-track and multi-track packing line, completely automated end-to-end pneumatic material handling

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 tonnes of detergent powder is manufactured for national brands

HYDERABAD II

Capacity:

Liquids: 60,000 KL PA

Short Description:

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

SILVASSA I & II

Capacity:

Liquids: 20,000 KL PA

Short Description:

- Engaged in the manufacturing of Liquid Toilet Cleaner and Liquid Floor Cleaner for leading Home Care brands

PUDUCHERRY

Capacity:

Full Shoes Production: 0.5 Mn pairs

Shoes Uppers Production: 0.7 Mn pairs

Short Description:

- Acquired Ponds Exports Ltd., a subsidiary of Hindustan Unilever Ltd. in 2016-17
- 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

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

GOA

Capacity:

Extrusion: 6,000 Tons PA

Dry-Mix Blending: 1,000 Tons PA

Short Description:

- Spread across 52,625 square meters of area and plant located at Usgaon, Ponda
- Utilised for manufacturing food products such as 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

MYSURU

Capacity:

Beverages: 5.84 Mn Cs PA

Short Description:

- HFL acquired 44.5% stake in ATC Beverages Ltd.
- 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

TIME-TESTED COMPETENCIES

HOW WE LEVERAGE IT

At HFL, we believe in aggressive planning, promptness, and agility to scale the business while holding our ground. Our focus has always been directed towards excelling our Clients' expectations and growing exponentially year on year. Our strategies, put together with the help of our experienced management team, help us advance. It also helps us maintain our financial records to keep them clean and solid. The fruit of our labour and our well-tested strategies are our Customers, who are the backbone of our Company. We further drive growth backed by our core values of integrity, innovation and initiative – focussing on delivering value to our business partners.

Some of the core competencies that have helped us build our credibility are as follows:

COST-EFFECTIVENESS

Riding the back of proper allocation of costs through effective budgeting, optimum utilisation of resources and excellent project management skills, we have been able to implement our cost-effective strategy. Moreover, our ability to ensure robust capital allocation helps us expand on our growth opportunities while also creating value for our shareholders.

BASED ON UNWAVERING TRUST

Our potential to nurture and comfortably handle any business is the key to making us our Customers' preferred partner of choice. Better executers, on-time delivery, consistent product quality and constant improvement has helped us build credibility over time. These qualities have further assisted us in establishing long-standing relationships with our Customers based on unwavering trust.

VERSATILE, ADAPTABLE AND CUSTOMISABLE

We are the pioneers in the FMCG sector, well-known for diversified and versatile product and service offerings to our Customers. With the highly experienced and advanced team, backed by extensive years of experience, we are one of the preferred Contract Manufacturers for the Customers. Our fully integrated facilities, including processing, packaging, warehousing and logistic facilities, are our key growth facilitators. Moreover, our ability to handle a wide range of formulations, batch sizes, packaging formats, and flexible business models while offering other services sets us apart.

INNOVATION AS A FUNDAMENTAL

At HFL, we work together with our Customers and outsourcing partners to develop innovative products. With the help of our in-house experts and developers, we constantly strive to innovate and create new formulations for products packaging solutions. This helps strengthen our capability further to assist our customers with better and quicker solutions.

QUICKEST TO MARKET

We enjoy years of expertise and understanding of the industry. Our collaboration with reliable partners and operational excellence has helped us achieve a faster turnaround time. Thus, increasing our speed-to-market considerably. Additionally, this also helps us enhance the Clients' businesses while increasing their market value.

DIVERSIFICATION

Our integrated state-of-the-art manufacturing facilities, spread across different geographic locations, help us cater to the demands of diverse range of clients. Our differentiated and diversified model further enables us to open up newer revenue streams. This, in turn, aids to mitigate the risk arising from the focus on a certain product, or a segment.

PERFORMANCE BACKED BY ROBUST FINANCIALS

Our robust financials are a vindication of the team's effort in building a resilient business capable of performing even in the most adverse conditions. Furthermore, our strong balance sheet and cash flows have enabled us to deliver a stellar performance in both the topline and bottomline year on year.

OUR VALUE-ENABLERS

TIME AND AGAIN, WE HAVE BEEN WITH OUR CUSTOMERS

We provide one-stop solutions through our customisable and flexible business models. Our high operational excellence enables us to offer everything right from product development, testing, manufacturing, to distribution needs. It helps us create value for our Customers while efficiently catering to their needs and providing top-class solutions.

We are aware of the multiple challenges faced by a new manufacturer. There are several fronts to consider, right from the business being a capital-intensive affair to the quest of meeting the stringent environmental and quality compliances to ultimately managing labour, resources and logistics. All of these entail the right skills and effective management. Our capabilities to manage everything on these parameters for our Clients make us the most reliable outsourcing partner for them. Given below are various reasons elaborating what sets us apart and what makes us the preferred partner of choice for our Clients/ Principals:

COST-EFFECTIVE AND ECONOMICAL OPERATING MODEL

At HFL, our prime strategy is to carry the burden of the operational complexities and costs of capital-intensive equipment on our Clients' behalf. The idea is to offer them an asset-light operating model suitable for their businesses. Our focus is to make it easier for our Customers to focus on their core business skills, while we bear the responsibilities of providing crucial resources through efficient allocation and management. It further safeguards our Customers from running into unexpected expenditures, while helping them avoid overhead costs.

The facilities, technologies, and expertise, enable us to handle tasks on behalf of our Customers. Leveraging on our large manufacturing capacities and capabilities, they can save on their CAPEX and related costs, thereby bringing in economies of scale.

AN ASSURANCE OF QUALITY AND CONSISTENCY

At HFL, we have processes that ensure high quality standards at every stage. Through regular review of processes, we make quality maintenance an assurance.

This practice helps us win the trust of the Customers and aids in longer-term contracts. We consistently carry our stringent internal quality checks, while complying with several external standards. We have received several certifications and recognitions in this regard.

ALL UNDER THE SAME ROOF

We offer an entire gamut of offerings ranging from product development to testing to manufacturing, including distribution. Our offerings are more like a one-stop solution to cater all the Customers' needs, under one roof. Backed by our capacities and capabilities, years of experience, and in-depth knowledge, we offer all solutions, helping our Customers meet their objectives while saving time and cost.

CUSTOMER AT THE HEART OF EVERYTHING

With decades-rich experience in the Contract Manufacturing space, we offer tailor-made solutions to our Customers – the cornerstone for all our business activities. All our facilities, layouts, design, machinery and processes are designed and finalised keeping the Customers' requirements in mind.
Our business model, the nature of our work and strategy requires us to consistently maintain product quality. It demands continuous improvement, cost consciousness and faster delivery to meet Customers' needs on time. Thereby, building relationships and retaining Customers for the long term.

LICENSING AND EXPORT-IMPORT

A dedicated team works on the export and import of products, ensuring that the required quality, rules and guidelines are followed. The team with their in-depth knowledge and years of experience on licensing, helps add value to our offerings. It helps ensuring a smooth and hassle-free experience for the Customers.

TIMELY RESPONSE AS A RESPONSIBILITY

Just when the world was recovering from the first wave of nCov, the second wave hit us again. The new financial year started on a tumultuous note with shutdowns and lockdowns across economies. Subsequently, with improved mobility and renewed hopes on vaccine roll-outs, there was a certain boost in the overall business sentiments.

At HFL, after braving the first wave diligently, we were aware of the complexities that could arise and were well-prepared in advance. This helped us sail through the different phases of localised lockdowns during the second wave. We selectively diverted our production where and when it was most needed. Our factories having delivered record production numbers, ensured high service levels to the Customers. We ramped up the production in line to cater the ever-growing demand for the foods, health and hygiene products. This way, we indirectly helped cater to the demand/public needs while also doing our bit for the nation in such stressful times. We could only achieve this feat because of our dedicated, passionate and hard-working team. They worked relentlessly all year and round the clock, despite the pandemic and we sincerely appreciate their determination.

ENSURING CONTINUITY

At HFL, Customers and Employees being our priority, we undertook the following measures to ensure the continuity of the business.

FOR OUR CUSTOMERS

Constant support from the suppliers

The multiple waves of nCov have left supply chain crippled, leaving economies in shock and awe. Our strong relationships with these suppliers enabled us to serve our Clients uninterrupted.

Well-planned and efficient logistics and supply chain management

Dealing majorly in the essential goods category, we were among the first few to resume our Clients' supplies. Our effective logistics and supply chain management enabled us to ensure timely and effective delivery to them.

Effective production of essentials

Essentials are the need of the hour, especially during these difficult times that we are reeling under. Our focus was on ensuring that we cater to all the Clients' needs to the best of our capabilities. However, higher emphasis was placed towards the commencement of the 'Essential' product categories' production first, while gradually starting production on the rest. Overall, with the easing up of lockdowns, all our facilities resumed normalcy.

FOR OUR ENTITY

Care for employees

Our team's health and safety has always been the foremost priority for us while meeting all the Client requirements. Necessary preventive measures such as thermal temperature scanning and sanitisation are diligently exercised at all our facilities. Thereby, keeping a regular check on the health of our employees. We strictly followed all protocols and exercised the norms and regulations set by the Government across all our facilities. This way, we ensured social distancing and hygiene-related guidelines for safe functioning. Additionally, we continued our entire team's daily wages and salaries even at times when we were operating at partial capacities.

Maintaining consistent utilisation levels

Despite such challenging times, we ensured all our facilities were operational. We made sure that our facilities kept running at optimum levels of utilisation with minimal disruptions.

Strengthened trust

With the quick resumption of production, we could serve our Clients' needs promptly – an ability which our clients highly appreciated. This, in turn, helped us strengthen the trust that our Customers/Clients held for us as a Company.

GREATER CARE FOR THE GREATER GOOD

ENVIRONMENT, SOCIAL AND GOVERNANCE

ENVIRONMENT

As an aware corporate citizen, we are committed to promoting the efficient use of resources like energy, water, packaging and production materials. We understand our role and responsibility regarding the scarcity of natural resources and the environmental impact resulting from the utilisation and application of such resources. We have undertaken the following initiatives towards building a sustainable future together.

- Solar power plants installed in the new factories
- Overhead and rainwater harvesting
- Briquette boilers installed to replace the traditional coal-fired ones
- Smart lighting and air-conditioning, digital payments and signatures, minimal paper usage
- Working with our Customers on environment-friendly and minimal product packaging
- Employing local labour at factories located in rural or semi-urban areas
- Mandatory cover of trees and plants, in and around the factory/plant at all the locations

SOCIAL

We see HFL as more than the name of a Company; as a metaphor for things that enhance societal value. The result is a positive rub-off of our product integrity to a more significant corporate recall. HFL stands for enduring engagement with stakeholders, value-creation, community respect and responsible citizenship. As an organisation, we believe every stakeholder is imperative, and we have always created value for all of them. In the process, we are taking all the precautionary steps for all the concerns that our stakeholders might have. As a Company, we take full responsibility towards our employees and communities. Below mentioned points inscribe how we take care of our employees and communities:

Employees

During these tough times, the tremendous efforts of our people across our sites, enabled us to continue working safely. Whether it was on factory sites, in the market, in our research & development labs, or from a home office, we quickly scaled up new ways of working – rethinking and reshaping our business.

We worked with speed and agility to respond to unexpected events this year. HFL continued nurturing a culture where our people can thrive. We consciously and actively have been preparing our people for the future of work.

Communities

As a responsible corporate entity, we are committed to uplifting and developing the local communities we closely work with. We leverage our resources, experience, and geographic spread to undertake initiatives with lasting results, benefiting the communities. Our goal is to address social, environmental, and ethical aspects responsibly. This helps us coexist sustainably and in harmony with the environment and communities. When we give back to the society, it makes our existence fulfilling. Every year, a part of our profit is spent on these initiatives to deliver better lives to the people who surround us and create a lasting impact.

Our activities entail:

- Ensuring health, hygiene and education of girl child, in select pockets
- Making better education available for the same children in nearby Government schools
- Building and renovating classrooms and toilets of Government schools
- Contributing towards laptops, books, uniforms, desks, sports kits, hygienic drinking water, streetlights and others

In addition, we also:

- Renewed campaign to promote preventive healthcare via distribution of PPE kits, masks and hand sanitisers to the localities around us
- Supported homeless women through requisite activities

GOVERNANCE

At HFL, we manage the Company's affairs fairly and transparently. We are committed to healthy corporate governance practices that strengthen and maintain the confidence in the Company. Thereby, contributing to optimal long-term value creation for shareholders and other stakeholders. The key pillars of our Company are integrity, adequate risk management, transparency and accountability. And we abide by all of these under every circumstance.

OUR LEADERS

Shrinivas V Dempo
Chairman (Non-Executive)

Sameer R Kothari
Managing Director

Ganesh T Argekar
Executive Director

Neeraj Chandra
Independent Director

Harsha Raghavan
Non-Executive Director

Nikhil K Vora
Non-Executive Director

Shashi Kalathil
Independent Director

Honey Vazirani
Independent Woman Director

Sarvjit Singh Bedi
Non-Executive Director

Sandeep Mehta
Independent Director

OUR KEY MANAGEMENT TEAM

Mayank Samdani
Group CFO

Chartered Accountant with 18 years of experience and expertise in the areas of Finance, Accounts, Audit, Legal and Compliance

Previous experience: Future Group & Ashok Piramal Group

Ravinder Rathi
GM, Operations (North)

An Operations and Manufacturing professional with expertise in Developing New Set-Ups and Restructuring Operations for the last 22 years

Previous experience: ITC Limited & Moser Baer

Govind Singh Rawat
GM, Operations (South)

A Mechanical Engineer with 30 years of experience in Operations, Projects and Strategic Planning

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

Prasad Kali
GM, Projects

A Chemical Engineer with 23 years' experience in Manufacturing Operations, Maintenance, Business Strategy, Project Execution, Erection, Commissioning Safety, Quality WCM/TPM

Previous experience: Hindustan Unilever Limited

Ashish Vyawahare
AGM, Projects

A B. Tech in Food Technology with 23 years' experience in Project Management, Supply Chain, RD, QA and 3P Management across FB domain in India and abroad

Previous experience: Hindustan Unilever Limited

K Shivaram Prasad
AGM, Projects

An Electrical Engineer (Energy) from IIT-Kharagpur with 25 years' experience in Plant Operations, Maintenance, Project Management, Training and Development

Previous experience: AB in Beverages, Modelez, Dabur & Maruti

Rajiv Bahadur
President, Leather Business

A Footwear Specialist with 32 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

Ashwini Agrawal
GM, Operations (West)

A Mechanical Engineer and MBA in Finance with 28 years of experience in leading industries

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

Nalini Kalra
GM, Private Labels

Graduate in Political Science with 21 years' experience in Personal Care

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

Robin D'Souza
GM, Business Development & Customer Service

A Commerce Graduate with 25 years of experience in New Product and Packaging Development, Business Development in Contract Manufacturing and Private Labels

Vimal Solanki
Head, Emerging Business & Corporate Communications

A Management Graduate with 28 years' 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

Company Secretary

Mr Bankim Purohit

Chief Financial Officer

Mr Mayank Samdani

CIN No.

L15139MH1984PLC316003

Registered Office

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

Works

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

  *Associate Company plant
- **Silvassa I**
  Survey no. 452/3, Village Masat, Masat,
  Silvassa 396 230, Dadra & Nagar Haveli
- **Silvassa II**
  Unit no. 2, Plot nos. 110 & 111,
  Piparia Industrial Estate, Piparia,
  Silvassa 396 230, Dadra & Nagar Haveli

Statutory Auditors

MSKA & Associates

Registrar & Share Transfer Agents

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

Bankers

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

Website

www.hindustanfoodslimited.com

Investor Grievance Email Address

investorrelations@thevanitycase.com

STATUTORY REPORTS

FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Landscape

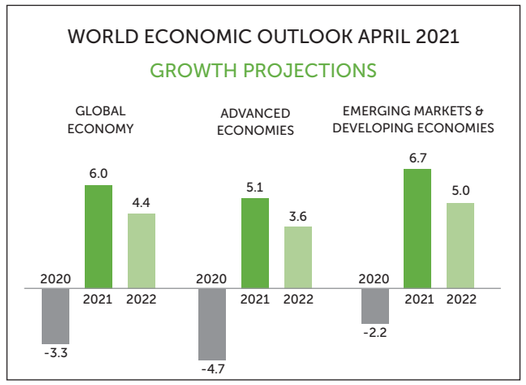
GLOBAL

The global economy has undergone a major change in the past few years. Trade wars between the US and China, growing nationalism and some major reforms across different geographies have influenced the growth prospects of global economy. In this context, 2020 became one of those years, which witnessed accelerated changes in the consumer behaviour across sectors, catalysed by the nCov global pandemic.

The health crisis significantly disrupted supply chains, leaving strategists to address issues, including drops and surges in demand & supply, inventory management & placement challenges and other operational problems. The major manufacturers around the world, had to face supply chain disruptions. This forced them to strategise and develop another manufacturing base out of China which has been echoed through the adoption of the China+1 strategy. These disruptions also paved way for faster adoption of digitised systems to cater the increasing share of e-commerce. While influencing most of the trends, nCov also made Governments realise the need to remain self-sufficient, especially w.r.t. to staples and pharma.

The nCov also induced several other macroeconomic changes including, increase in global unemployment rates, climate change, advent of technology to replace manual interventions and job automations. Additionally, it also instrumented the rise of digital currencies, lower returns on the savings, and rising inequality and debt, among many others. Collectively, all these changes will dictate and shape global growth for the years to come. Besides, certain economic and political activities such as Regional Comprehensive Economic Partnership (RCEP) signed by the 10 ASEAN countries, UK securing its first post-Brexit Free Trade Agreement (FTA) and a change in the US leadership, were among other marquee events that took place for the better.

After witnessing a slump in Q1 of 2020, the global manufacturing landscape moved back into the expansionary territory in July 2020 with the gradual revival of output and new orders. The global landscape was also punctuated by liberal monetary regimes unleashed by central banks led by the US, with other major economies adopting an accommodative monetary policy. This resulted in the most short-lived depression in the history of the world, culminating in an uptake in economic activity. The recovery across different economies has been on different scales since then, with advanced economies doing better than developing ones. By the year end, the second nCov wave in several regions, particularly Europe, led to partial lockdowns or countries slowing down their resumptions. In line with this trend, the IMF expects the world Gross Domestic Product (GDP) to decelerate by 3.3% in 2020 from a 2.8% rise in 2019.



(Source: https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021)

Outlook

The pandemic is far from over. The progress of overcoming this crisis is uneven, despite new vaccine rollouts being a constant feature across different countries. Mass inoculation drives, pent-up demands, increased private and public investments are largely expected to drive the consumption of goods and services, going forward. Moreover, sectors which were hardest hit from the social distancing restrictions are expected to show some rebound. Once the pandemic settles down, there are several theories that indicate 'revenge spending' to emerge – a term which is used to indicate the theory of self-indulgence and mass consumerism splurging, which generally follows a major catastrophic event. This term was first used to indicate the splurge in 1920s which happened post the conclusion of the First World War and the Spanish Flu pandemic. This kind of spending could well lead to a roaring decade in 2020s as well, with people likely to indulge in revenge spending, having been virtually 'locked down' in their homes, boosting hard-hit industries like the FMCG segment in the past decade.

The IMF expects the world GDP to grow by 6% in 2021 – stronger than October 2020 estimates. This revision reflects the additional fiscal support from large economies and

respective favourable policy measures. Besides, commodity prices clearly demonstrate widespread expectations for a global rebound. Furthermore, the other significant indicators, favouring economic activities, include interest rate increases and the surge in shipping using waterways around the world. However, a cautious approach towards new mutants, new lockdowns and logistical issues must be considered as these have the potential to ruin the favourable outlook. A lot will be required to be done till the pandemic actually recedes.

INDIAN

Between 2012-13 and 2015-16, India grew primarily riding the back of consumption. The period between 2014 and 2017, witnessed growth on account of improving industrial activities, lower crude oil prices, and supportive policies. Thereafter, demonetisation and rollout of the GST slackened growth to some extent, dwindling private investments.

The Indian economy was already in the deceleration phase, even prior to the nCov pandemic. The Reserve Bank of India (RBI), as a mitigating measure, has been cutting rates at different intervals for the past two years, while maintaining an accommodative stance. Despite the Government of India's fiscal stimulus packages for the economy to sail through the pandemic, in Q1 of 2020-21, the economic activities took the biggest dent. This setback was mainly led by construction, manufacturing (related to discretionary consumption and exports) and transport industry, as activities in these sectors came to a screeching halt. By the end of Q2 of 2020 -21, some of the economic indicators like exports, Purchasing Managers' Index for manufacturing, power consumption, and GST collections, signalled an improvement in economic conditions. This recovery was largely a result of pent-up demand. In the midst of all this, the nCov curve started to flatten with recovery rates surpassing new cases. In Q3 of 2020-21, festival-driven consumption remained a key factor in dragging the country out of a technical recession. The pace of recovery moderated in the Q4 of 2020-21 with estimated year-on-year growth remaining close to zero. The wholesale price index increased to 7.39% in March on a year-on-year basis, the highest since October 2012. On the other hand, the cumulative CPI inflation increased to 6.16% in 2020-21 compared to 4.77% in 2019-20. This clearly suggested the rise in the prices across the economy, right from commodities, transport and communication, to goods and services, among others *(Source: https://www.business-standard.com/article/news-cm/cpi-inflation-rises-to-5-52-in-march-2021-121041201279_1.html)*. By the end of March 2021, the second wave of nCov infections induced a bigger scar while further heightening the possibility of additional business disruptions.

Outlook

According to the RBI, the GDP growth for 2021-22 is estimated at 9.5% *(Source: https://www.newindianexpress.com/business/2021/jun/04/indias-dreams-of-being-a-developed-economy-set-back-by-an-unknown-number-of-years-say-experts-2311686.html)*. However, any surge in infections during this period, would further prevent economic activities from returning to normalcy, leading to delay. On the flipside, the ongoing inoculation drive and social distancing will play a vital role in country's short-term economic recovery. Besides, a 34.5% increase in the overall capital expenditure to Rs. 5.54 lakhs cr in the recent Union Budget, Production Linked Scheme (PLI), launch of the Aatmanirbhar Bharat Abhiyan, ongoing Make in India programme, tariff on imported items, farm subsidies and various schemes for consumers augurs well for the country's economy in medium to long term as well *(Source: https://www.hindustantimes.com/budget/capital-expenditure-hiked-34-5-to-rs-5-54-lakh-cr-in-fy-22-to-push-growth-101612161404320.html)*.

FMCG Sector

The Fast Moving Consumer Goods (FMCG) sector is the fourth largest in the Indian economy with a market size of USD 110 Bn in 2020 *(Source: http://www.businessworld.in/article/Impact-of-Budget-2021-on-the-FMCG-Sector-/17-02-2021-378615/)*. The companies within the sector responded well to the various challenges, especially, the nCov pandemic in H1 2020-21. Realigning the product portfolio and fast-tracking the adoption of digital medium for distribution were some of strategic priorities that helped the companies in this regard. The industry showed the highest volume and value growth in the Q3 2020-21 on the back of festive season buying (Source: A report published in The Economic Times in 2021). There was a continued growth momentum in the Q4 2020-21 due to out-of-home channels consumption.

Three Main FMCG Segment Constituents (%)

Food and Beverages	19
Healthcare	31
Household and Personal Care	50

(Source: https://www.ibef.org/industry/Fmcg-presentation#:~:text=Fast%20moving%20consumer%20goods%20(FMCG,for%20the%20remaining%2050%25%20share)

Outlook

As we entered 2021-22, the devastating second wave of nCov pandemic swept across the Indian subcontinent. This quickly escalated to a strong surge in demand for the health and hygiene products, including hand sanitisers, hand washes, disinfectant sprays and germ protection wipes, to name just a few. The previous fiscal demonstrated the FMCG industry's strong resilience backed by its ability to learn, innovate, and rise from disruptions. Here again, rural India is anticipated to play an incremental role in driving the next level of FMCG growth with an increased demand for branded products. Furthermore, the rural Indian FMCG market is expected to grow to USD 220 Bn by 2024-25 from USD 23.6 Bn in 2017-18. *(Source: https://www.ibef.org/industry/fmcg.aspx#:~:text=There%20is%20an%20increased%20demand,US%24%2023.6%20billion%20in%20FY18).*

GROWTH DRIVERS FOR THE FMCG SECTOR

During 2020-21, the pandemic added many complexities for the FMCG space. But even then, all was not gloomy as the sector witnessed several positive developments, which is expected to drive companies to expand to meet the future demands. Such expansion can only be attained by opting for the Contract Manufacturing route over in-house manufacturing.

Overall, with the growing nationalistic fervour through the *Aatmanirbhar Bharat* (self-reliant India) campaign, the PLI scheme, China + 1 strategy, growing digitisation of the supply chain, led by the increasing share of e-commerce sales, the FMCG space and its derivative, the Contract Manufacturing space is likely to witness growth, going forward.

Emerging Trends

Change in lifestyle, traditional culture, and the increasing population in urban areas are the primary growth drivers for the FMCG sector. With the emerging trends, people are becoming more aware of their lifestyle choices and are diverging towards premium products leading to an upsurge in demand for FMCG products. Besides, another emerging trend is the demand for FMCG across the rural landscape on the back of aggressive implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), development of rural infrastructure and healthcare facilities. These measures are likely to provide employment opportunities and generate non-farm income. Again, different sources of income could lead to a healthier demand for the FMCG products. To meet such demand, FMCG companies would have to expand capacities by incurring Capex rather quickly. Thus, making companies opt for Contract Manufacturers.

Growing Discretionary FMCG Consumption

Despite the pandemic, FMCG industry remains one of the spaces with constant (if not increasing) demand. A lot of FMCG products were categorised as essentials when the nCov lockdowns began in India. However, the discretionary FMCG products such as Hair Oil and Fairness Cream lagged behind in terms of sales. But again, this demand is expected to pick up with massive inoculations happening in the country. This will further drive the discretionary FMCG consumption, benefiting FMCG companies and Contract Manufacturers associated along.

Modern Trade

Modern trade, which includes large players such as supermarket chains, hypermarkets, mini supermarkets and out-of-store channels, including e-commerce, are helping increase reach and accessibility of the fast-moving consumer goods. It has led to the emergence of higher number of FMCG companies as well as diverse market teams, leading to the growth of premium products. Furthermore, it has influenced consumers to make more repetitive purchases, leading to the growth in demand for these goods. This further has added scope for FMCG players to increase their production volumes and touchpoints. Meeting the rapid rise in demand through greenfield or brownfield expansion can be time consuming and capital intensive. Therefore, making Contract Manufacturing as the most-suitable option here.

India at Advantage

Raw materials, manufacturing skills, and entrepreneurship are the key advantages for India. The natural resources pool and low-cost labour are a boon to the makers of essential products. The different potential market opportunities such as export growth, import localisation, domestic demand, and Contract Manufacturing give India a new level of competitiveness and scale. Moreover, Government initiatives such as 100% FDI in cash-and-carry segment and in single-brand retail and 51% FDI in multi-brand retail and new Consumer Protection Bill and Make in India strike the perfect chord with the boost in the export of FMCG products.

Production-Linked Incentive Scheme

The Government has approved a Production-Linked Incentive (PLI) Scheme under the Make in India programme, for the food processing sector, entailing an outlay of Rs. 10,900 cr *(Source: https://www.hindustantimes.com/india-news/centre-approves-rs-10-900-crore-pli-scheme-for-food-processing-sector-101617184114670.html).* The incentive will enable food processing FMCG players to invest capital towards getting their products contract manufactured. Further, this will allow them to move up the supply chain from domestic to global.

Other Factors

Lower input costs, improved ease of doing business through 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 uplifting their productivity, secure know-how and technology, and gaining access to capital. On the other hand, the Covid-19 pandemic has exposed India's fragility and the world's supply chains. It has also led global companies around the globe, pivot their game by setting up more locations, lessening their dependence on fewer geographies, establishing more manufacturing units, and automating processes. In order to cater a larger set of population, as elaborated above, these companies will not be able to do it all by themselves and that presents opportunities for Contract Manufacturers. The Contract Manufacturers will help lower the overall cost of produce, reduce time to market, help deliver the products in right time, and support across the entire value chain.

And hence, large Contract Manufacturers will have an edge with:

- Excellent Project Management and execution skills
- Quicker turnaround time and delivery of quality products
- Ability to drive economies of scale
- Strong portfolio of brands and flexible business model approach, having a one-stop shop for all the needs
- Adherence to international quality standards
- Capacity to timely deliver and decentralised model with facilities at various locations
- Strong research and development abilities to develop new products or product lines

FMCG Contract Manufacturing

Between 1950 and 1980, there was a limited investment in the FMCG sector. Back then, people mostly opted for basic products rather than premium ones. This preference was due to unfavourable demographics like large rural populace, lack of proper education, low disposable incomes, and non-awareness about the products. As a result, the sector did experience low growth, leading to existence of only a few FMCG companies who eventually evolved as true market players.

Between 1980 and 1990, a shift in consumer behaviour and wants led to rising demand for a variety of products – encouraging FMCG companies to improve products' availability. During this period, many food processing companies launched new products. However, post 1991, with globalisation and liberalisation gradually taking the lead, some FMCG MNCs started looking at India with great interest to benefit from the nation's varied demographic offerings. Since then, India has shown great prospects.

Cut to present, and the industry is home to various players of different scales, which have resulted in increasing competition. With this, even FMCG Contract Manufacturing started gaining popularity to meet the unique requirements of the players. It provided benefits for both, small and large businesses. On one hand, it offered incentives for the smaller businesses to take their products to the next level. And on the other, it helped relatively larger businesses to improve their overall operational efficiencies. Some of the benefits that Contract Manufacturing offered range from controlling costs, managing labour, controlling quality, meeting regulatory requirements, reducing pricing pressures to even accelerating time to market, among others. With these benefits looming, a growing number of FMCG companies started turning to Contract Manufacturers, allowing them to focus on their core business activities. 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.

Just like FMCG industry, the Contract Manufacturing industry has evolved multi-fold over the years:

Phase I (The 1980s)	Phase II (The 2000s)	Phase III (Present Times)	Phase IV (The Future)
• Small Scale Industry (SSI) Reservations • Tax Exemptions for SSIs	• Area-based Reservations ➢ Direct Tax Exemption ➢ Indirect Tax Exemption	• GST • One Country - One market • Changes in Distribution Network • E-commerce and Modern Trade leading to Explosion of Small Brands, wanting to Refrain from Manufacturing Facilities' Investment	• Global Sourcing Hub like Pharma Generics • Most product categories in India are duopolies or oligopolies unlike in the US/Europe which have several brands under each category

FAVOURABLE OPPORTUNITIES FOR CONTRACT MANUFACTURERS

Higher Flexibility

FMCG Contract Manufacturers completely adhere to setting up of plants, ensure effective allocation of resources, logistic and supply chain management, and also address regulatory challenges, among others. All these services ascertain us to dedicatedly focus on business activities such as marketing, developing ground-breaking products and freeing up employees to create more innovative prototypes. There are also some Contract Manufacturing companies offering end-to-end services – like project executions, vendor developments, R&D and QA, and product & packaging development, among others. This opportunity bodes well for Contract Manufactures like us. With three different types of business models, that work for different clients providing on-demand solutions as well as higher flexibility. We can cater to seasonal requirements and unexpected demand overflows with our well-equipped state-of-the-art manufacturing facilities as well as processing, packaging, warehousing and logistic facilities – all under one roof.

Better Technical Insights

Experienced Contract Manufacturers provide businesses with deeper technical insights, right from product development to packaging. This, because they can identify potential risks and flaws within the process at the early stages. This ability can help prevent serious errors in manufacturing that could cost businesses in the long run. Decades of expertise, supported by the skilled management team and backed by the experts in technical analysis of the market and the products, at HFL, we have a winning edge. We are renowned for constant innovation and expertise in product packaging and developing new products. Any new products with an immediate or short-term window have been comfortably handled and nurtured by the team, the key reason behind the long-term relationships with the customers.

Manufacturers' Inclination Towards Best Standards

In India, a growing number of Contract Manufacturers are adopting the best industry practices which are on a par with international standards. These practices can enable a company to meet the requirements of clients, globally, in terms of quality standards, product specifications, and timelines. Therefore, asserting a sense of high credibility amongst foreign stakeholders to outsource their products to India. We have to our credit, been bestowed with the various certifications for its strict quality control processes and complying with several external standards. All the processes are reviewed regularly ensuring quality maintenance. We have been known for our commitment to the quality systems and the focus on continuous improvements.

Skilled Labour

The availability of Indian skilled labour at relatively lower cost provides a significant advantage for global FMCG companies to outsource from India. Instead of setting up an entire plant in India, companies can select Contract Manufacturers who can help ensure right labour sourcing and efficient management along with other aspects. The Indian Government has launched various skill development programmes under the umbrella of the National Skill Development Programme (NDMC). Through this, the Government aims at expediting decision-making across sectors and states to achieve skilling at scale with speed and standards. This augurs well for the Contract Manufacturing landscape in India. Skilled labourers are the backbone of HFL. We have always striven to upskill our labour, by providing them necessary training from time to time.

Resource Availability

India, with its rich agricultural commodity and chemical resources, can abundantly provide for the prime ingredients of FMCG products. Sourcing these raw materials locally can help save time and manufacturing cost appreciably. Our ability to procure resources at reasonable prices locally, puts us in good stead. We also have the relevant supplier agreements in place.

Scalability

Various factors like rising costs, regulatory pressures and aging manufacturing facilities in developed markets can lead global FMCG companies to reduce their internal capacities in product formulation as well as production. In fact, by outsourcing FMCG production from India, the global companies can save up on operational costs while also reaching out to the country's mass consuming population. With flexible and refined business models available for the customers, we are well equipped to handle wide range of formulations, batch sizes and packaging foods and all kinds of products.

D2C Brands

D2C is a distinctive marketing strategy that uses public-facing brand experience, complete with direct-to-consumer online sales which allows manufacturers control and cultivate relationships with customers. Ever since 2016, over 600 D2C brands have been launched in India. The rise of convenience, growing social networks and connected platforms as well as a switch to health & wellness-driven choices, is paving the way for D2C market in India to grow at a faster pace than expected. The asset-light operations adopted by D2C firms auger well for us, as a Contract Manufacturer. Our legacy of catering to a diverse industry segments, will allow us benefit from this shift in the Indian retail industry.

Rise of Challenger Brands

Challenger brands are the brands with high ambitions, often that outstrip their resources. However, they are cognisant of the need to have a very different take on strategy, positioning and culture in order to compete with the established market leaders. They can eventually even become market leaders, but can have capital constraints that restricts their spending towards promotion, R&D or operations. Leveraging a Contract Manufacturer, not only allows them to hold onto their precious capital, but also reduce the fiscal burden of production and all incremental costs on their bottomline. And hence, they can repurpose their capital to apply it to marketing, sales and customer acquisitions. With the rise of these brands in India recently and to meet with their production needs, the Contract Manufacturers can give the much-needed flexibility and capacity to scale to market quickly.

Threats

Dependence on Government Policies

Policies by the Government play an important factor in shaping up any sector. A lot of FMCG companies set up their warehouses in states where they can enjoy certain benefits and exemptions under current tax regime. If the Government changes the policies, it may hurt the cost dynamics of the Company's products. On the other hand, change in taxation (in some cases which ends up bringing back tax arbitrage for brand owners), price change for specific products will influence the industry dynamics.

Competition – Loss of Key Customers and Market Share

With relaxation of certain governmental norms, there's an increased competition for every sector and Contract Manufacturing is no stranger to it. Many players are expanding into new geographies and categories with modern retail and e-commerce, changing the traditional trading channels. The FMCG industry has been a highly fragmented industry as more companies enter the market. Any new competition in the market poses threat to the existing players in the industry. Thus, with increasing competition everywhere, a Contract Manufacturer always has a risk of losing the contract to a more competitive party.

Why HFL for FMCG Contract Manufacturing?

A country of 1.39 Bn people with the median age of its population being 28 years; we can say that we are witnessing one of the biggest consumption booms unfolding in India. Rapid urbanisation, rising economic affluence, burgeoning reach of internet even in the innermost parts of the country, resulting high life aspirations; and evolving social structure leading to striking changes in consumption pattern are some of the major factors that are propelling Indian FMCG sector to the frontiers of enormous growth.

Expanding at CAGR of 14%, the Indian FMCG sector is estimated to touch a market size of USD 220 Bn by 2025. A latest report by Boston Consultancy Group (BCG) pegs the estimated amount of total household consumption expenditure in India at Rs. 290-300 Tn by 2030. *(Source: http://www.businessworld.in/article/Impact-of-Budget-2021-on-the-FMCG-Sector-/17-02-2021-378615/)*. In fact, 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/*

fmcg-firms-ramp-up-innovation-as-consumer-trends-shift-trajectories-2243463.html)

The above-mentioned figures clearly show that FMCG manufacturing sector is poised to become one of the largest sectors in terms of value addition to the economy as well as employment generation. In addition to robust domestic growth opportunities, in the light of current situation of the nCov pandemic, the world is seriously considering India as a potential contender for the status of 'production powerhouse' as a part of its China + 1 strategy.

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

This is where Hindustan Foods Limited (HFL) finds a strategic fit in the Contract Manufacturing space. According to the above-mentioned report by Mckinsey, by the time the Indian GDP reaches the USD 5-Tn mark; Contract Manufacturing would add value worth USD 4 Bn in GDP of India. *(Source: https://www.mckinsey.com/industries/advanced-electronics/our-insights/a-new-growth-formula-for-manufacturing-in-india#)*. With that, the current internal estimates suggest the industry to be pegged in the range of Rs. 50,000-1,00,000 cr*.

As a pioneer in Indian Contract Manufacturing space, HFL leverages its strengths in terms of highly equipped, state-of-the-art manufacturing facilities and well-integrated backend services such as processing, packaging, warehousing and logistics facilities to provide one-stop-shop solution for all the kinds of manufacturing requirements across a very wide spectrum of products in the FMCG sector.

Our business model operates on 3-pronged approach:

Dedicated facility which exclusively caters to all the requirements of the principal company; **Shared facility** for anchor company with major requirements along with a few other clients with relatively smaller requirements; and **Turnkey private label manufacturing** offering the client every service right from product development till the time it reaches market.

With cutting-edge R&D facilities, constant product innovations and flexible and refined business models available for the customers; we are well equipped to handle wide range of formulations, batch sizes and packaging for all kinds of products. We can cater to seasonal requirements and unexpected demand overflows with this model with shorter lead time.

Our business model is a right strategic fit not only for the existing renowned players in the FMCG space, but is also equally suitable for challenger brands. We have a long and credible execution history with major FMCG brands, having already manufactured a wide range of products across Home Care and Personal Care, Foods & Beverages, Mosquito Repellent, and Leather among others. Taking this into consideration, we are continuously adding new capacities and product categories to cater the needs of various customers. Our strong execution capabilities, management expertise, state-of-the-art facilities, one-stop solution service offerings and flexible business model, collectively position us well to cater the needs of every client across the various FMCG categories.

Besides, we believe that the single-most striking factor that sets us apart from our competitors is our 'Product-Agnostic' and 'Geography-Agnostic' approach. Being deeply entrenched in Contract Manufacturing space, we are prepared to commission manufacturing for any product in the FMCG space, irrespective of location or product category. HFL trumps the equation with its steadily built capacities over a period of more than 3 decades to cater to any kind of manufacturing requirement. Our 11 manufacturing sites spread far and wide across India deploying high-end technology; and highly competent task force of more than 2,400+ people ramping up production for our clients round the clock have clearly established us as the market leader in the Contract Manufacturing space.

Some of our latest momentous events include commissioning of home cleaning solutions plant at Silvassa, shoes production facility in Puducherry and significant land acquisition in Hyderabad and Lucknow. These aspects are testimony to our commitment to become a steadfast, strategic partner to the success of established as well as upcoming FMCG brand names in India.

GROWTH DRIVERS FOR CONTRACT MANUFACTURERS

As has been captured in the discussions above, Contract Manufacturing is a derivative of the FMCG segment. And, therefore, no separate growth drivers have been listed here. In that case, the growth drivers for the FMCG sector can double up as the growth drivers for Contract Manufacturing as well.

nCov: Responding to Different Phases

During the initial phase of nCov, we stood by our commitment towards clients and employees time and again. For our clients, we ascertained uninterrupted supply to ensure continual reach to their customers by delivering essential items. This, while taking adequate care of our employees as well. We were driven by our focus on our core values of integrity, innovation and initiative – aimed at creating values for all the stakeholders. We were also able to mitigate inflated prices of raw material through our resilient business model and strong negotiation skills. Now, with the second wave looming since the end of 2020-21 our experience from the last year has prepared us to overcome the recurring challenges.

As the second wave of nCov passes by, the phase of pent-up demands is likely to kick in again. The FMCG sector is learning, innovating and rising from various fluctuations of essential and non-essential items. To further sustain, grow and scale after a certain level, the FMCG companies may be compelled to pass the production to Contract Manufacturers. For this, we have the infrastructure in place and further scope for capex plan to meet requirement of FMCG companies.

Company Overview

We are one of the most diversified and organised Contract Manufacturers of FMCG products. Our facilities are fully integrated and equipped with modern laboratories as well as processing, packaging, warehousing and logistic facilities. Through our 11 manufacturing plants widespread across India, we provide one-stop Contract Manufacturing solutions to domestic as well as overseas clients. Our flexible business model allows us to meet the requirements of any Clients, irrespective of its size or product categories.

PERFORMANCE

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

Particulars	2019-20	2020-21	Y-o-Y growth
Revenue from Operations	77,190	1,38,635	80%
EBITDA	5,690	8,601	51%
Profit after Tax	2,273	3,647	60%
Basic Earnings per Share (Rs.)	11.97	17.21	44%

2020-21 was another satisfactory year for Hindustan Foods Limited. Revenue from Operations increased to Rs. 1,38,635 lakhs, growing by 80% over 2019-20. EBITDA rose to Rs. 8,601 lakhs, increasing by 51% as compared to 2019-20. Profit after Tax surged to Rs. 3,647 lakhs, increasing by 60% over the previous year. The basic EPS increased by 44%, 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	2020-21	2019-20	% 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 turnover by average inventory.	9.92	9.67	2.55%
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.	1.34	1.29	4.57%

Types of Ratio	Explanation of Ratios	2020-21	2019-20	% 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.	0.96	0.87	10.46%
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.	11.50	19.03	-39.56%
Return on Net Worth (%)	Return on Net Worth (RoNW) is a measure of profitability of a company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average net worth for the year.	17.73	17.89	-0.92%

* The Debtors Turnover Ratio was reduced by nearly 7 days. This was mainly due to better credit terms. The management expects to be able to sustain this.

Risks and Concerns

As a Contract Manufacturer, we are exposed to a variety of risks inherent to our daily business operations. We manage these risks by reducing the likelihood of occurrence as well as the financial impact of these to an acceptable level. Mitigating risks are a vital part of our managing activities.

Risks	Impact	Mitigation	Risk Level
Economic Risk	We are subject to risks emanating from various macroeconomic factors such inflation changes, Government regulations exchange rates, and political instability, among others. With different waves of nCov, demand for non-essentials items 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.	Risks resulting from cash flow fluctuations are detected and controlled at an early stage as part of short, medium and long-term liquidity planning. During 2020-21, we did not avail any Reserve Bank of India's prescribed moratorium.	Low
Contract Risk	Potential losses 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	Fluctuation of raw material risks are primarily driven by fundamental global and regional market data such as availability, demand and inventories. Rise in raw material prices can increase our operating costs.	Our business model allows us to pass down the increase in the raw material cost to our principals. Besides, our decades rich industry experience has also helped us build a strong network, ensuring smoother procurement of raw material from suppliers at best prices.	Low

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Risks	Impact	Mitigation	Risk Level
Personnel Risk	Our Company competes intensely with other companies for trained personnel and thus is exposed to the risk of being unable to suitably fill vacancies.	Our fair and effective recruitment process helps us attract right talent. Moreover, our human resources management policies are such that it aims encouraging specialists and managers to stay with our Company for the long term.	Medium
Quality and Safety Risk	Serious safety standard violation for products could damage our reputation and reduce the utilisation level of our production.	The quality management system covers all processes, right from the procurement of raw materials through the production process itself, to finally delivery.	Low

Human Resource Management

Our diverse team of 2,400+ people are key to our success. We follow a modern approach to talent management by developing people holistically. We strive to establish an engaged workforce with competent people and sound leadership. We track the engagement level of our staff in order to ensure optimisation of their contribution. Our skills development programme forms a cornerstone of our employee attraction and retention strategy. We believe that a trained, informed and skilled workforce will be engaged in our business and also personally be satisfied and therefore retained. We also recognise our responsibility in the employment context. Accordingly, we look into our surrounding communities to recruit people at our facility. Further, we are committed to providing a safe and healthy working environment. Engagement with regulators to increase safety standards at our operations and to ensure that no such incidents occur remain 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 commensurate 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 fraud environment change in response to competition, industry practices, legislation, regulation, and current economic conditions. With business evolvement, gaps in the IFC are bound to be there. 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

In this annual document, we have disclosed forward-looking information to allow traders to be aware of our potentialities and take informed investment decisions. This document and different statements, written and oral, that we periodically make, comprise forward-looking statements that set out anticipated effects based totally on the management's plans and assumptions. We have tried any place viable to perceive such statements by way of using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of comparable substance in connection with any discussion of future performance. We cannot assure that these forward-looking statements will be realised; though we agree that we have been prudent in our assumptions. The achievement of consequences is subject to risks, uncertainties and even inaccurate assumptions. Should regarded or unknown dangers or uncertainties materialise, or should underlying assumptions prove inaccurate, authentic outcomes should range materially from those anticipated, estimated or projected. We undertake no responsibility to publicly replace any forward-looking statements, whether as a result of new information, future activities or otherwise.

NOTICE

Notice is hereby given that the Thirty-Sixth Annual General Meeting of the Members of Hindustan Foods Limited ('the Company') will be held on **Thursday, the September 23, 2021 at 11.30 a.m** through Video Conference facility ('**VC**') or Other Audio - Visual Means ('**OAVM**'), to transact the following business. The venue of the Meeting shall be deemed to be the Registered Office of the Company at Office no. 3, Level-2, Centrium, Phoenix Market City, 15, LBS Road, Kurla (West), Mumbai - 400 070.

ORDINARY BUSINESS:

1. To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021 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, 2021, including the Audited Balance Sheet as at March 31, 2021, Statement of Profit & Loss and Cash Flow Statements for the year ended on that date and the Reports of the Board of Directors and Auditors thereon be and are hereby considered, approved and adopted."

2. To consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 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, 2021, including the Audited Balance Sheet as at March 31, 2021, Statement of Profit & Loss and Cash Flow Statements for the year ended on that date and the Reports of the Auditors thereon be and are hereby considered, approved and adopted."

3. To appoint Mr Shrinivas V Dempo(DIN: 00043413), 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 Shrinivas V Dempo (DIN: 00043413), who retires by rotation at this Meeting be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. **Re-appointment of Mr Shashi Kalathil (DIN: 02829333) Independent Director for the 2nd term of five 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 Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr Shashi Kalathil (DIN: 02829333), 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 his 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 24, 2021 and, up to September 23, 2026;

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

5. **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 11, 2021, 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, 2022, 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."

By Order of the Board of Directors

Place : Mumbai
Date : August 11, 2021

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
Email : investorrelations@thevanitycase.com
CIN: L15139MH1984PLC316003

Notes:

1. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
2. Considering the present outbreak of COVID – 19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and other applicable circular issued by the 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.
3. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THE AGM IS BEING HELD PURSUANT TO MCA CIRCULARS THROUGH VC / OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXY (IES) BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP INCLUDING ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.
4. **Participations of Members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013 ("the Act").**
5. Members of the Company under Institutional/Corporate Members are encouraged to attend and vote at the AGM through VC. Institutional/Corporate participant Members intending to authorise their representatives to participate and vote at the Meeting are requested to

NOTICE (Contd.)

send a scanned copy (PDF/JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at investorrelations@thevanitycase.com.

6. Pursuant to the provisions of Section 91 of the Companies Act, 2013, read with Rule 10 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 17, 2021 to Thursday, the September 23, 2021** (both days inclusive).

7. Details as required in Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting forms integral part of this Report. Requisite declarations have been received from the Directors seeking appointment/re-appointment.

   Mr. Sameer Kothari, Managing Director had been appointed for a term of 5 years and Mr. Ganesh T Argekar, Whole-time Director designated as Executive Director had been appointed for a term of 3 years, in accordance with the relevant provisions of Companies Act, 2013 and are not eligible to retire by rotation.

   In terms of the provisions of Section 152 of the Act, Mr Shrinivas V Dempo, Non-Executive Director retires by Rotation at the 36th Annual General Meeting. Mr Dempo 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:

8. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 will also be available on the Company's website www.hindustanfoodslimited.com, websites of BSE Limited at www. bseindia.com and on the website of Company's Registrar and Transfer Agent, Link Intime India Pvt. Ltd at www.linkintime.co.in.

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

   a) In case Shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the Share Certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@thevanitycase.com or to 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, General Circular No. 20/2020 dated May 5, 2020, given by MCA and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide the Members with facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the Members using an electronic voting system during the AGM will be provided by Link Intime India Private Limited (hereinafter referred to as "LIIPL").

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

    b) The remote e-voting period commences on **Monday, September 20, 2021** (9:00 am) and ends on **Wednesday, September 22, 2021** (5:00 pm). During this period, Members of the Company holding Shares either in physical form or in dematerialised form, as on the **cut-off date of Thursday, September 16, 2021,** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

NOTICE (Contd.)

Remote e-voting instructions for Shareholders are as follows:

Pursuant to SEBI circular dated December 9, 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post June 9, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-voting facility.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services 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-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-voting 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 and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the Meeting. • If the user is 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 • Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 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 and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual Meeting & voting during the Meeting.
Individual Shareholders holding securities in demat mode with CDSL	• Existing user of who have opted for Easi / Easiest, they 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 and click on New System Myeasi. • After successful login of Easi / Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-voting service provider name to cast your vote. • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration • Alternatively, the user can directly access e-voting page by providing demat account number and PAN No. from a link in 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 where the e-voting is in progress.

NOTICE (Contd.)

Type of shareholders	Login Method
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. • Once login, you will be able to see e-voting option. Once you 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 and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual Meeting & voting during the Meeting.
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in ▶ Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details:- A. **User ID:** Shareholders/ Members holding Shares in **physical form shall provide** Event No + Folio Number registered with the Company. B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company. • Shareholders/ Members holding Shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter). ▶ Click **"confirm"** (Your password is now generated). 2. Click on 'Login' under **'SHARE HOLDER'** tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit'**. 4. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon. 5. E-voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link). 7. After selecting the desired option i.e. Favour / Against, click on **'Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes',** else to change your vote, click on 'No' and accordingly modify your vote.

Institutional Shareholders:

Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the Board Resolution /Authority Letter/Power of Attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutiniser to verify the same.

NOTICE (Contd.)

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- Enter **User ID,** select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on **'Submit'**.
  - In case Shareholders/ Members is having valid email address, password will be sent to his / her registered e-mail address.
  - Shareholders/ Members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

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

- Shareholders/ Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants 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".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ Members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

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.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case Shareholders/ Members holding securities in physical mode/ Institutional Shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-voting manual available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

11. Members are requested to follow the procedure given below:
    a) Open the internet browser and launch the URL: https://instameet.linkintime.co.in
    b) Select the "Company" and 'Event Date' and register with your following details: -
       - ➢ **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
         - Shareholders/ Members holding Shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
         - Shareholders/ Members holding Shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
         - Shareholders/ Members holding Shares in **physical form shall provide Folio Number** registered with the Company

NOTICE (Contd.)

- **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
- **Mobile No.:** Enter your mobile number.
- **Email ID:** Enter your email id, as recorded with your DP/Company.

c) Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

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 email on 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 panelist, via active chat-board during the Meeting.
22. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

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

Guidelines to attend the AGM proceedings

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

a) Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/, OR

b) If you do not want to download and install the Webex application, you may join the Meeting by following the process mentioned as under:

1. Enter your First Name, Last Name and Email ID and click on Join Now
2. If you have already installed the Webex application on your device, join the Meeting by clicking on Join Now
3. If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the Meeting by clicking on Join Now.

GENERAL INFORMATION:

23. The voting rights shall be as per the number of Equity Shares held by the Member(s) as on **September 16, 2021** being the **cut-off date**. Members are eligible to cast vote electronically only if they are holding Shares as on that date.
24. The Company has appointed Mr Prashant Sharma, Practising Company Secretary, 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 48 hours 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 and also on the website of LIIPL 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 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.
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 atleast 7 days before the date of the Meeting, in case they desire any information as regards the Audited Accounts for the Financial Year ended March 31, 2021.

    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.

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

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

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

    vii. Send all Share transfer/ transmission/ name deletion 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 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 11, 2021

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
Email : investorrelations@thevanitycase.com
CIN: L15139MH1984PLC316003

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 5 of the accompanying Notice.

IN RESPECT OF ITEM NO. 4

Mr Shashi Kalathil (DIN: 02829333) was appointed on November 9, 2015 as an Additional Director, designated Non-Executive and Independent Director. His appointment as an Independent Director was regularised by the Shareholders in the AGM held on August 10, 2016 for a term of 5 years from August 10, 2016 till the conclusion of AGM to be held in 2021. His 1st term of Appointment as an Independent Director for 5 years completes on the conclusion of ensuing 36th AGM to be held on Thursday, September 23, 2021.

The Nomination and Remuneration Committee, at its Meeting held on May 26, 2021, after taking into account the performance evaluation of Mr Shashi Kalathil during his tenure of first term of five years and considering his knowledge, acumen, expertise, experience and substantial contribution, has recommended his reappointment as an Independent Director for a second term of five consecutive years. Based on the recommendation of the Nomination and Remuneration committee and subject to approval of the Members or the Company the Board in its Meeting held on August 11, 2021 recommended the re-appointment of Mr Shashi Kalathil who will be re-appointed as an Independent Director, not liable to retire by rotation, for a second term of five years with effect from September 24, 2021 up to September 23, 2026 In accordance with the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company.

Mr Shashi Kalathil 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 Mr Shashi Kalathil 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 he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he 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 Mr Shashi Kalathil to the office of Independent Director.

In the opinion of the Board, and based on its evaluation, Mr Shashi Kalathil fulfils the conditions specified in the Companies Act, 2013, Rules made thereunder and LODR Regulations for his reappointment as an Independent Director of the Company and he is Independent of the Management of the Company. A copy of the draft letter for the reappointment of Mr Shashi Kalathil setting out the terms and conditions is available for electronic inspection without any fee by the Members.

The resolution seeks the approval of Members for the reappointment of Mr Shashi Kalathil as an Independent Director of the Company up to September 23, 2026 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 his 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 commeds the Special Resolution set out at Item No. 4 of the Notice for approval by the Members.

NOTICE (Contd.)

IN RESPECT OF ITEM NO. 5

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 11, 2021, 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 2021-22 at remuneration detailed below:

Name of the Cost Auditor	Financial Year	Audit Fees
M/s. Poddar & Company	2021 – 2022	Rs. 4,00,000/- 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 commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

By Order of the Board of Directors

BANKIM PUROHIT
Company Secretary
ACS : 21865

Place : Mumbai
Date : August 11, 2021

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

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 Shrinivas V Dempo	Mr Shashi K Kalathil
Category	Non-Executive, Non-Independent Director	Non-Executive, Independent Director
Age	52 years	62 years
DIN	00043413	02829333
Date of first appointment	September 25, 1999	August 10, 2016
Profile of the Director	Mr Shrinivas Dempo, a third-generation entrepreneur is also a Chairman of the Goa-based Dempo Group of Companies, which has diversified interests in industries such as calcined petroleum coke, shipbuilding, food processing, real estate and newspaper publishing. He has been Chairman of the western region of the largest industry lobby in India, the Confederation of Indian Industry. In 2013, Mr. Dempo was named honorary vice consul of Italy in Goa, India. He was appointed Chairman (Independent Director) of Automobile Corporation of Goa Limited, a Tata Group Company. Mr. Dempo is on the Executive Council of Goa University, besides being associated with a number of non-governmental organisations performing yeoman service to society such as the Charles Correa Foundation as also the Goa Cancer Society whose president he is. He has just been elected as the Vice President of AIMA on March 12, 2021. Using his post-graduate management education in Industrial Administration received at Carnegie Mellon University, USA, he gave a new direction to the business group. His stewardship has been marked by expansion of existing businesses, benchmarking of products and processes to international standards, introduction of progressive people management systems, enterprise resource planning, corporate sustainability reporting and the deepening of corporate social responsibilities.	Mr Shashi K Kalathil has a rich operating experience of over 3 decades across consumer products, telecom, media and entertainment industries. Mr Kalathil is an alumnus of IIM-Bangalore, Delhi College of Engineering and Modern School, New Delhi. Out of business school, he joined Hindustan Lever, where he worked for 12 years in Marketing Research, Sales and Marketing across the Detergents and Personal Products profit centers. In 1995, Mr Kalathil, helped set up one of India's 1st cellular phone networks 'RPG Cellular' at Chennai as Head of Marketing, Sales & Customer Services. In 1998, Kalathil joined PepsiCo India as Brand Head, Pepsi, over the next 6 years. He was promoted as the Director, South India Operations and then as Marketing Director, South Asia. In 2004, Mr Kalathil joined the Tata's, leading the group's broadband initiative as President Broadband and Retail business of Tata Communications (then VSNL). In 2006, he chose to follow his passion for cricket as founding CEO of Neo Sports Broadcast, India's 1st cricket only TV channel. Mr Kalathil in 2008, joined the Future Group as Sector CEO, Leisure & Entertainment.
Expertise in specific functional area	Leadership and Industrial Administration	Marketing and Business Management
Qualification	Masters in Business Administration from the Carnegie Mellon University, USA	MBA from IIM, Bangalore B.E., Delhi College of Engineering

ANNEXURE TO THE NOTICE (Contd.)

Name of the Director	Mr Shrinivas V Dempo	Mr Shashi K Kalathil
Directorship held in other companies (including foreign and private companies) (as on March 31, 2021)	1) Goa Carbon Limited 2) Automobile Corporation of Goa Limited 3) V S Dempo Holdings Private Limited 4) Dempo Industries Private Limited 5) Amigo Sports Private Limited 6) Dempo Travels Private Limited 7) V.S.Dempo Mining Corporation Private Limited 8) Dempo Shipbuilding and Engineering Private Limited 9) Dempo Properties & Investments Private Limited 10) Marmagoa Shipping & Stevedoring Company Private Limited 11) Dempo Sports Club Private Limited 12) Motown Trading Private Limited 13) West Coast Hotels Private Limited 14) Gurukul Knowledge Foundation 15) Nagesh Dempo Company Private Limited 16) Goa Medical Research Private Limited 17) Indo Pacific Poly- Fibres Private Limited	1) YFactor Marketing Private Limited
Membership of the Committees of the Board of other Public Companies	1) Goa Carbon Limited – Chairman of Corporate Social Responsibility Committee and Member of Nomination Remuneration Committee 2) Automobile Corporation of Goa Limited – Member of Corporate Social Responsibility Committee and Nomination & Remuneration Committee.	Nil
Number of shares held in the Company	4,00,000	Nil
No. of Board meetings attended during the year 2020-21	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 the Company's Thirty Sixth Annual Report on the business and operations, together with the Audited Financial Statements (Standalone) for the Financial Year ended March 31, 2021.

FINANCIAL PERFORMANCE

(Rs. in Lakhs)

Particulars	2020-21	2019-20
Total Revenue	**1,38,909.32**	**77,310.35**
Profit for the year before finance charges and depreciation	8,601.49	5,690.06
Less: Finance charges	1,867.66	1,098.66
Profit before depreciation	6,733.83	4,591.40
Less: Depreciation	1,719.56	1,128.20
Profit / (Loss) for the year after finance charges and depreciation / before tax for the year	**5,014.27**	**3,463.20**
Less: Provision for Tax -		
Current Tax	884.93	-
Tax Under MAT	-	602.78
Deferred Tax	785.85	598.20
Mat Credit Entitlement/ Utilisation of earlier year	89.28	(10.92)
Tax adjustments pertaining to previous years	(393.15)	
Profit for the year after Tax	**3,647.36**	**2,273.14**
Other Comprehensive Income	**7.38**	**(8.63)**
Total Comprehensive Income	**3,654.74**	**2,264.51**

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

YEAR IN RETROSPECT

The Financial Year 2020-21 saw your Company strengthening its existing businesses and customers while building new capabilities and new relationships. Despite the COVID-19 related disruptions at the beginning of the 2020-21 and the 2nd wave of COVID-19 towards the close of the year, your Company reported a near doubling of revenues 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 clocked a run rate of achieving Rs. 1,000 cr + turnover mark for 2020-21. Your Company reported a turnover of Rs. 1,389.09 cr for the year under review as compared to Rs. 773.10 cr during the previous year, a growth of nearly 80%. Its PAT of Rs. 36.47 cr for the year under review was also 61% more than the Rs. 22.73 cr in the previous year.

The Toilet Cleaning Liquid Plant in Silvassa has ramped up to its rated capacity and your Company is engaged in discussions to further expand the facility. The second facility at Silvassa is been set up to manufacture Surface Cleaning Liquid and has commenced its commercial production in May, 2021, your Directors are confident that the second facility at Silvassa will ramp up to its rated capacity by Q2 of 21-22.

Your Company has ventured into the Knitted Shoes (Sports Shoes) manufacturing two of the top brands in the category at your Company's facility at Puducherry. Your Directors are confident that they will enter into a multi year contract for the same, which will add significant growth to your Company in the coming years in this new venture.

During the year under review, your Company has provided loan to its Wholly-Owned Subsidiary Company, HFL Consumer Products Private Limited. Your Directors are pleased to inform that for setting up the Food & Beverage facility, acquisition of land is completed and project work is progressing as per schedule.

Your Board approved 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. Your Directors are confident that with the said mergers will boost your Company's focus to build profitability that will lead to significant value creation for all Company Stakeholders.

Your Directors are pleased to inform you that your Company has been able to build a robust pipeline of projects in this

past year, which will ensure continued growth of your Company for the next couple of years.

SHARE CAPITAL

Your Company's Paid-up Equity Share Capital as on March 31, 2021 was Rs. 21,19,80,780/- (Rupees Twenty One Crore Nineteen Lakh Eighty Thousand Seven Hundred Eighty only) divided into 2,11,98,078 (Two Crore Eleven Lakh Ninety Eight Thousand and Seventy Eight) Equity Shares of Rs. 10/- (Rupees Ten only) each. and Paid-up Preference Share Capital as on March 31, 2021 was Rs. 1,60,00,000/- (Rupees One Crore Sixty Lakh only) divided into 1,60,000 (One Lakh Sixty Thousand) 9% Redeemable Non-Convertible Preference Shares of Rs. 100/- (Rupees One Hundred Only) each.

MERGERS AND ACQUISITIONS

The Board of Directors of your Company has approved a Composite Scheme of Arrangement and Amalgamation under Section 230-232 and other applicable provisions of the Act, between (i) Avalon Cosmetics Private Limited ('The Demerged Company' or 'ACPL'), (ii) ATC Beverages Private Limited ('The Transferor Company' or 'ABPL') with (iii) the Company ('The Transferee Company' or 'The Resulting Company' or 'HFL') which interalia provides for i) De-Merger of Coimbatore business of ACPL with the Company and ii) Merger of ABPL with the Company. This Scheme is subject to all necessary statutory / regulatory approvals under applicable laws including approval of the Hon'ble National Company Law Tribunal ('NCLT'). Your Company has received the observation letter dated July 29, 2020 from BSE Limited, wherein the Stock Exchange has granted their no objection to filing of the said scheme with the Hon'ble NCLT, Mumbai Bench and your Company has filed the Application with Hon'ble NCLT, Mumbai Bench on September 8, 2020. The appointed date is April 1, 2020.

Your Company, by an order dated April 26, 2021 of the Hon'ble NCLT, Mumbai, Maharashtra Bench, on June 30, 2021 had convened the Meeting of the Equity Shareholders for their approval to the Composite Scheme of Arrangement and Amalgamation. The final order of the Hon'ble NCLT, Mumbai, Bench is awaited.

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 500 listed entities based on market capitalisation are required to formulate a Dividend Distribution 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.

LISTING INFORMATION

The Company's Equity Shares are listed on BSE Limited ('BSE') and are permissible to be traded also on the terminal of the National Stock Exchange of India Limited ('NSE') apart from trading on BSE. The applicable listing fees 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, 2021, 96.81 % of the Equity Shares of your Company were held in demat form.

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, 2021.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

HFL Consumer Products Private Limited, incorporated on August 6, 2020 under 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.

ATC Beverages Private Limited which manufactures a variety of juices and carbonated drinks, continues to be an Associate Company of your Company. A report on the financial position of the Subsidiary Company and the Associate Company in **Form AOC-1** forms parts of the Financial Statements.

CREDIT RATING

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

DIRECTORS' RESPONSIBILTY STATEMENT

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

(a) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;

(b) that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual accounts have been prepared on a going concern basis;

(e) that proper internal financial controls are in place and that the internal financial controls are adequate and are operating effectively;

(f) that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

MANAGEMENT AND KEY MANAGERIAL PERSONNEL

DIRECTORS

RE-APPOINTMENT OF WHOLE-TIME DIRECTOR

Upon recommendation of the Nomination and Remuneration Committee of the Board of Directors and as approved by the Board of Directors in their Meetings held on March 16, 2020, Mr Ganesh T Argekar (DIN: 06865379) was re-appointed as the Whole-time Director designated as 'Executive Director' for a period of 3 (Three) years starting from May 19, 2020 to May 18, 2023, on the terms and conditions which were approved by passing the Special Resolution by the Members of the Company at the 35th Annual General Meeting held on September 18, 2020.

APPOINTMENTS/ RE-APPOINTMENTS

During the year under review, the Members of your Company regularised the appointment of Mr Harsha Raghavan (DIN: 01761512) at the 35th Annual General Meeting held on September 18, 2020, who was appointed by your Board as an Additional Director designated as Non-Executive, Non-Independent Director, being liable to retire by rotation, on the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee in their respective meetings held on November 11, 2019.

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 Shrinivas V Dempo (DIN: 00043413) Chairman of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, Mr Shrinivas V Dempo offers himself for re-appointment. Your Board has recommended his re-appointment.

RESOLUTIONS TO BE PASSED AT THE ENSUING AGM

Mr Shashi Kalathil (DIN: 02829333), Independent Director of your Company, was appointed as an Independent Director, by the Members in their 31st AGM held on August 10, 2016 for a first term of 5 years upto the conclusion of the 36th Annual General Meeting to be held in the year 2021. Accordingly Mr Kalathil's 1st term tenure completes on conclusion of the ensuing AGM on September 23, 2021. The Nomination and Remuneration Committee in their Meeting held on May 26, 2021 and the Board of Directors at their Meeting held on August 11, 2021 has recommended re-appointment of Mr Shashi Kalathil as the Non-Executive, Independent Director of the Company subject to the approval of the Members, for a second term starting from September 24, 2021 to September 23, 2026.

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

DIRECTORS' REPORT (Contd.)

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 Mayank Samdani, Chief Financial Officer and Mr Bankim Purohit, Company Secretary are the Key Managerial Personnel of the Company.

INDEPENDENT DIRECTORS DECLARATION

Your Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013, 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.

Your Board is of the opinion that, the Independent Directors of your Company (including the Independent Directors 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 2020-21. 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.

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.

During the year under review, the Board of Directors of your Company met 4 (Four) times i.e. on June 26, 2020, August 26, 2020, November 10, 2020 and February 12, 2021 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 June 26, 2020. All the Independent Directors were present for the meeting.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of the SEBI (Listing Obligations and 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 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 Sarvjit Singh Bedi and Mr Sandeep Mehta as the other Members. The terms of reference etc., number of Meetings of the Audit Committee is provided in Corporate Governance Report which forms part of this Annual Report.

DIRECTORS' REPORT (Contd.)

All the recommendations made by the Audit Committee during the Financial Year under review were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

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

The Committee has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at www.hindustanfoodslimited.com and forms part of the report as **Annexure I**.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILTY (CSR) COMMITTEE

As required under the Companies Act, 2013 a CSR committee of the Board 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

The CSR Committee comprises of three (3) members out of which one (1) 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 Committee. During the year under review the Committee met once (1) on August 26, 2020. 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 activities.

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 Report. The Company has incurred CSR expenditure of Rs. 19 Lakhs as against the budget of Rs. 40.98 Lakhs during the Financial Year 2020-21. The shortfall / unspent amount of Rs. 21.98 Lakhs towards CSR expenditure was due to the Nation wide lockdowns in year 2020-21, non-identification of appropriate projects/programmes as the Company is looking for COVID-19 and other projects/programmes which will benefit to the society at large in line with the intend of laws for which CSR provisions have been made in the statute. Pursuant to the amended CSR Rules and based on the recommendation of the CSR Committee in their Meeting held on August 11, 2021, the Management shall transfer the unspent funds for the 2020-21 into the activities as specified under Schedule VII of the Companies Act, 2013 on or before September 30, 2021.

RISK MANAGEMENT COMMITTEE

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

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

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

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

INTERNAL CONTROL SYSTEM

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

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

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

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 11, 2021 has appointed M/s. Poddar & Co., Cost Accountants (Firm Registration No 101734) as the Cost Auditors of the Company for the 2021-22 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. 5 of the Notice convening the 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 to carry out the Secretarial Audit for 2020-21. The Secretarial Audit Report for the Financial Year ended March 31, 2021 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 Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Independent Secretarial Auditor had undertaken an audit for the Financial Year 2020-21 for the SEBI compliances. The Annual Secretarial Compliance Report has been submitted to the Stock Exchange within 60 days of the end of the Financial Year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has established a 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.

DIRECTORS' REPORT (Contd.)

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

BUSINESS RESPONSIBILITY REPORTING

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

The transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. All the transactions with Related Parties are placed before the Audit Committee as also the Board for approval. Prior Omnibus approval of the Audit Committee and 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. 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, 2021 and the date of Board's Report i.e. August 11, 2021

Global Pandemic - COVID-19

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

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

Despite the COVID-19 vaccination efforts having gained momentum, uncertainty rose due to the resurgence of the 2nd 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 the Company accords the highest priority to the safety and well-being of its employees, customers, vendors, business partners and the communities in which it operates. The Company continues to closely monitor the rapidly changing situation, while ensuring adherence to Government guidelines and advisories, in addition to its own Internal Control and Corporate Governance standards.

REPORTING OF FRAUDS BY AUDITORS:

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

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, 2021 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 36th 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 the Company for the Financial Year March 31, 2021 is uploaded on the website of your Company and can be accessed at 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 Committee (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.

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

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company

Secretaries of India and approved by the Central Government under Section 118 (10) of the Companies Act, 2013.

CORPORATE GOVERNANCE

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

(i) Declaration regarding compliance of Code of Conduct by Board Members and Senior Management Personnel;

(ii) Management Discussion and Analysis;

(iii) Report on Corporate Governance and;

(iv) Practicing Company Secretary Certificate regarding compliance of conditions of corporate governance.

APPRECIATION AND ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Mumbai.
August 11, 2021

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

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 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	1	1
2.	Mr Ganesh T Argekar	Member, Executive Director	1	1
3.	Mr Shashi K Kalathil	Member, Independent Director	1	1

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. –

   Weblink - 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. 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	15,000	15,000
2.	2019-20	1,95,000	1,95,000
	TOTAL	2,10,000	2,10,000

6. Average net profit of the company as per section 135(5) - **Rs. 2,049 lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5). - **Rs. 40.98 lakhs**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - **NIL**

   (c) Amount required to be set off for the financial year, if any. - **Rs. 2.10 lakhs**

   (d) Total CSR obligation for the financial year (7a+7b-7c). - **Rs. 38.88 lakhs**

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

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

Amount Unspent (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
16.90	-	-	IIT Bombay	21.98	On or before September 30, 2021

(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.			Name. CSR registration Number.
1.	Donation of Hand Sanitizer's	Promoting preventive health care	Yes	Jammu Kashmir		1,98,000	Yes	-
2.	Distribution of Food Materials	Poverty Eradication	Yes	Tamil Nadu, Coimbatore		50,000	Yes	-
3.	Donation to Umang Foundation	Promoting Education	Yes	Maharashtra, Mumbai		1,40,750	Yes	-
4.	Donation to School	Promoting Education	Yes	Maharashtra, Mumbai		14,100	Yes	-
5.	Distribution of PPE Kits & Mask	Promoting preventive health care	Yes	Maharashtra, Mumbai		21,500	Yes	-
6.	Donation to Urja Trust	Supporting homeless young women's	Yes	Maharashtra, Mumbai		7,00,000	Yes	-
7.	Donation to Cancare Trust	Promoting preventive health care	Yes	Maharashtra, Mumbai		2,00,000	Yes	-
8.	Donation to Jude India Children Trust	Promoting Education	Yes	Maharashtra, Mumbai		2,00,000	Yes	-
9.	Distribution of Food Materials	Eradicting Hunger, poverty and malnutrition	Yes	Pondicherry		16,000	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.			Name. CSR registration Number.
10.	Distribution of Food Materials	Eradicting Hunger, poverty and malnutrition	Yes	Telangana, Hyderabad		44,000	Yes	-
11.	Donation to School	Promoting Education	Yes	Maharashtra, Nasik		1,05,600	Yes	-
	Total					16,89,950		

(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. 16.90 lakhs

(g) Excess amount for set off, if any – Not Applicable

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

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 (6) (in Rs.)	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								

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

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 per cent of the average net profit as per section 135(5)

The shortfall / unspent amount of Rs. 21.98 Lakhs towards CSR expenditure was due to the Nation wide lockdowns in year 2020-2021, non-identification of appropriate projects/programmes as the Company is looking for COVID-19 and other projects/programmes which will benefit to the society at large in line with the intend of laws for which CSR provisions have been made in the statute.

Sd/-
Mr. Ganesh Argekar & Mr. Shashi Kalathil
(Members of the 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 2021.

Median Remuneration of all the employees of the Company (in Lakhs)	Rs. 2.23
Percentage increase in Median Remuneration of all the employees	5%
Number of permanent employees on the rolls of the Company	701

Name of Directors and KMP	% increase in remuneration in Financial Year	Ratio to median Remuneration of all employees
Executive Director		
Mr Ganesh T Argekar	Nil	23.31
Mr Sameer Kothari	85.71	69.96
Other KMPs		
Mr Mayank Samdani Chief Financial Officer	Nil	26.81
Mr Bankim Purohit Company Secretary	1.65	7.76

2. The average percentile increase in the salaries of the employees other than the Managerial Person (i.e. ED) is **5%.** While increase in the Managerial remuneration is **65%**. The average increase in remuneration of employees other than the managerial person is in line with the industry practice and is in within normal range.
3. We affirm that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the Remuneration Policy of the Company.

ANNEXURE – IV TO THE DIRECTORS' REPORT

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED March 31, 2021

To,

The Members,

Hindustan Foods Limited

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

15, Lal Bahadur Shastri Rd, Kurla (West),

Mumbai, Maharashtra, 400070

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

Based on my verification of the **HINDUSTAN FOODS LIMITED'S** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2021, 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, 2021 and according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

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

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

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

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

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the period under review.)**

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

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

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

A. **Food items and related business:**

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

4. Export of Milk Products (Quality control, Inspection and Monitoring) Rules, 2000

B. **Footwear business:**

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

C. **Tea Business:**

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

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.

1) **During the year under consideration, the company has filed Form CHG-1 with Registrar of Companies after due date.**

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.

Sd/-
Name of the Company Secretary:- Pankaj Desai
ACS No:- 3398
C. P. No:- 4098
UDIN NO:- A003398C000744688

Place : Mumbai
Date : August 9, 2021

ANNEXURE I (INTEGRAL PART OF SECRETARIAL AUDIT REPORT)

To,

The Members,

Hindustan Foods Limited,

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

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

Sd/-
Name of the Company Secretary:- Pankaj Desai
ACS No:- 3398
C. P. No:- 4098
UDIN NO:- A003398C000744688

Place : Mumbai
Date : August 9, 2021

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, 2021.

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

A CONSERVATION OF ENERGY

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

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

(A) POWER AND FUEL CONSUMPTION

(Amount in Rs.)

Particulars		Units	Current Year
1	**Electricity**		
a)	Purchased Units	Kwh	12,299,644.32
	Total amount	**Rs.**	**68,497,400.14**
	* Rate/ unit	Rs.	5.57
b)	Own Generation		
	Through Diesel Generator		
	Units	Kwh	405,228.60
	Units per Ltr. of Diesel Oil	Kwh	0.84
	Total qty of diesel consumed	Ltr	484,774.18
	Total cost of diesel	**Rs.**	**34,209,624.21**
	Cost/Unit	Rs.	70.57
2	**Furnace Oil (H.S.D. for Brand Drier)**		
	Quantity	L	41,805.00
	Total amount	**Rs.**	**2,854,311.00**
	Average Rate	Rs.	68.28
3	**Briquettes – For Boiler**		
	Quantity	Kgs	6,917,972.20
	Total Amount	**Rs.**	**27,457,109.74**
	Average Rate	Rs.	3.97

(B) CONSUMPTION PER UNIT OF PRODUCTION

Particulars		Units	Current Year	Standard if any
	(Products with details - Units)			
a)	Cereal based food products (tonnes)	Ton	922.00	-
	Electricity (Units)	Units/ Ton	853.49	-
	H.S.D. Oil (Qty)	Ltr/ Ton	30.14	-
b)	Pest Control Products	CLD	1,353,798	-
	Electricity (Units)	Units/CLD	3.88	-
	Briquettes	Kgs/CLD	5.11	-
c)	Full Shoes	Pairs	496,097	-
	Electricity (Units)	Units/Pairs	0.15	-
d)	Tea Dust (tonnes)	Ton	24,903.47	-
	Electricity (Units)	Units/ Ton	39.40	-
e)	Detergent (Powder &Liquid) (tonnes)	Ton	96,404	-
	Electricity (Units)	Units/ Ton	55.91	-
f)	Toilet Cleaner (tonnes)	Units in KL's	3,659	-
	Electricity (Units)	Units/KL	59.43	-

(C)	**Technology Absorption**	
	(i) the efforts made towards technology absorption.	The Company continues to keep abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields.
	(ii) The benefits derived like product improvement, cost reduction, product development or import substitution.	
	(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) – (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not Applicable
	(iv) The expenditure incurred on Research and Development.	Nil

(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. 468.54 Lakhs**
		Foreign Exchange earned during the year by exporting finished products was equivalent to **Rs. 4,411.95 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 stakeholder relationships.

About Hindustan Foods Limited

Hindustan Foods Limited (HFL) was established in 1984 and was in operations in the year 1988 as a result of Dempo group's foray into the FMCG segment through a joint venture with Glaxo India Limited, with the objective of manufacturing nutritional foods products. In 2013, Vanity Case Group bought a controlling stake in Hindustan Foods Limited from 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 (West), Mumbai, Maharashtra - 400070
4.	Website	www.hindustanfoodslimited.com
5.	E-mail	investorrelations@thevanitycase.com
6.	Financial Year Reported	April 1, 2020 to March 31, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	10794: Contract Manufacturing of Milk & Cereal based Baby Food, Extruded Snacks, Instant Porridge and Extruded Cereal Products 15201: Contract Manufacture of Leather 20211: Contract Manufacturing of Pest Control Product 20233: Contract Manufacturing of Detergents 10791: Contract Manufacturing of Tea 10792: Contract Manufacturing of Coffee
8.	List three key products/services that the Company manufactures/ provides (as in Balance Sheet)	[1] Food & Beverages [2] Home Care & [3] Personal Care
9.	Total no. of locations where business activity is undertaken by the Company: (a) Number of International Locations: (b) Number of National Locations:	 (a) NA (b) 9
10.	Markets served by the Company- Local/State/National/ International	National and International

BUSINESS RESPONSIBILITY REPORT (Contd.)

Section B: Financial details of the Company

1.	Paid up Capital (Rs. in lakhs):	2,119.81
2.	Total Turn Over (Rs. in lakhs):	1,38,909.32
3.	Total profit after taxes (Rs. in lakhs):	3,647.36
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Average Net profit of the company for last 3 Financial Years:	0.82% (Rs. 16.90 lakhs)
5.	List of activities in which expenditure in 4 above has been incurred	Hindustan Foods Limited. has pledged to channel its CSR towards the Girl Child, focussing around her health, hygiene and education needs. For detailed information relating to list of activities in which expenditure in 4 above has been incurred, please refer the Annual Report on CSR Activities annexed as Annexure II to the Directors' Report.

Section C: Other Details

1.	Does the Company has any Subsidiary Company/ Companies	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/Director responsible for implementation of the BR policy/policies

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

(b) Details of the BR head

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

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 aligned 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 Company is responsible for implementation of BR policies and a BR head to oversee the BR performance.								
6	Indicate the link for the policy to be viewed online?	https://www.hindustanfoodslimited.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		The policies have been communicated to employees through the Intranet and external stakeholders through the Company's website www.hindustanfoodslimited.com								
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company has a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		The implementation of the policies of the Company is reviewed by the Internal Audit function of the Company.								

(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.	The Company being in Contract Manufacturing of FMCG goods industry does receive customer queries / feedback which are duly attended to and addressed to satisfaction. However, in respect of investors' complaints, refer investor's complaint section in the Annual Report.

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 the Company has limited impact on environment although the Company has identifying ways to optimise resource consumption in its operations. To ensure optimal resource consumption, we have incorporated environment friendly installations such as energy efficient equipment etc. Most of the product categories, barring leather, are categorised as 'essential goods' particularly in times of crisis by the Government of India.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	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 smart 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.	701
2. Please indicate the total number of employees hired on temporary/contractual/casual basis.	Temporary- 18 Casual Labour - 1,805
3. Please indicate the number of permanent women employees.	56
4. Please indicate the number of permanent employees with disabilities	1
5. Do you have an employee association that is recognised by management?	No
6. What percentage of your permanent employees is members of this recognised employee association?	NA
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year.	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%

BUSINESS RESPONSIBILITY REPORT (Contd.)

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

Principle 5: Businesses should respect and promote human rights		
1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?	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 stake holders.
2.	How many stakeholder complaints have been received in the past Financial Year and what percent 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. The Company understands the potential environmental risks. We also comply with applicable environmental regulations, wherever applicable, in respect of its premises and operations.
4.	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	NA

BUSINESS RESPONSIBILITY REPORT (Contd.)

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

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

Principle 8: Businesses should support inclusive growth and equitable development		
1.	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	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 II 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 INR and the details of the projects undertaken.	During the Financial Year 2020-21, the Company has spent Rs. 16.90 Lakhs on CSR Activities. For details of the projects undertaken refer to CSR report forms part of this Annual Report
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.

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

"Corporate Governance is not a matter of right or wrong -'it is more nuanced than that." - Johan Myburgh

For the Year 2020-21

Your Directors are pleased to present your Company's Report on Corporate Governance for the Financial Year ended March 31, 2021, 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, 2021, 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 Shares held as at March 31, 2021
Mr Shrinivas V Dempo (Chairman)	00043413	Non-Independent Non-Executive	4,00,000
Mr Sameer R Kothari	01361343	Managing Director	18,96,750
Mr Ganesh T Argekar	06865379	Executive Director	50,000
Mr Nikhil K Vora	05014606	Non-Independent Non-Executive	7
Mr Shashi K Kalathil	02829333	Independent Non-Executive	Nil
Ms Honey Vazirani	07508803	Independent Non-Executive	Nil
Mr Neeraj Chandra	00444694	Independent Non-Executive	Nil
Mr Sarvjit Singh Bedi	07710419	Non-Independent Non-Executive	Nil
Mr Sandeep Mehta	00031380	Independent Non-Executive	Nil
Mr Harsha Raghavan	01761512	Non-Independent Non-Executive	1,826

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 2020-21	Whether attended last AGM held in 2020	No. of Directorships in other companies[º]	No. of committee positions held in other companies*	
				Chairperson	Member
Mr Shrinivas V Dempo	4 of 4	Yes	2	-	1
Mr Sameer R Kothari	4 of 4	Yes	-	-	-
Mr Nikhil K Vora	4 of 4	Yes	1	-	-
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 Sarvjit Singh Bedi	4 of 4	Yes	1	-	1
Mr Sandeep Mehta	4 of 4	No	-	-	-
Mr Harsha Raghavan	4 of 4	Yes	1	-	1

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

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

Notes:

1. During the FY ended March 31, 2021 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.
2. None of the Directors of your Company is a member of more than ten committees nor is a Chairperson of more than five committees across all the Public Limited Companies, whether listed or not, in which he/she is a Director. The committees considered for the above purpose are those specified in Regulation 26(1)(b) of the Listing Regulations i.e. the Audit Committee and the Stakeholders' Relationship Committee.
3. None of the Director of your Company is a Director of more than seven listed Companies.
4. None of the Directors have any relationships inter-se.
5. 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, 2021:

Name	Name of the other listed Companies and Category of the Directorships
Mr Shrinivas V Dempo	1. Goa Carbon Limited – Chairman (Non-executive, Non-Independent);
	2. Automobile Corporation of Goa Limited – Chairman (Non-Executive, Independent)
Mr Sameer R Kothari	--
Mr Nikhil K Vora	1. JHS Svendgaard Laboratories Limited – Nominee Director (Non-Executive)
Mr Shashi K Kalathil	--
Ms Honey Vazirani	--
Mr Neeraj Chandra	--
Mr Sarvjit Singh Bedi	1. Camlin Fine Sciences Limited – Additional Director (Non-Executive - Non Independent Director)
Mr Sandeep Mehta	--
Mr Harsha Raghavan	1. Camlin Fine Sciences Limited – Additional Director (Non-Executive - Non Independent Director)
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.

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, 2021 on June 26, 2020, August 26, 2020, November 10, 2020 and February 12, 2021. The gap between no two Meetings exceeded one hundred and twenty days.

Your Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors of your Company during the year ended financial March 31, 2021, 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 up to a maximum of 200% of their basic / consolidated salary, respectively, 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. The sitting fees as determined by the Board is Rs. 25,000/- for each Meeting of the Board, Rs. 5,000/- for each Meeting of the Audit Committee, Nomination & Compensation Committee, Stake holder Relationship Committee, Risk Management Committee and CSR Committee, and Rs. 15,000/- for each Meeting of the Selection Committee.

The details of remuneration to each of the Directors on the Board during the Financial Year 2020-21 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	-	-	-	-	1,20,000	1,20,000	Retirement by Rotation
Mr Sameer R Kothari	1,56,00,000	-	-	-	-	1,56,00,000	5 years with effect from May 22, 2017
Mr Nikhil K Vora	-	-	-	-	1,00,000	1,00,000	Retirement by Rotation
Mr Shashi K Kalathil	-	-	-	-	1,65,000	1,65,000	5 years up to the AGM of 2021
Ms Honey Vazirani	-	-	-	-	1,50,000	1,50,000	5 years up to the AGM of 2022
Mr Neeraj Chandra	-	-	-	-	1,50,000	1,50,000	5 Years from the date of appointment i.e. upto January 24, 2024
Mr Ganesh T Argekar Executive Director*	52,00,000	-	-	-	--	52,00,000	3 years with effect from May 19, 2020
Mr Sarvjit Singh Bedi	-	-	-	-	Nil	Nil	Retirement by Rotation
Mr Sandeep Mehta	-	-	-	-	1,15,000	1,15,000	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, 2021. The ED is not eligible for payment of severance fees and the contract with the ED may be terminated by either party giving the other party 6 months' Notice.

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

2.6 Independent Directors' Meeting

The Independent Directors of your Company met on June 26, 2020 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. The 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.

2.8 Skill matrix for the Board of Directors

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

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

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

- Leadership experience

  Experience in leading well-governed large organisations, with an understanding of organisational systems and processes complex business and regulatory environment, strategic planning and risk management, understanding of emerging local and global trends and management of accountability and performance.

- Experience of crafting Business Strategies

  Experience in developing long-term strategies to grow consumer / FMCG business, consistently, profitably, competitively and in a sustainable manner in diverse business environments and changing economic conditions.

- Understanding of customer insights in diverse environment and conditions

  Experience of having managed organisation's with large consumer / customer interface in diverse business environments and economic conditions which helps in leveraging consumer insights for business benefits.

- Finance and Accounting Experience

  Leadership experience in handling financial management of a large organisation along with an understanding of accounting and financial statements.

- Understanding use of Digital / Information Technology across the FMCG value chain

  Understanding the use of digital / Information Technology across the value chain, ability to anticipate technological driven changes and disruption impacting business and appreciation of the need of cyber security and controls across the 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.

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

2.9 **Confirmation as regards independence of Independent Directors**

In the opinion of your Board, the existing Independent Directors fulfil the conditions specified under the Companies Act, 2013 and the Listing Regulations, 2015 and are independent of the Management.

c. Audit Committee

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

The Audit Committee of 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, 2021 on June 26, 2020, August 26, 2020, November 10, 2020 and February 12, 2021. The gap between no two Meetings 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 Sarvjit Singh Bedi	NED	4 of 4
Mr Sandeep Mehta	ID	3 of 4

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

d. Nomination and Remuneration Committee

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

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

The Nomination and Remuneration Committee of the Company comprises of three Non-Executive Directors namely Mr Shashi K Kalathil, Chairman of the Committee and Independent Director, Ms Honey Vazirani, Independent Director and Mr Sarvjit Singh Bedi, Non-Executive Director, been the Members of the Committee.

One Meeting of the Committee was held during the Financial Year ended March 31, 2021 on February 12, 2021.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Names of Members	Category	No. of Meetings attended
Mr Shashi K Kalathil - Chairman	ID	1 of 1
Ms Honey Vazirani	ID	1 of 1
Mr Sarvjit Singh Bedi	NED	1 of 1

ID – Independent Director; NED – Non Executive Director

4.2 **Nomination and Remuneration Policy**

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

e. Stakeholders Relationship Committee

5.1 **Details of the composition of the Stakeholders Relationship Committee, Meetings and attendance of the Members are as follows:**

The Stakeholders Relationship Committee of the Company is headed by a Non-Executive, Independent Director. The role of the committee includes resolving grievances of Shareholders, ensuing expeditious Share transfer process in line with the proceedings of the Share Transfer committee.

Four Meetings of the Committee were held during the Financial Year ended March 31, 2021, on June 26, 2020, August 26, 2020, November 10, 2020 and February 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 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 and oversees and reviews all matters connected with securities transfer. The Committee also specifically looks into the redressal of Shareholders' and Investors' complaints/grievances pertaining to transfer/transmission of shares, non-receipt of share certificates, non-receipt of Annual Report, etc.

5.3 **Details of Shareholders' complaints/request**

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

Type of Complaint/Request	No. of Complaint / Request
Non-Receipt of Annual Reports	2
Transfer/Transmission/Duplicate issue of Share Certificate	85
Updating of address/bank account details/KYC details	152
Others	62
Total	**301**

REPORT ON CORPORATE GOVERNANCE (Contd.)

5.4 Compliance Officer

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

Mr. Bankim Purohit, Company Secretary

Hindustan Foods Limited

Office No. 3, Level-2, Centrium,

Phoenix Market City, 15, LBS Marg, Kurla (West),

Mumbai 400 070

Tel: 022 2261801700

Email: investorrelations@thevanitycase.com

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

As required under Section 135 of the Companies Act, 2013 a committee of the Board was constituted to oversee and give direction to the Company's CSR Activities. The Company has formulated CSR Policy and the same has been uploaded on the Company's website www.hindustanfoodslimited.com.

6.1 Terms of reference

a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;

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

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

d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

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

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

One Meeting of the Committee was held during the Financial Year ended March 31, 2021, on August 26, 2020.

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

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

g. Risk Management Committee – Mandatory Committee

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

Your Company has formulated Risk Management Policy and the same has been uploaded on the Company's website 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

7.1 Terms of reference

The Terms of Reference of the Committee are to:-

a. review the framework of business risk Management process;

b. risk identification and assessment;

c. review and monitoring of risk mitigation plans and its implementation.

d. monitor and review the risks & measures related to cyber security.

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

One Meeting of the Committee was held during the Financial Year ended March 31, 2021, on February 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 Sameer Kothari – Chairman	Managing Director	1 of 1
Mr Ganesh Argekar	Executive Director	1 of 1
Mr Shashi Kalathil	Independent Director	1 of 1
Ms Honey Vazirani	Independent Director	1 of 1
Mr Mayank Samdanii	Chief Financial Officer	1 of 1

h. Selection Committee- Non-Mandatory Committee

The Selection Committee is formed for advising and recommending in matters of recruitment of Senior Management of the 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. The Board constituted this Committee on August 28, 2020.

8.1 Terms of reference

The Terms of Reference of the Committee are to:-

a. Identifying the list of criteria to be considered in recruiting candidates at Senior level and one level below CEO of your Company.

b. 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:

Two Meetings of the Committee was held during the Financial Year ended March 31, 2021, on October 1, 2020 and November 3, 2020.

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

Names of Members	Category	No. of Meetings attended
Mr Sameer Kothari	Managing Director	2 of 2
Mr Neeraj Chandra	Independent Director	2 of 2
Mr Shashi Kalathil	Independent Director	2 of 2

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, 2018	September 21, 2018 at 10:30 am	Dempo House, Campal, Panaji – Goa.
March 31, 2019	September 26, 2019 at 11:30 am	Hrezzo, Neelkanth Corporate Park, 1, Nathani Road, Vidyavihar, Mumbai
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 (west), 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 21, 2018	No	--
September 26, 2019	Yes	1. Remuneration payable to Mr Sameer R Kothari, Managing Director of the Company
		2. To ratify and revise the Remuneration payable to Mr Ganesh Agrekar, Whole – time Director designated as Executive Director
		3. Increase in borrowing power in terms of Section 180 (1) (c) of the Companies Act, 2013 and authorising the Board to borrow moneys in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company upto Rs. 500 cr
		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

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.

h. 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 the Company's web-site www.hindustanfoodslimited.com. and also on the website of BSE Limited, where the Shares of your Company 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 and also made available on the website of the Company www.hindustanfoodslimited.com.

Press Releases, Corporate Presentations and Schedule of analyst or institutional investors meet are displayed on the website of the Company www.hindustanfoodslimited.com and are also submitted to the Stock Exchange where the shares are listed. No unpublished price sensitive information 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.

i. Disclosures

10.1 Related Party Transactions / Materially significant related party transactions

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

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

10.2 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.

10.3 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.

10.4 Prevention of Insider Trading

Pursuant to SEBI Listing Regulations, the Company has formulated the "Code of Conduct and Code of Fair Disclosures for prohibition of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information" (HFL Code) which allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's Shares. It also prohibits the purchase or sale of Company's Shares by the Directors, designated employees and connected persons 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.

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.

10.5 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

REPORT ON CORPORATE GOVERNANCE (Contd.)

10.6 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.

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

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

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

10.8 Policy for Determining Material Subsidiaries

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

The Board of Directors of the 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.

The Company has framed the policy for determining material subsidiary and the same is disclosed on the Company's Website 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.

10.9 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.

10.10 Code of Conduct

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

The declaration of the Managing Director is given below:

I, Sameer R Kothari, Managing Director of Hindustan Foods Limited, declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the Financial Year ended March 31, 2021.

Mumbai. **Sameer R Kothari**

August 11, 2021 **Managing Director**

10.11 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.

10.12 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

10.13 Details of non-compliance with requirements of Corporate Governance Report

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

10.14 Details of compliance with Corporate Governance requirements

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

10.15 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, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this Corporate Governance Report.

11 General Shareholder Information:

11.1 Annual General Meeting

Date and Time	:	**Thursday, September 23, 2021** at **11.30 a.m. IST**
Venue Facility	:	Annual General Meeting through Video Conferencing / Other Audio Visual Means [Deemed Venue for Meeting: Registered Office: Office no. 3, level-2, Centrium, Phoenix Market City, 15, LBS road, Kurla (west), Mumbai 400 070]

11.2 Financial Year Dates (2021-22)

(Tentative and subject to change)

Results for quarter ending June 30, 2021	By August 14, 2021
Results for quarter ending September 30, 2021	By November 14, 2021
Results for quarter ending December 31, 2021	By February 14, 2022
Results for quarter ending March 31, 2022	By May 28, 2022
Annual General Meeting for the year ending March 31, 2022	By September 30, 2022

11.3 Book Closure Date

Your Company's Share Transfer Books and Register of Members of Equity Shares shall remain closed from **Friday, September 17, 2021 to Thursday, September 23, 2021** (both days inclusive) for the purpose of Annual General Meeting.

11.4 Listing of Equity Shares

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

The address of BSE is as follows:

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

11.5 Stock Codes

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

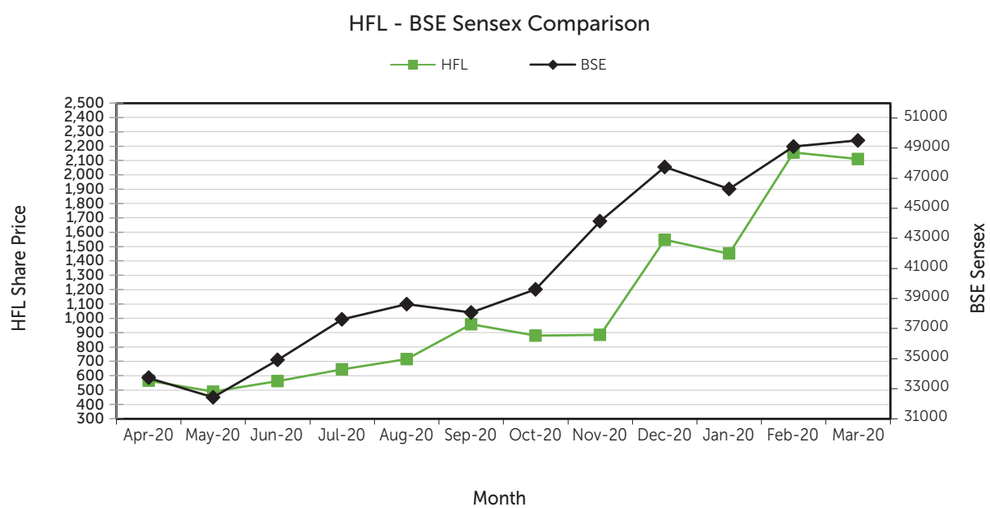
11.6 Market Price Data (In Rs.)

Month	BSE Limited (BSE)		
	High	Low	Volume
April 2020	622	525	50,90,949
May 2020	542.65	472.55	41,91,665
June 2020	612.95	490	1,40,33,913
July 2020	719	515.3	5,30,94,333
August 2020	805	613	5,00,25,231
September 2020	991	683.6	8,74,12,471
October 2020	972.8	821	3,39,28,958
November 2020	998.85	860	2,57,17,095
December 2020	1,789.95	869.85	20,72,82,730
January 2021	1,695	1,430	7,33,91,344
February 2021	2,580	1,440	27,35,64,250
March 2021	2,524.8	1,972.6	18,88,97,345

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

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

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



REPORT ON CORPORATE GOVERNANCE (Contd.)

11.8 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

11.9 Share Transfer System

Your Board of Directors have delegated powers to the Registrar and Share Transfer Agents for effecting Share transfers, splits, consolidation, sub-division, issue of duplicate Share certificates, re-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, 2021 no Equity Shares were pending for transfer.

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

The Company conducts a Reconciliation of Share Capital Audit on a quarterly basis in accordance with the Securities and Exchange Board of India (SEBI) requirements. The audit reports for the Financial Year under review have been filed with the Stock Exchange within one month 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 lodgement of transfer of Shares in physical form. Members holding Shares in physical form are advised to avail of the facility of dematerialisation.

11.10 Distribution of Shareholding

Distribution Schedule as on March 31, 2021

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	25,207	98.1543	11,55,316	5.4501
501 to 1000	212	0.8255	1,58,091	0.7458
1001 to 2000	111	0.4322	1,57,473	0.7429
2001 to 3000	34	0.1324	84,523	0.3987
3001 to 4000	24	0.0935	84,237	0.3974
4001 to 5000	19	0.0740	89,236	0.4210
5001 to 10000	31	0.1207	2,31,376	1.0915
10001 and above	43	0.1674	1,92,37,826	90.7527
Total	**25,681**	**100.0000**	**2,11,98,078**	**100.0000**

Distribution of Shareholding (Categorywise) as on March 31, 2021

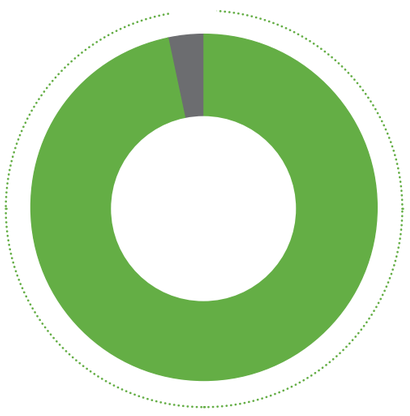
Category	No. of Shareholders	No of Shares held	% of share Holding
Promoters	5	1,32,75,093	62.6238
Directors and their relatives	5	6,01,833	2.8391
Financial Institutions / Banks	2	7,200	0.034
Bodies Corporate	100	12,79,846	6.0376
Non-Resident Indians (NRI's)	639	1,29,482	0.6108
Resident Individuals / Trusts/Mutual Funds	24,634	21,63,951	10.2084

Category	No. of Shareholders	No of Shares held	% of share Holding
Clearing Members	90	21,787	0.1028
HUF	193	55,837	0.2634
Alternate Investment Funds	6	15,29,460	7.2151
Foreign Portfolio Investors (Corporate)	5	13,97,439	6.5923
Partnership Firms	2	7,36,150	3.4727
Total	**25,681**	**2,11,98,078**	**100.0000**

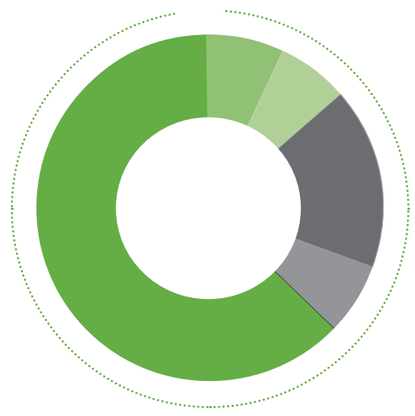
11.11 Dematerialisation of Shares and liquidity

As on March 31, 2021, 96.81% of your Company's Paid-up capital representing 2,05,21,805 Shares were held in dematerialised form as compared to 93.45% of your Company's Paid-up capital representing 1,98,10,105 Shares as on March 31, 2020.

Shares held in Demat/Physical form as at March 31, 2021



Shareholding Pattern as at March 31, 2021



Physical Holding is
6,76,273

Shares i.e
3.19%

Demat holding is
2,05,21,805

Shares i.e
96.81%

Alternate Investment Funds
7.21%

Foreign Portfolio Investors
6.59%

NRIs/Corporate Bodies
6.65%

Institution
0.03%

Public
16.90%

Promoters
62.62%

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

11.12 Outstanding GCRs/ADRs/Warrants or any Convertible instruments

- Nil –

11.13 Plant Location

i) Usgaon, Ponda, Goa 403 406

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

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

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

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

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

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

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

11.14 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 Pvt. Limited.

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

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

Email: rnt.helpdesk@linkintime.co.in

Investor complaints, if any, may be addressed to -

Mr Bankim Purohit, Company Secretary & Compliance Officer

Hindustan Foods Limited

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

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

Tel.: (022) 61801700

Email: investorrelations@thevanitycase.com

Service of documents through electronic mode

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

11.15 Status of compliance with discretionary requirements

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

(a) **The Board:**

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

(b) **Shareholders Rights:**

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

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

There is no audit qualification in the Company's Financial Statements for the Financial Year ended March 31, 2021.

(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.

11.16 Performance evaluation criteria for Independent Directors

The Directors other than Independent Directors of your Company evaluate performance of Independent Directors The evaluation is based on the following criteria as to how an Independent Director:

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

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, 2021 and that to the best of our knowledge and belief:

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

(iii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

i. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

ii. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

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

(i) There is no significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and

(iii) No instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai.
Date : August 11, 2021

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, Mr Pankaj S. Desai, Practicing Company Secretary, hereby certify that I have examined and verified the records, books and papers of the Company HINDUSTAN FOODS LIMITED as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder, as regards the Directors of the Company for the Financial Year ended on March 31, 2021.

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

Sr. No.	Name of the Director	DIN	Category
1	Mr Shrinivas Dempo	00043413	Chairman, Non-Independent Non-Executive
2.	Mr Sameer Ramanlal Kothari	01361343	Managing Director
3	Mr Neeraj Chandra	00444694	Independent, Non-Executive
4	Mr Shashi Kumar Kalathil	02829333	Independent, Non-Executive
5	Mr Nikhil Kishorchandra Vora	05014606	Non-Independent, Non-Executive
6	Mr Ganesh Tukaram Argekar	06865379	Executive Director
7	Ms Honey Hiranand Vazirani	07508803	Woman director, Independent Non-Executive
8	Mr Sarvjit Singh Bedi	07710419	Non-Executive, Non-Independent
9.	Mr Sandeep Mehta	00031380	Independent, Non-Executive
10.	Mr Harsha Raghavan	01761512	Non-Executive, Non-Independent Director

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, 2021.

SD/-

Pankaj Desai
Practicing Company Secretary
ACS No.: 3398
C. P. No.: 4098
UDIN NO: A003398C000744677

Place : Mumbai
Date : August 9, 2021

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, 2021, 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: A003398C000744699

Place : Mumbai
Date : August 9, 2021

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, 2021, 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, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 39 to the standalone financial statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the standalone financial statements. Accordingly, no adjustments have been made to the standalone financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in

our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Management report, Chairman's statement, Director's report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of changes in equity and the Statement of cash flow dealt with by this Report are in agreement with the books of accounts.
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADG8013

Place: Mumbai
Date: May 26, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN FOODS LIMITED

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identify during our audit.

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

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

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADG8013

Place: Mumbai
Date: May 26, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN FOODS LIMITED FOR THE YEAR ENDED MARCH 31, 2021

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

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, plant and equipment).

(b) The fixed assets (Property, plant & equipment) are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. Pursuant to the programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has granted loans, secured or unsecured to companies covered in the register maintained under section 189 of the Act.

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

(b) In case of the loans granted to the companies listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have been stipulated. The repayment of loans and interest are not yet due as on March 31, 2021.

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

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

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, profession tax, employees' state insurance were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (Contd.)

Statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Maharashtra State Tax On Professions, Trades, Callings And Employments Act, 1975.	Profession Tax	200	Jul-20	August 21, 2020	Not yet paid	None
The Employees' State Insurance Act, 1948	ESIC	1,765	Apr-20	May 15, 2020	Not yet paid	None
The Employees' State Insurance Act, 1948	ESIC	1,870	May-20	June 15, 2020	Not yet paid	None
The Employees' State Insurance Act, 1948	ESIC	2,080	Jun-20	July 15, 2020	Not yet paid	None
The Employees' State Insurance Act, 1948	ESIC	241	Jul-20	August 15, 2020	Not yet paid	None
The Employees' State Insurance Act, 1948	ESIC	89	Aug-20	September 15, 2020	Not yet paid	None
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	2,214	Jul-20	August 15, 2020	May 25, 2021	None
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	3,892	Aug-20	September 15, 2020	May 25, 2021	None

(c) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the Bank. Further, the Company does not have any loans or borrowings from any financial institution, Government or debenture holders during the year.

ix. In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (Contd.)

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. 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 or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADG8013

Place: Mumbai
Date: May 26, 2021

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN FOODS LIMITED

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

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

We have audited the internal financial controls with reference to standalone financial statements of Hindustan Foods Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone

financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

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

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADG8013

Place: Mumbai
Date: May 26, 2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipments	4	27,034.68	24,873.48
Capital work-in-progress		5,280.85	2,556.35
Other intangible assets	5	51.09	102.81
Financial assets			
Loans	6	276.09	215.79
Other financial assets	7	40.88	20.03
Non-current tax assets (net)	8	1,100.34	353.41
Other non-current assets	9	248.76	473.54
Total non-current assets		**34,032.69**	**28,595.41**
Current assets			
Inventories	10	16,908.34	10,972.56
Financial assets			
Investments	11	318.66	317.66
Trade receivables	12	4,968.82	3,746.63
Cash and cash equivalents	13	4,442.48	2,879.04
Bank balances other than cash and cash equivalents	14	1,409.49	1,018.71
Loans	6	1,830.87	542.55
Other financial assets	7	1,398.29	1,424.06
Other current assets	9	4,410.76	4,497.58
Total current assets		**35,687.71**	**25,398.79**
Total assets		**69,720.40**	**53,994.20**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	2,119.81	2,119.81
Other equity	16	20,321.72	16,666.98
Total equity		**22,441.53**	**18,786.79**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17 (a)	18,652.69	13,808.43
Employee benefits obligation	18	191.01	145.45
Deferred tax liabilities (net)	33	1,793.09	1,403.63
Other non current liabilities	19	84.67	84.67
Total non-current liabilities		**20,721.46**	**15,442.18**
Current liabilities			
Financial liabilities			
Borrowings	17 (b)	14.41	824.27
Trade payables	20		
i) outstanding dues of micro enterprises and small enterprises		75.78	0.11
ii) outstanding dues of creditors other than micro enterprise and small enterprise		21,310.75	13,963.09
Other financial liabilities	21	4,738.71	4,632.99
Other current liabilities	22	159.45	96.30
Employee benefits obligation	18	63.38	53.54
Current tax liabilities (net)	23	194.93	194.93
Total current liabilities		**26,557.41**	**19,765.23**
Total liabilities		**47,278.87**	**35,207.41**
Total equity and liabilities		**69,720.40**	**53,994.20**
Summary of significant accounting policies	2-3		

The accompanying notes 1 to 51 are an integral part of the standalone financial statements.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	24	1,38,634.88	77,189.50
Other income	25	274.44	120.85
Total income		**1,38,909.32**	**77,310.35**
Expenses			
Cost of material consumed	26	1,19,989.95	64,862.35
Purchase of stock-in-trade		-	48.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(925.84)	(3,040.51)
Employee benefits expense	28	3,060.21	2,422.27
Finance costs	29	1,867.66	1,098.68
Depreciation and amortisation expenses	30	1,719.56	1,128.20
Manufacturing and operating costs	31	5,782.12	5,558.98
Other expenses	32	2,401.39	1,769.17
Total expenses		**1,33,895.05**	**73,847.15**
Profit before tax		**5,014.27**	**3,463.20**
Tax expense	33		
Current tax -			
Current tax		884.93	-
Tax under MAT		-	602.78
MAT credit utilisation /(entitlement)		89.28	(10.92)
Deferred tax (excluding MAT credit entitlement/ utilisation)		785.85	598.20
Tax adjustments pertaining to previous years		(393.15)	-
Total tax expense		**1,366.91**	**1,190.06**
Profit for the year		**3,647.36**	**2,273.14**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss :			
- Re-measurement gains/(losses) on defined benefit plans		11.35	(13.27)
- Income tax effect on above		(3.97)	4.64
Other comprehensive income / (loss) for the year, net of tax		**7.38**	**(8.63)**
Total comprehensive income for the year		**3,654.74**	**2,264.51**
Earnings per share (face value Rs. 10 each)			
Basic earnings per share (Rs.)	34	17.21	11.97
Diluted earnings per share (Rs.)	34	17.21	11.97
Summary of significant accounting policies	2-3		

The accompanying notes 1 to 51 are an integral part of the standalone financial statements.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

STANDALONE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities		
Profit before tax	5,014.27	3,463.20
Adjustments for:		
Depreciation and amortisation expenses	1,719.56	1,128.20
Interest on borrowing	1,790.70	1,086.50
Interest on redeemable non cumulative non convertible preference shares	5.35	4.91
Other finance charge	71.61	7.27
Interest income	(179.88)	(116.92)
Impairment loss on intangible assets	-	25.00
Liabilities no longer required written back	(40.61)	-
Provision for doubtful debts	67.37	7.73
Other receivable written off	21.88	28.00
Re-measurement gain / (loss) on defined benefit plans reclassified to OCI	11.35	(13.27)
Unrealised foreign exchange translation loss	25.65	5.10
Operating profit before working capital changes	**8,507.25**	**5,625.72**
Changes in working capital		
Increase in inventories	(5,935.78)	(6,068.08)
(Increase)/ decrease in trade receivables	(1,292.50)	501.33
(Increase)/ decrease in other assets	86.82	(2,724.80)
Increase in financial assets	(9.38)	(1,105.58)
Increase in trade payables	7,447.46	6,310.07
Increase/ (decrease) in other liabilities	63.15	(89.96)
Increase/ (decrease) in financial liabilities	158.48	(65.96)
Increase in provisions	55.40	92.87
Cash generated from operations	**9,080.90**	**2,475.61**
Income tax paid	**(1,728.35)**	**(773.50)**
Net cash inflows from operating activities (A)	**7,352.55**	**1,702.11**
Cash flows from investing activities		
Acquisition of property plant and equipment (net of capital creditors and including capital advances)	(6,877.99)	(12,808.36)
Bank balances other than cash and cash equivalents	(390.78)	(1,004.76)
Investment in subsidiary/ associate	(1.00)	(317.66)
Loans given to related parties	(1,288.32)	(450.83)
Payment for acquisition of business [refer note 37 (b)]	(710.00)	-
Interest received	112.00	65.82
Net cash outflow from investing activities (B)	**(9,156.09)**	**(14,515.79)**

STANDALONE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from financing activities		
Proceeds from issue of equity shares [refer note (iii) below]	-	10,000.00
Proceeds from long-term borrowings	7,769.83	9,250.27
Repayment of long term borrowings	(1,675.34)	(1,695.65)
Proceeds from short-term borrowings	-	368.69
Repayment of short term borrowings	(809.86)	(1,522.89)
Lease rentals paid against lease liability	(57.28)	(56.57)
Interest paid	(1,837.21)	(1,089.99)
Net cash inflow from financing activities (C)	**3,390.14**	**15,253.86**
Net increase in cash and cash equivalents (A+B+C)	1,586.60	2,440.18
Cash and cash equivalents at the beginning of the year	2,879.04	438.86
Exchange difference on translation of foreign currency cash and cash equivalents	(23.16)	-
Cash and cash equivalents at the end of the year	**4,442.48**	**2,879.04**
Cash and cash equivalents comprise of (Refer note 13)		
On current accounts	2,339.75	1,350.91
Fixed deposits with maturity of less than 3 months	2,100.00	1,521.16
Cash on hand	2.73	6.97
Total cash and cash equivalents at end of the year	**4,442.48**	**2,879.04**

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

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Opening	2,11,98,078	2,119.81	1,34,92,500	1,349.25
Add: issue during the year [refer note 15 (e), 15 (f)]	-	-	77,05,578	770.56
Closing	**2,11,98,078**	**2,119.81**	**2,11,98,078**	**2,119.81**

(B) Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

	Equity component of redeemable non cumulative non convertible preference shares	Reserves and surplus				Total
		Securities premium	Capital reserve [refer note 37]	Retained earnings	Share pending issuance [refer note 37]	
Balance as at April 1, 2019	86.29	3,754.95	(223.69)	1,062.82	492.78	5,173.15
Profit for the year	-	-	-	2,273.14	-	2,273.14
Other comprehensive income	-	-	-	(8.63)	-	(8.63)
Total comprehensive income for the year	**86.29**	**3,754.95**	**(223.69)**	**3,327.33**	**492.78**	**7,437.66**
Transaction with owners in their capacity as owners						
Security premium on shares issue	-	9,722.10	-	-	-	9,722.10
Issue of shares pending issuance issued	-	-	-	-	(492.78)	(492.78)
Balance as at March 31, 2020	**86.29**	**13,477.05**	**(223.69)**	**3,327.33**	**-**	**16,666.98**
Balance as at April 1, 2020	86.29	13,477.05	(223.69)	3,327.33	-	16,666.98
Profit for the year	-	-	-	3,647.36	-	3,647.36
Other comprehensive income	-	-	-	7.38	-	7.38
Total comprehensive income for the year	**86.29**	**13,477.05**	**(223.69)**	**6,982.07**	**-**	**20,321.72**
Balance as at March 31, 2021	**86.29**	**13,477.05**	**(223.69)**	**6,982.07**	**-**	**20,321.72**

The accompanying notes 1 to 51 are an integral part of the standalone financial statements.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

For and on behalf of the Board of Directors of
Hindustan Foods Limited
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Sameer R. Kothari
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Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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, 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 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

b) Basis of measurement

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

c) Current / non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates

and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognised in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

e) Rounding off of amounts

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

2.2 Property, plant and equipment

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

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

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

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

Depreciation methods, estimated useful lives

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

Property, plant and equipment	Estimated useful life
Leasehold improvement*	Lease period
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Office Equipment	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 experts 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

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

2.6 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.7 Revenue Recognition

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

For sale of goods, the Company recognises revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Company's premises 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

a) Current income tax

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

b) Deferred tax

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

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

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

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

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

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

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:

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

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

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

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

2.16 Financial instruments

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

a) Financial assets

i. Initial recognition and measurement

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

ii. Subsequent measurement

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

a) at amortised cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

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

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

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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.

iii. Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortised cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

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

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

iv. Derecognition of financial assets

A financial asset is derecognised only when

a) the rights to receive cash flows from the financial asset is transferred or

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 amortization is included as finance costs in the Statement of Profit and Loss.

iii. Non cumulative redeemable non cumulative non convertible preference shares

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

iv. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss as finance costs.

c) Offsetting financial instruments

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

2.17 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect

of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

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, 2021 (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. There is no such notification which would have been applicable from April 1, 2021. MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting April 1, 2021.

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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. During the year ended March 31, 2020, the Company had recognised an impairment loss on brand (refer note 32).

d) Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each Balance Sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each Balance Sheet date. During the year, the Company has recognised the provision for obsolete inventories. (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, 2021 (Contd.)

4 Property, plant and equipment

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block				Accumulated depreciation				Net block
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	For the year	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2021
I Owned Assets									
Freehold land	776.92	757.59	-	1,534.51	-	-	-	-	1,534.51
Buildings#	10,235.06	377.68	-	10,612.74	847.77	362.39	-	1,210.16	9,402.58
Plant and machinery#	14,180.89	2,327.40	-	16,508.29	1,880.65	987.40	-	2,868.05	13,640.24
Furniture and fixtures	183.21	33.47	-	216.68	61.76	19.22	-	80.98	135.70
Electrical equipment	1,820.92	155.14	-	1,976.06	363.01	180.52	-	543.53	1,432.53
Computers	88.05	13.01	-	101.06	47.12	23.67	-	70.79	30.27
Vehicles	23.12	33.33	-	56.45	8.62	2.03	-	10.65	45.80
Office equipment's	135.13	26.58	-	161.71	20.00	32.79	-	52.79	108.92
Leasehold improvement	15.48	-	-	15.48	3.29	2.94	-	6.23	9.25
II Right of Use Assets									
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
Total	**28,164.94**	**3,827.33**	**-**	**31,992.27**	**3,291.46**	**1,666.13**	**-**	**4,957.59**	**27,034.68**

Includes finance cost capitalized during the year amounting to Rs Nil (31 March 2020 : 67.77 lakhs) in Building, Rs Nil (31 March 2020: 203.32 lakhs) in Plant and Machinery. Further, Rs Nil (31 March 2020: 9.30 lakhs) capitalized in Capital Work-in-progress.

(Amounts in Rs. lakhs, unless otherwise stated)

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

5 Intangible assets

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block				Accumulated amortisation and impairment				Net block
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	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**

(Amounts in Rs. lakhs, unless otherwise stated)

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

6 Financial assets - Loans

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits	276.09	-	215.79	-
Loan to related parties, repayable on demand	-	1,830.87	-	542.55
Total financial assets	**276.09**	**1,830.87**	**215.79**	**542.55**

7 Other financial assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
In fixed deposit accounts with original maturity for more than 12 months#	40.88	-	20.03	-
Interest accrued on fixed deposits with bank	-	43.31	-	55.37
Interest accrued on loans given to related parties	-	114.69	-	34.64
Unbilled revenue	-	1,211.68	-	544.40
Other receivable	-	28.61	-	789.65
Total other financial assets	**40.88**	**1,398.29**	**20.03**	**1,424.06**
(# Includes Balance with bank held as margin money deposit against guarantees and lien with Goa and Jammu Electricity Board)	**39.86**	**-**	**10.85**	**-**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

8 Non-current tax assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax (net)	1,100.34	353.41
Total non-current tax assets	**1,100.34**	**353.41**

9 Other assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Capital advances	248.76	-	473.54	-
Export incentive receivable	-	278.34	-	335.65
Balance with government authorities (other than income tax)	-	3,517.78	-	3,463.51
Prepaid expenses	-	72.17	-	84.06
Advances to suppliers	-	533.87	-	611.02
Advances to employees	-	8.60	-	2.57
Advances to others	-	-	-	0.77
Total other assets	**248.76**	**4,410.76**	**473.54**	**4,497.58**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw material and intermediate	8,524.87	4,611.85
Work in progress	1,747.01	1,593.91
Finished goods	4,026.14	3,219.96
Stock in trade	44.47	77.91
Packing material	2,484.04	1,449.97
Store and spares parts	81.81	18.96
Total inventories	**16,908.34**	**10,972.56**

During the year, an amount of Rs. 75.21 lakhs [March 31, 2020: NIL] 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	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investment in equity instruments at cost		
93,94,084 Equity Shares of Rs 10 each fully paid up in ATC Beverages Private Limited	317.66	317.66
10,000 Equity Shares of Rs 10 each fully paid up in HFL Consumer Prodcuts Private Limited	1.00	-
	318.66	**317.66**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate amount of quoted investments	-	-
Aggregate Market value of quoted investments	-	-
Aggregate amount of unquoted investments	318.66	317.66
Aggregate amount of impairment in value of investments	-	-

12 Trade receivables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	5,051.40	3,756.39
Receivables from related parties (refer note 40)	-	5.45
Less: Loss allowance	(82.58)	(15.21)
Total trade receivables	**4,968.82**	**3,746.63**
Current portion	**4,968.82**	**3,746.63**
Non current	**-**	**-**

Breakup of security details

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivable considered good- secured	-	-
Trade receivable considered good- unsecured	5,051.40	3,761.84
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
Total	**5,051.40**	**3,761.84**
Loss allowance	(82.58)	(15.21)
Total trade receivables	**4,968.82**	**3,746.63**

13 Cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- On current accounts	2,339.75	1,350.91
- Fixed deposits with original maturity of less than 3 months	2,100.00	1,521.16
Cash on hand	2.73	6.97
Total cash and cash equivalents	**4,442.48**	**2,879.04**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

14 Bank balances other than cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
In fixed deposit with original maturity for more than 3 months but less than 12 months *	1,409.49	1,018.71
Total bank balances other than cash and cash equivalents	**1,409.49**	**1,018.71**
(*Includes Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board and margin money deposit against the borrowings for the Hyderabad facility)	1,366.11	1,006.28

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, 2021	As at March 31, 2020
Authorised		
2,20,00,000 Equity shares of Rs. 10/- each	2,200.00	2,200.00
	2,200.00	**2,200.00**
Issued, subscribed and paid up		
2,11,98,078 Equity shares of Rs. 10/- each fully paid up	2,119.81	2,119.81
Total	**2,119.81**	**2,119.81**

(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, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	2,11,98,078	2,119.81	1,34,92,500	1,349.25
Add: Issued during the year [refer note 15(e) and 15(f)]	-	-	77,05,578	770.56
Outstanding at the end of the year	**2,11,98,078**	**2,119.81**	**2,11,98,078**	**2,119.81**

(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, 2021, the amount of per share dividend recognised as distributions to equity shareholders was Nil (March 31, 2020: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
M/s. Vanity Case (India) Private Limited	89,81,593	42.37%	89,81,593	42.37%
M/s. Jwalamukhi Investment Holdings	13,40,000	6.32%	13,40,000	6.32%
Asha R. Kothari	18,96,750	8.95%	18,96,750	8.95%
Sameer R. Kothari	18,96,750	8.95%	18,96,750	8.95%

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

(e) In the previous financial year, the warrant holders of the Company had exercised their option for the conversion of 27,77,779 warrants into equivalent Equity Shares of Rs. 10/- each fully paid up of the Company. Accordingly, the Company had allotted 27,77,779 Equity Shares of Rs. 10/- each fully paid up to the warrant holders on January 16, 2020.

(f) In the previous financial year, in consideration of the business combination, Company had allotted 49,27,799 equity shares of Rs. 10/- each credited as fully paid up shares of Company to the shareholde Rs. of Avalon Cosmetics Private Limited (ACPL) for each equity share held in ACPL on January 16, 2020.

16 Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	(223.69)	(223.69)
Securities premium	13,477.05	13,477.05
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Retained earnings	6,982.07	3,327.33
	20,321.72	**16,666.98**

Nature and purpose of other reserves	
Capital reserve	The Company recognises profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.
Securities premium	Securities premium is used to record the premium on issue of shares. This is utilised in accordance with the provisions of The Companies Act, 2013.
Equity component of redeemable non cumulative non convertible preference shares	Equity component represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax).
Retained earnings	All other net gains, losses and transactions with owners (e.g.: dividends) not recognised elsewhere.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Capital reserve	(223.69)	(223.69)
(B) Securities premium		
Opening balance	13,477.05	3,754.95
Add : Securities premium on share issue	-	9,722.10
Closing balance	**13,477.05**	**13,477.05**
(C) Equity component of redeemable non cumulative non convertible preference shares	**86.29**	**86.29**
(D) Retained earnings		
Opening balance	3,327.33	1,062.82
Add: Net profit for the year	3,647.36	2,273.14
Add/(Less): Item of OCI for the year, net of tax	7.38	(8.63)
Closing balance	**6,982.07**	**3,327.33**
Total other equity	**20,321.72**	**16,666.98**

17 (a) Non-current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term loan		
From banks	21,390.48	15,371.61
Unsecured		
Liability component of compound financial instruments		
9% redeemable non cumulative non convertible preference shares*	64.79	59.44
Long term maturities of finance lease obligation		
Lease liabilities	223.94	165.22
Less: Current maturities of term loans (refer note 21)	(2,941.27)	(1,742.97)
Less: Current maturities of finance lease obligation (refer note 21)	(85.25)	(44.87)
Total non-current borrowings	**18,652.69**	**13,808.43**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

A) Terms of non-current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Non current, secured borrowings		
Term loan from Bank	Ranging from 7.5% to 12.55%	Repayable in monthly and quarterly instalments
Non current, unsecured borrowings		
Redeemable non cumulative non convertible preference shares*	9.00%	Redeemable not later than 19 years from the date of issue i.e. 27 September 2012.
Obligation under finance lease liabilities	8.5% to 12%	Monthly/quarterly installments

* The Company has authorised redeemable non cumulative non convertible preference shares of Rs. 200 lakhs, of which the Company has issued preference shares amounting toRs. 160 lakhs to V.S. Dempo Holdings Pvt Ltd

B) Nature of security :

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

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

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

C) Period and amount of default:

The Company has made no defaults in the payment of principal or interest in the current year.

17 (b) Current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
From banks		
Cash credits	14.41	824.27
Total current borrowings	**14.41**	**824.27**

A) Terms of current borrowing are as under

Particulars	Rate of interest (p.a)	Repayment terms
Current, secured borrowings	9.3% to 10%	Repayable on demand

B) Nature of security :

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

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

C) Period and amount of default:

The Company has made no defaults in the payment of principal or interest in the current year.

18 Employee benefits obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Provision for employee benefits (refer note 36)				
- Provision for gratuity (funded)	146.00	55.81	108.54	48.25
- Leave encashment (unfunded)	45.01	7.57	36.91	5.29
Total employee benefits obligation	**191.01**	**63.38**	**145.45**	**53.54**

19 Other non-current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposit received	84.67	84.67
Total other non-current liabilities	**84.67**	**84.67**

20 Trade payables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding dues of micro enterprises and small enterprises	75.78	0.11
Outstanding dues of creditors other than micro enterprises and small enterprises	21,310.75	13,963.09
Total trade payables	**21,386.53**	**13,963.20**

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, 2021	As at March 31, 2020
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	75.78	0.11
Interest	0.21	0.01
Total	**75.99**	**0.12**
(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.	0.21	0.01
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

21 Other current financial liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital creditors	1,314.17	1,880.33
Current maturities of long term loan (refer note 17 [a])	2,941.27	1,742.97
Current maturities of finance lease obligation (refer note 17 [a])	85.25	44.87
Payable for business purchase (refer note 37 (b))	-	710.00
Interest accrued but not due on borrowings	147.44	122.34
Security deposit received	3.25	1.25
Employee related payable	247.33	95.11
Book overdraft	-	36.12
Total other financial liabilities	**4,738.71**	**4,632.99**

22 Other current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	118.17	59.16
Provision for CSR unspent amount (refer note 45)	21.98	-
Advance from customers	17.15	34.99
Other payables	2.15	2.15
Total other current liabilities	**159.45**	**96.30**

23 Current tax liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax payable (net)	194.93	194.93
Total current income tax liabilities	**194.93**	**194.93**

24 Revenue from operations

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers:		
- Sale of products	1,38,204.61	76,715.89
- Trading of goods	23.31	19.73
- Sale of services	46.99	49.94
Other operating revenue		
- Export incentive	213.16	319.58
- Scrap sales	118.07	66.11
- Trial charges	28.74	18.25
Total revenue from operations	**1,38,634.88**	**77,189.50**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (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, 2021	Year ended March 31, 2020
- Sale of products - contract manufacturing	1,38,204.61	76,715.89
- Trading of goods	23.31	19.73
- Sale of services	46.99	49.94
Total	**1,38,274.91**	**76,785.56**
Geographic revenue		
- India	1,33,854.38	72,015.65
- Rest of the world	4,420.53	4,769.91
Total	**1,38,274.91**	**76,785.56**

B. **Trade receivables and contract balances**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables, which are included in trade receivables	4,968.82	3,746.63
Unbilled revenue	1,211.68	544.40
Advances from customers	17.15	34.99

C. **Transaction price allocated to the remaining performance obligation**

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

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, 2021	Year ended March 31, 2020
Gross revenue	1,38,658.24	77,266.89
Adjustment for credit notes:	(23.36)	(77.39)
Revenue from operations	**1,38,634.88**	**77,189.50**

25 Other income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on fixed deposits	90.66	82.68
Interest on loans to related parties (refer note 40)	89.08	34.24
Liabilities no longer required written back	40.61	-
Miscellaneous income	54.09	3.93
Total other income	**274.44**	**120.85**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

26 Cost of material consumed

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Raw material		
Inventory at the beginning of the year	4,611.85	2,537.84
Add: Purchases	1,10,405.05	59,510.49
Less: Inventory at the end of the year	8,524.87	4,611.85
Cost of raw material consumed	**1,06,492.03**	**57,436.48**
Packaging material		
Inventory at the beginning of the year	1,449.97	468.62
Add : Purchases	14,531.99	8,407.22
Less : Inventory at the end of the year	2,484.04	1,449.97
Cost of packaging material consumed	**13,497.92**	**7,425.87**
Total cost of materials consumed	**1,19,989.95**	**64,862.35**

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, 2021	Year ended March 31, 2020
Inventories at the beginning of the year		
- Finished goods	3,219.96	1,264.14
- Stock in trade	77.91	53.62
- Work-in-progress	1,593.91	533.51
	4,891.78	**1,851.27**
Less: Inventories at the end of the year		
- Finished goods	4,026.14	3,219.96
- Stock in trade	44.47	77.91
- Work-in-progress	1,747.01	1,593.91
	5,817.62	**4,891.78**
Net increase	**(925.84)**	**(3,040.51)**

28 Employee benefits expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	2,780.29	2,162.60
Contribution to provident and other funds	118.94	84.43
Gratuity expense (refer note 36)	59.10	64.11
Staff welfare expenses	101.88	111.13
Total employee benefits expense	**3,060.21**	**2,422.27**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

29 Finance costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	1,772.11	1,066.60
Interest expense on lease Liabilities	18.59	19.90
Interest on redeemable non cumulative non convertible preference shares	5.35	4.91
Other finance charge	71.61	7.27
Total finance costs	**1,867.66**	**1,098.68**

30 Depreciation and amortisation expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on owned assets [refer note 4]	1,610.96	1,023.84
Depreciation on right of use assets [refer note 4]	55.17	51.13
Amortisation on intangible assets [refer note 5]	53.43	53.23
Total depreciation and amortisation expenses	**1,719.56**	**1,128.20**

31 Manufacturing and operating costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Job work expenses	1,206.52	1,790.72
Power, fuel & electricity expenses	1,330.25	964.02
Repairs and maintenance - plant & machinery	222.34	307.49
Repairs and maintenance - building	7.57	15.85
Repairs and maintenance - others	133.75	111.36
Contract labour charges	2,690.32	2,202.85
Other manufacturing expenses	191.37	166.69
Total manufacturing and operating costs	**5,782.12**	**5,558.98**

32 Other expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Stores and spares consumed	321.91	137.66
Insurance	90.16	64.46
Rent (refer note 38)	251.62	131.95
Rates and taxes	209.70	102.30
Carriage and freight	548.40	346.16
Travel and conveyance	157.45	189.95
Postage and courier	22.27	32.31
Printing & stationery	32.51	45.57
Legal and professional charges	189.78	237.95
Advertisement expenses	1.98	1.37
Commission	24.80	64.08

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Business promotion expenses	1.00	20.53
Other receivable written off	21.88	28.00
Provision for doubtful debts	67.37	7.73
Foreign exchange loss (net)	49.37	1.30
CSR expenses (refer note 45)	38.88	20.35
Security charges	209.44	173.01
Bank charges	18.53	14.48
Impairment loss on intangible assets	-	25.00
Donation	1.50	-
Auditors remuneration [refer note (a) below]	30.57	22.75
Director's sitting fees (refer note 40)	8.00	9.01
Miscellaneous expenses	104.27	93.25
Total other expenses	**2,401.39**	**1,769.17**

(a) Auditors remuneration

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
Statutory audit	21.00	14.00
In other capacity:		
Limited review fees	8.00	6.00
Other matters	1.26	2.75
Reimbursement of expenses	0.31	-
Total	**30.57**	**22.75**

33 Income tax

A) Income tax expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
Current tax	884.93	-
Minimum alternate tax (MAT)	-	602.78
Tax adjustments pertaining to previous years	(393.15)	-
	491.78	**602.78**
Deferred tax		
Decrease/ (Increase) in deferred tax asset	(38.41)	(19.89)
(Decrease)/ Increase in deferred tax liabilities	1,014.54	618.09
MAT credit entitlement	(586.67)	(10.92)
Effect of tax adjustments pertaining to the previous year	485.67	-
Income tax expense	**875.13**	**587.28**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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	5,014.27	3,463.20
Enacted income tax rate in India applicable to the Company	34.94%	34.94%
Income tax expense at tax rates applicable	1,752.19	1,210.18
Tax effects of:		
Tax adjustments pertaining to previous years	(393.15)	-
Effect of tax deductions	(14.53)	-
CSR Expenditure and donations	14.11	-
Others	8.29	(20.12)
Income tax expense	**1,366.91**	**1,190.06**
Effective tax rate	27.26%	34.36%

C) Deferred tax relates to the following:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
On provision for employee benefits	88.89	69.53
On provision for doubtful debts	28.86	5.31
On impairment	8.74	8.74
On lease liabilities	-	4.58
On unamortised processing cost	0.08	-
	126.57	**88.16**
Deferred tax liabilities		
On property, plant and equipment	2,430.49	1,568.44
On non redeemable non cumulative non convertible preference shares	33.26	35.14
On lease liabilities	160.28	-
On unamortised processing cost	-	5.91
	2,624.03	**1,609.49**
Deferred tax liabilities net	(2,497.46)	(1,521.33)
Minimum alternative tax (MAT) entitlements	704.37	117.70
Deferred tax asset/(liability), net	**(1,793.09)**	**(1,403.63)**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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, 2021	Year ended March 31, 2020
Deferred tax assets/(liabilities), net	(1,793.09)	(1,403.63)
Less: Opening deferred tax liabilities	1,403.63	817.42
Deferred tax expense for the year	**(389.46)**	**(582.64)**
Tax liability recognised in Statement of Profit and Loss	(871.16)	(587.28)
Tax adjustments pertaining to previous years	393.15	-
Tax adjustments pertaining MAT to previous years	92.52	-
Tax liability recognised in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	(3.97)	4.64
Total deferred tax expenses recognised in the statement of Profit and Loss	**(389.46)**	**(582.64)**

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, 2021	Year ended March 31, 2020
Profit attributable to equity holders	3,647.36	2,273.14
Add: Impact of dilutive potential equity shares	-	-
Attributable to equity holders adjusted for the effect of dilution	**3,647.36**	**2,273.14**
Weighted average number of equity shares (in lakhs) for basic and diluted EPS	211.98	189.97
Basic per share (Rs.)	17.21	11.97
Diluted per share (Rs.)	17.21	11.97

35 Contingent liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Claim for expired goods	7.13	7.13
Letter of credit issued	59.26	120.06
Bank guarantees	76.45	17.13
	142.84	**144.32**
Capital commitments		
Capital expenses for Piparia factory	66.92	388.66
Capital expenses for Telengana factory	368.74	958.93
Capital expenses for Coimbatore factory	39.00	-
Capital expenses for Masat factory	187.45	-
	662.11	**1,347.59**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 (funded)

i) **Actuarial assumptions**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate (per annum)	6.55%	6.60%
Rate of increase in salary	7.00%	7.00%
Expected average remaining working lives of employees (years)	24.84	24.73
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, 2021	March 31, 2020
Present value of obligation at the beginning of the year	**182.80**	**120.83**
Current service cost	50.34	58.89
Interest cost	11.46	7.95
Benefits paid	(9.30)	(17.52)
Actuarial (gain)/ loss on obligations	(12.65)	12.65
Present value of obligation at the end of the year	**222.65**	**182.80**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Opening fair value of plan assets	26.01	36.55
Interest income	2.70	2.73
Contributions by employer	2.51	2.91
Benefits paid	(9.08)	(15.56)
Actuarial (losses)/ gains	(1.30)	(0.62)
Closing fair value of plan assets	**20.84**	**26.01**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

iv) Expense recognised in the Statement of Profit and Loss

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Current service cost	50.34	58.89
Past service cost	-	-
Interest cost	8.76	5.22
Total expenses recognised in the Statement Profit and Loss	**59.10**	**64.11**

v) Expense recognised in the statement of other comprehensive income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Actuarial (gain) / loss on obligations	(12.65)	12.65
Actuarial gain /(loss) for the year on plan assets	1.30	0.62
Total expenses recognised in the statement of other comprehensive Income	**(11.35)**	**13.27**

vi) Assets and liabilities recognised in the Balance Sheet:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Present value of funded obligation	222.65	182.80
Less: fair value of plan assets	(20.84)	(26.01)
Net asset / (liability) recognised in Balance Sheet*	**201.81**	**156.79**
*Included in provision for employee benefits (refer note 18)		

vii) Expected contribution to the fund in the next year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
Gratuity	55.80	48.24

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, 2021	March 31, 2020
Discount rate		
0.5% increase	214.34	176.09
0.5% decrease	231.57	189.98
Rate of increase in salary		
0.5% increase	230.24	189.31
0.5% decrease	214.82	176.72
Withdrawal rate		
110% change	221.75	182.31
90% change	223.56	183.29

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

ix) Maturity profile of defined benefit obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Year	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Apr 2020- Mar 2021	-	18.33
Apr 2021- Mar 2022	30.51	20.48
Apr 2022- Mar 2023	8.37	10.47
Apr 2023- Mar 2024	23.13	18.83
Apr 2024- Mar 2025	27.89	23.27
Apr 2025 onwards	119.06	93.69

(C) Other long term employee benefit obligation

Leave entitlement

The liability for leave entitlement is recognised in the same manner as gratuity aggregating Rs. 17.58 lakhs as at March 31, 2021 (March 31, 2020: Rs. 22.65 lakhs).

37 (a) Merger Information - Acquisition during previous year

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

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

Further, in terms of the Scheme, during the year, 49,27,799 Ordinary (Equity) shares of Rs. 10 each in the Company has been issued and allotted as fully paid up to the shareholders of ACPL other than the Company, in the ratio of 42.15 Ordinary (Equity) Share of Rs. 10 each fully paid-up in the capital of the Company for every 1 fully paid-up Equity Shares of Rs. 10 each held in ACPL. Consequently, an amount of Rs. 492.78 lakhs representing difference between the consideration issued and value of net identifiable assets acquired has been transferred to Capital Reserve in the Standalone Financial Statements as at April 1, 2018.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

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

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

(iv) Acquisition related cost

Acquisition cost of Rs. Nil (March 31, 2020 - 18.82 lakhs) are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

37 (b) Business Combination Information

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

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

(Amounts in Rs. lakhs, unless otherwise stated)

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

iii) Acquisition related cost

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

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, 2019	36.14	118.34	47.41	201.89
Interest	2.01	12.95	4.94	19.90
Additions	-	-	-	-
Lease payments	3.00	33.12	20.45	56.57
Balance as at March 31, 2020	35.15	98.17	31.90	165.22

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Category of ROU Asset			Total
	Leasehold land	Building	Plant and Machinery	
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
Balance as at March 31, 2021	37.00	177.58	9.36	223.94

(ii) Break-up of current and non-current lease liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Lease Liabilities	85.25	44.87
Non-current Lease Liabilities	138.69	120.35

(iii) Maturity analysis of lease liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	85.25	44.87
One to five years	138.69	120.35
More than five years	-	-
Total	223.94	165.22

As per Para B11 of Ind AS 107 Financial Instruments: Disclosure, In preparing the maturity analyse an entity uses its judgement 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, 2021	Year ended March 31, 2020
Interest on Lease Liabilities	18.59	19.90
Variable lease payments (not included in the measurement of lease liabilities)	-	-
Income from subleasing	-	-
Adjustments pertaining to practical expedient	(5.72)	-
Low-value leases expensed	15.78	25.84
Short-term leases expensed	241.56	106.11
Total	270.21	151.85

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(v) Amounts recognised in statement of Cash Flows

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Cash outflow for leases	(57.28)	(56.57)

39 The Ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020 notified first ever nation-wide lockdown in India to contain the outbreak of COVID 19. As a result, the operations were temporarily disrupted at few manufacturing locations of the Company which have been subsequently restarted and brought back to normal production capacities. In assessing the recoverability of receivables including unbilled receivables tangible and intangible assets, investments and carrying value of inventories, the Company has considered internal and external information up to the date of approval of these standalone financial statements including economic forecasts. The Company has used assumptions based on current indicators of future economic conditions and based on the same the Company expects to recover the carrying amount of these assets. Further, the management is continuously assessing the impact of the outbreak of COVID 19 on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not materially impact the current financial year ended March 31, 2021, however, in view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is difficult.

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

40 Related party disclosures:

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

Holding company

Vanity Case (India) Private Limited

Entities 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 (incorporated on August 6, 2020)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Associate

ATC Beverages Private Limited

Employee Benefit Trust

Hindustan Foods Management Staff Superannuation Fund Trust

Key Management Personnel (KMP)

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

Relatives of Directors

Asha R Kothari	Relative of Managing Director

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) **Avalon Cosmetics Private Limited**		
Sale of products	-	1.50
Finance cost	-	11.04
Reimbursement of expenses	100.75	-
Purchase of consumables	-	45.56
Sale of property, plant and equipment	3.00	-
Rent paid	12.00	12.00
Payment received against other receivables	729.05	-
(ii) **Motown Trading Private Limited**		
Purchase of trading goods	-	8.39
Business promotion	-	6.98
(iii) **Athene Laboratories**		
Sale of products	-	1.63
Rent paid	60.00	42.00
Recharge of salaries to Company	-	29.33
Security deposit given	42.00	-
Advance given	1.42	42.00

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(iv) **Shivom Industries**		
Business purchase	-	390.00
Recharge of salaries to Company	-	12.58
Purchase of consumables and others	5.83	-
Sale of products	0.45	-
Payment received against other receivables	12.58	-
Payment made against other payables	9.74	-
(v) **Galaxy Healthcare Products**		
Business purchase	-	320.00
Recharge of salaries to Company	-	3.06
Payment received against other receivables	349.28	-
Payment made against other payables	332.78	-
(vi) **Sundaram Cosmetics**		
Purchase of land	-	111.32
(vii) **Mahak Cosmetics and Credit Private Limited**		
Purchase of land	-	80.75
(viii) **V.S Dempo Private Limited**		
Interest accrual on borrowing	-	32.95
Loan repayment	-	468.40
Interest payment	-	111.51
(ix) **ATC Beverages Private Limited**		
Interest income accrued on loans granted	80.66	34.24
Investment in equity shares	-	317.66
Loans granted	356.31	542.55
(x) **Sameer Kothari**		
Equity shares issued*	-	189.68
(xi) **Asha R Kothari**		
Equity shares issued*	-	189.68
(xii) **Christine Valmy Institute Private Limited**		
Sale of products	0.65	0.58
Trading of goods	-	0.19
Recharge of salaries to Company	-	0.49
(xiii) **Vanity Case (India) Private Limited**		
Equity shares issued*	-	113.43
(xiv) **HFL Consumer Private Limited**		
Loans granted	932.00	-
Recharge of salaries to Company	1.20	-
Other interest on loans	8.42	-
Investment in equity shares	1.00	-
(xv) **Spans Healthcare**		
Sale of property, plant and equipment	1.00	-
Purchase of materials	1,214.53	-
(xvi) **Allies Logistics Private Limited**		
Freight expense	5.38	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(xvii) Sitting fees		
Shrinivas Dempo	1.20	1.41
Sandeep Mehta	1.15	0.85
Sudin M. Usgoankar	-	0.16
Shashi K. Kalathil	1.65	1.95
Sameer Kothari	-	0.21
Honey Vazirani	1.50	1.77
Nikhil K Vora	1.00	1.40
Neeraj Chandra	1.50	1.26
(xviii) Compensation of key management personnel^		
Sameer Kothari	156.00	74.00
Ganesh Argekar	52.00	34.00
Mayank Samdani	58.65	20.74
Kedar Swain	-	8.39
Beena Mahambrey	-	1.00
Bankim Purohit	17.53	14.86

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Avalon Cosmetics Private Limited		
Other receivables#	-	729.05
Other payables	11.11	14.74
Trade receivables	-	2.62
Advances given	-	0.60
(ii) HFL Consumer Private Limited		
Loans given	932.00	-
Interest accrued on loan given	8.42	-
(iii) Adonia Cosmetics Pvt. Ltd.		
Trade payables	-	2.25
Other receivables	-	0.01
(iv) Spans Healthcare		
Advances given	0.33	-
Trade payables	156.16	-
(v) ATC Beverages Private Limited		
Loans given	898.86	542.55
Interest accrued on loan given	106.27	34.64
(vi) Shivom Industries		
Payable for business Purchase	-	390.00
Advance	-	0.04
Other receivables$	-	12.58
Other payables$	-	9.74

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(vii) Galaxy Healthcare Products		
Payable for business Purchase	-	320.00
Other receivables$	-	349.28
Other payables$	-	332.78
(viii) Sundaram Cosmetics		
Payable against the land purchase	-	111.32
(ix) Mahak Cosmetics and Credit Private Limited		
Payable against the land purchase	-	80.75
(x) Athene Laboratories		
Security deposit	42.00	36.23
Advance given	1.42	-
Trade receivables	-	1.92
Other receivables	-	29.33
(xi) Christine Valmy Institute Private Limited		
Trade Receivables	-	0.91
Other receivables	-	0.49
(xii) Vanity Case (India) Private Limited		
Advance given	-	0.04
(xiii) Remuneration payable		
Sameer Kothari	9.24	-
Ganesh Argekar	2.43	-
Mayank Samdani	4.04	-
Bankim Purohit	1.27	-
(xiv) Allies Logistics Private Limited		
Trade Payables	5.35	-

* Shared issued during the year ended March 31,2020 as per the NCLT approved scheme for Avalon Cosmetics Private limited (Hyderabad unit) merger

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

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

^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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

41 Segment reporting

The Company's operations predominantly relate to contract manufacturing and other manufacturing for sale under the Company's own brand name. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as contract manufacturing and other manufacturing for sale under the Company's own brand name. Since, the quantitative threshold as per para 13 of Ind AS 108 on Segment Reporting are not met for "other manufacturing for sale under Company's own brand name", no separate segment information has been furnished herewith.

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Customer 1*	1,17,164.00	57,386.07
Customer 2*	13,503.58	10,758.44
	1,30,667.58	**68,144.51**

* This pertains to revenue from contract manufacturing

42 Fair values of financial assets and financial liabilities

Financial Instrument measured at Amortised cost:

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The amortised cost using effective interest rate (EIR) of non-current financial assets/liabilities are not significantly different from the carrying amount and therefore the impact of fair value is not considered for above disclosure.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The carrying value and fair value of financial instruments by categories as at March 31, 2021 were as follows

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Investments	11	318.66	-	-	-	318.66
Security deposits	6	276.09	-	-	-	276.09
Non current other financial assets	7	40.88	-	-	-	40.88
Current other financial assets	7	1,398.29	-	-	-	1,398.29
Trade receivable	12	4,968.82	-	-	-	4,968.82
Cash and cash equivalents	13	4,442.48	-	-	-	4,442.48
Bank balances other than cash and cash equivalents	14	1,409.49	-	-	-	1,409.49
Loan	6	1,830.87	-	-	-	1,830.87
		14,685.58	**-**	**-**	**-**	**14,685.58**
Financial liabilities						
Non current Borrowings	17 (a)	18,652.69	-	-	-	18,652.69
Current Borrowings	17 (b)	14.41	-	-	-	14.41
Other current financial liabilities	21	4,738.71	-	-	-	4,738.71
Trade payables	20	21,386.53	-	-	-	21,386.53
		44,792.34	**-**	**-**	**-**	**44,792.34**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Investments	11	317.66	-	-	-	317.66
Security Deposits	6	215.79	-	-	-	215.79
Non current other financial assets	7	20.03	-	-	-	20.03
Current other financial assets	7	1,424.06	-	-	-	1,424.06
Trade receivable	12	3,746.63	-	-	-	3,746.63
Cash and cash equivalents	13	2,879.04	-	-	-	2,879.04
Bank balances other than cash and cash equivalents	14	1,018.71	-	-	-	1,018.71
Loan	6	542.55	-	-	-	542.55
		10,164.47	**-**	**-**	**-**	**10,164.47**
Financial liabilities						
Non current Borrowings	17 (a)	13,808.43	-	-	-	13,808.43
Current Borrowings	17 (b)	824.27	-	-	-	824.27
Other current financial liabilities	21	4,632.99	-	-	-	4,632.99
Trade payables	20	13,963.20	-	-	-	13,963.20
		33,228.89	**-**	**-**	**-**	**33,228.89**

43 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

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

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy of assets	As at March 31, 2021	As at March 31, 2020
Level 3		
Financial assets measured at amortised cost		
Investments	318.66	317.66
Security Deposits	276.09	215.79
Non current other financial assets	40.88	20.03
Other current financial assets	1,398.29	1,424.06
Trade receivable	4,968.82	3,746.63
Cash and cash equivalents	4,442.48	2,879.04
Bank balances other than cash and cash equivalents	1,409.49	1,018.71
Loans	1,830.87	542.55
	14,685.58	**10,164.47**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	As at March 31, 2021	As at March 31, 2020
Level 3		
Financial liabilities measured at amortised cost		
Non current Borrowings	18,652.69	13,808.43
Current Borrowings	14.41	824.27
Other current financial liabilities	4,738.71	4,632.99
Trade payables	21,386.53	13,963.20
	44,792.34	**33,228.89**

The carrying amount of cash and cash equivalents, trade receivables, fixed deposits, trade payables, other payables and short-term borrowings are considered to be the same as their fair values. The fair values of borrowings, liability component of redeemable non cumulative non convertible preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

44 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorised into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2021		
Rs.	+50	(107.02)
Rs.	-50	107.02

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table shows foreign currency exposures receivable and payable at the end of the reporting period

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars		As at March 31, 2021		As at March 31, 2020	
		Foreign currency in lakhs	Rs. in lakhs	Foreign currency in lakhs	Rs. in lakhs
Trade receivables	EURO	2.78	239.23	3.26	271.02
	GBP	0.01	0.56	0.18	16.63
Cash & cash equivalents	EURO	3.26	280.67	1.59	132.58
	USD	0.05	3.95	-	-
	GBP	-	-	0.22	20.37
Trade payables	EURO	0.17	14.49	0.22	18.48
	USD	0.16	11.91	0.01	0.46
Capital creditors	EURO	0.01	1.15	0.47	39.44

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, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Trade receivables	11.99	14.38	(11.99)	(14.38)
Cash & cash equivalents	14.23	7.65	(14.23)	(7.65)
Trade payables	(1.32)	(0.95)	1.32	0.95
Capital creditors	(0.06)	(1.97)	0.06	1.97
	24.84	**19.11**	**(24.84)**	**(19.11)**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is primarily attributable to the Company's trade and other receivables. The amounts presented in this standalone statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Not due	4,713.80	2,634.48
0-3 months	213.44	971.01
3-6 months	11.72	123.76
6 months to 12 months	8.12	6.65
beyond 12 months	21.74	10.73
	4,968.82	**3,746.63**

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Processes and policies related to such risks are overseen by senior management who monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's financial liabilities:

(Amounts in Rs. lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Year	Total
As at March 31, 2021			
Long-term borrowings	-	18,652.69	18,652.69
Short term borrowings	14.41	-	14.41
Trade payables	21,386.53	-	21,386.53
Other financial liability	4,738.71	-	4,738.71
	26,139.65	**18,652.69**	**44,792.34**

(Amounts in Rs. lakhs, unless otherwise stated)

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

45 Corporate social responsibility

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross amount required to be spent :	40.98	18.40

Amount spent during the year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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	16.90	20.35
	16.90	**20.35**
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	-
	40.98	**20.35**

46 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, equity component of redeemable non cumulative non convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents borrowings from bank & others and liability component of redeemable non cumulative non convertible preference shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Amounts in Rs. lakhs, unless otherwise stated)

		As at March 31, 2021	As at March 31, 2020
Total equity	(i)	22,441.53	18,786.79
Total borrowings (including liability portion of redeemable non cumulative non convertible preference shares)		21,841.06	16,542.88
Less: cash and cash equivalents		(4,442.48)	(2,879.04)
Total debt	(ii)	17,398.58	13,663.84
Overall financing	(iii) = (i) + (ii)	39,840.11	32,450.63
Gearing ratio	(ii)/ (iii)	0.44	0.42

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	13,663.84	9,543.37
Non cash movement		
- Accrual of interest	1,790.70	1,086.50
- Interest on redeemable non cumulative non convertible preference shares	5.35	4.91
- Other finance charge	-	7.27
- Finance cost capitalised	-	280.39
- Processing cost amortisation	8.86	-
Lease Liability assumed during the year	103.13	165.74
Cash movement		
- Further borrowings	7,769.83	9,618.96
- Principle repayment	(2,485.20)	(3,188.32)
- Interest payment	(1,837.21)	(1,358.24)
- Lease rentals paid against lease liability	(57.28)	(56.57)
Cash and cash equivalents		
Cash flows	1,563.44	2,440.18
Closing balance	**17,398.58**	**13,663.84**

48 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, 2021	Year ended March 31, 2020
(a) Loans		
(i) Loans to subsidiary		
HFL Consumer Products Private Limited		
Balance as at the beginning of the year	-	-
Loans given during the year	932.00	-
Balance as at the end of the year	932.00	-
(ii) Loans to associate		
ATC Beverages Private Limited		
Balance as at the beginning of the year	542.55	-
Loans given during the year	356.31	542.55
Balance as at the end of the year	898.86	542.55

(b) Investment by the loanees in the shares of the Company

The loanees have not made any investments in the shares of the Company.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(c) Details of investments made by the Company

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted equity instruments		
93,94,084 Equity Shares of Rs. 10 each fully paid up in ATC Beverages Private Limited	317.66	317.66
10,000 Equity Shares of Rs. 10 each fully paid up in HFL Consumer Products Private Limited	1.00	-

49 On March 16, 2020 Board of directors had approved the Composite Scheme of Arrangement and Amalgamation for de-merger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited and Merger of ATC Beverages Private Limited with the Company ('Scheme') with effect from the appointment date April 1, 2020. The Company has received the approval of Bombay Stock Exchange . Further, as per The National Company Law Tribunal order dated April 26, 2021, Equity Share holders meeting will be held on June 30, 2021 for the approval of the Scheme.

50 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.

51 These financial statements were authorised for issue by the Board of Directors on May 26, 2021.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

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"), its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and its associate, which comprise the Consolidated Balance sheet as at March 31, 2021, 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 subsidiary and associate, 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 and its associate as at March 31, 2021, 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 and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 39 to the consolidated financial statements which states that the management has made an assessment of the impact of COVID-19 on the Group's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the consolidated financial statements. Accordingly, no adjustments have been made to the consolidated financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

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 Management report, Chairman's statement, Director's report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The 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 including its Associate 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 and of its associate 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, 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 and of its associate are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the 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 and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

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

The consolidated financial statements include the Group's share of net loss after tax of Rs. 195.84 lakhs and other comprehensive income of Rs. 1.99 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of an associate whose financial statements have not been audited by us. These financial statements have been audited by other auditors 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 associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditors.

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 matter with respect to our reliance on the work done and the report of the other auditors on the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.
   c. The Consolidated Balance sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of changes in equity

and the Consolidated Statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company and its subsidiary company incorporated in India as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and subsidiary company respectively, and the report of the statutory auditors of its associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There were no pending litigations which would impact the consolidated financial position of the Group and its associate.

ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and associate company incorporated in India.

2. As required by the Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company and its subsidiary company, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder except in case of an associate, as the provisions of the aforesaid section is not applicable to private companies.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADH8146

Place: Mumbai
Date: May 26, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN FOODS LIMITED

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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 and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADH8146

Place: Mumbai
Date: May 26, 2021

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, 2021]

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

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2021, 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 company and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and its associate company, 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 internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and its associate company, 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 financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance

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

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

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to the associate company, as the said report on internal Financial Control is not applicable to such associate company basis the exemption available to the company under MCA Notification no. G.S.R 583 (E) dated June 13,2017, read with corrigendum, dated July 13, 2017 on reporting on internal financial controls over financial reporting.

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

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAADH8146

Place: Mumbai
Date: May 26, 2021

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipments	4	27,034.68	24,873.48
Capital work-in-progress		5,346.83	2,556.35
Other intangible assets	5	51.09	102.81
Financial assets			
Loans	6	276.26	215.79
Other financial assets	7	40.88	20.03
Non-current tax assets (net)	8	1,100.34	353.41
Other non-current assets	9	1,119.40	473.54
Total non-current assets		**34,969.48**	**28,595.41**
Current assets			
Inventories	10	16,908.34	10,972.56
Financial assets			
Investments	11	41.27	235.12
Trade receivables	12	4,968.82	3,746.63
Cash and cash equivalents	13	4,443.86	2,879.04
Bank balances other than cash and cash equivalents	14	1,409.49	1,018.71
Loans	6	898.87	542.55
Other financial assets	7	1,389.31	1,424.06
Other current assets	9	4,412.64	4,497.58
Total current assets		**34,472.60**	**25,316.25**
Total assets		**69,442.08**	**53,911.66**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	2,119.81	2,119.81
Other equity	16	20,033.53	16,584.44
Total equity		**22,153.34**	**18,704.25**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17 (a)	18,652.69	13,808.43
Employee benefits obligation	18	191.01	145.45
Deferred tax liabilities (net)	33	1,793.09	1,403.63
Other non current liabilities	19	84.67	84.67
Total non-current liabilities		**20,721.46**	**15,442.18**
Current liabilities			
Financial liabilities			
Borrowings	17 (b)	14.41	824.27
Trade payables	20		
i) outstanding dues of micro enterprises and small enterprises		77.78	0.11
ii) outstanding dues of creditors other than micro enterprise and small enterprise		21,310.75	13,963.09
Other financial liabilities	21	4,744.32	4,632.99
Other current liabilities	22	161.71	96.30
Employee benefits obligation	18	63.38	53.54
Current tax liabilities (net)	23	194.93	194.93
Total current liabilities		**26,567.28**	**19,765.23**
Total liabilities		**47,288.74**	**35,207.41**
Total equity and liabilities		**69,442.08**	**53,911.66**
Summary of significant accounting policies	2-3		

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	24	1,38,634.88	77,189.50
Other income	25	266.02	120.85
Total income		**1,38,900.90**	**77,310.35**
Expenses			
Cost of material consumed	26	1,19,989.95	64,862.35
Purchase of stock-in-trade		-	48.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(925.84)	(3,040.51)
Employee benefits expense	28	3,060.21	2,422.27
Finance costs	29	1,867.66	1,098.68
Depreciation and amortisation expenses	30	1,719.56	1,128.20
Manufacturing and operating costs	31	5,782.12	5,558.98
Other expenses	32	2,404.77	1,769.17
Total expenses		**1,33,898.43**	**73,847.15**
Profit before share of loss from associate		**5,002.47**	**3,463.20**
Share of loss from associate		(195.84)	(82.06)
Profit before tax		4,806.63	3,381.14
Tax expense	33		
Current tax -			
Current tax		884.93	-
Tax under MAT		-	602.78
MAT credit utilisation /(entitlement)		89.28	(10.92)
Deferred tax (excluding MAT credit entitlement/ utilisation)		785.85	598.20
Tax adjustments pertaining to previous years		(393.15)	-
Total tax expense		**1,366.91**	**1,190.06**
Profit for the year		**3,439.72**	**2,191.08**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss :			
- Re-measurement gains/(losses) on defined benefit plans		11.35	(13.27)
- Share of other comprehensive income of investments accounted for using the equity method		1.99	(0.48)
- Income tax effect on above		(3.97)	4.64
Other comprehensive income / (loss) for the year, net of tax		**9.37**	**(9.11)**
Total comprehensive income for the year		**3,449.09**	**2,181.97**
Profit for the year attributable to:			
Owners of the Company		3,439.72	2,191.08
Non-controlling interests		-	-
		3,439.72	**2,191.08**
Total comprehensive income for the year attributable to:			
Owners of the Company		3,449.09	2,181.97
Non-controlling interests		-	-
		3,449.09	**2,181.97**
Earnings per share (face value Rs. 10 each)			
Basic earnings per share (Rs.)	34	16.23	11.53
Diluted earnings per share (Rs.)	34	16.23	11.53
Summary of significant accounting policies	2-3		

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities		
Profit before tax	4,806.63	3,381.14
Adjustments for:		
Depreciation and amortisation expenses	1,719.56	1,128.20
Interest on borrowing	1,790.70	1,086.50
Interest on redeemable non cumulative non convertible preference shares	5.35	4.91
Other finance charge	71.61	7.27
Interest income	(171.46)	(116.92)
Impairment loss on intangible assets	-	25.00
Liabilities no longer required written back	(40.61)	-
Share of loss from associate	195.84	82.06
Provision for doubtful debts	67.37	7.73
Other receivable written off	21.88	28.00
Re-measurement gain / (loss) on defined benefit plans reclassified to OCI	11.35	(13.27)
Unrealised foreign exchange translation loss	25.65	5.10
Operating profit before working capital changes	**8,503.87**	**5,625.72**
Changes in working capital		
Increase in inventories	(5,935.78)	(6,068.08)
(Increase)/ decrease in trade receivables	(1,292.50)	501.33
(Increase)/ decrease in other assets	84.94	(2,724.80)
Increase in financial assets	(8.35)	(1,105.58)
Increase in trade payables	7,449.46	6,310.07
Increase/ (decrease) in other liabilities	64.77	(89.96)
Increase/ (decrease) in financial liabilities	158.48	(65.96)
Increase in provisions	55.40	92.87
Cash generated from operations	**9,080.29**	**2,475.61**
Income tax paid	**(1,728.35)**	**(773.50)**
Net cash inflows from operating activities (A)	**7,351.94**	**1,702.11**
Cash flows from investing activities		
Acquisition of property plant and equipment (net of capital creditors and including capital advances)	(7,809.00)	(12,808.36)
Bank balances other than cash and cash equivalents	(390.78)	(1,004.76)
Investment in associate	-	(317.66)
Loans given to associate	(356.32)	(450.83)
Payment for acquisition of business [refer note 37 (b)]	(710.00)	-
Interest received	112.00	65.82
Net cash outflow from investing activities (B)	**(9,154.10)**	**(14,515.79)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from financing activities		
Proceeds from issue of equity shares [refer note (iii) below]	-	10,000.00
Proceeds from long-term borrowings	7,769.83	9,250.27
Repayment of long term borrowings	(1,675.34)	(1,695.65)
Proceeds from short-term borrowings	-	368.69
Repayment of short term borrowings	(809.86)	(1,522.89)
Lease rentals paid against lease liability	(57.28)	(56.57)
Interest paid	(1,837.21)	(1,089.99)
Net cash inflow from financing activities (C)	**3,390.14**	**15,253.86**
Net increase in cash and cash equivalents (A+B+C)	1,587.98	2,440.18
Cash and cash equivalents at the beginning of the year	2,879.04	438.86
Exchange difference on translation of foreign currency cash and cash equivalents	(23.16)	-
Cash and cash equivalents at the end of the year	**4,443.86**	**2,879.04**
Cash and cash equivalents comprise of (Refer note 13)		
On current accounts	2,341.13	1,350.91
Fixed deposits with maturity of less than 3 months	2,100.00	1,521.16
Cash on hand	2.73	6.97
Total cash and cash equivalents at end of the year	**4,443.86**	**2,879.04**

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

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in Rs. lakhs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Opening	2,11,98,078	2,119.81	1,34,92,500	1,349.25
Add: issue during the year [refer note 15 (e), 15 (f)]	-	-	77,05,578	770.56
Closing	**2,11,98,078**	**2,119.81**	**2,11,98,078**	**2,119.81**

(B) Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

	Equity component of redeemable non cumulative non convertible preference shares	Reserves and surplus				Total
		Securities premium	Capital reserve [refer note 37]	Retained earnings	Share pending issuance [refer note 37]	
Balance as at April 1, 2019	86.29	3,754.95	(223.69)	1,062.82	492.78	5,173.15
Profit for the year	-	-	-	2,191.08	-	2,191.08
Other comprehensive income	-	-	-	(9.11)	-	(9.11)
Total comprehensive income for the year	**86.29**	**3,754.95**	**(223.69)**	**3,244.79**	**492.78**	**7,355.12**
Transaction with owners in their capacity as owners						
Security premium on shares issue	-	9,722.10	-	-	-	9,722.10
Issue of shares pending issuance issued	-	-	-	-	(492.78)	(492.78)
Balance as at March 31, 2020	**86.29**	**13,477.05**	**(223.69)**	**3,244.79**	**-**	**16,584.44**
Balance as at April 1, 2020	86.29	13,477.05	(223.69)	3,244.79	-	16,584.44
Profit for the year	-	-	-	3,439.72	-	3,439.72
Other comprehensive income	-	-	-	9.37	-	9.37
Total comprehensive income for the year	**86.29**	**13,477.05**	**(223.69)**	**6,693.88**	**-**	**20,033.53**
Balance as at March 31, 2021	**86.29**	**13,477.05**	**(223.69)**	**6,693.88**	**-**	**20,033.53**

The accompanying notes 1 to 53 are an integral part of the consolidated financial statements.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

For and on behalf of the Board of Directors of
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Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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 and associate (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.

The financial statements comprises the financial statements of the Group, and its associate.

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 Consolidated 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

and assumptions used in the accompanying consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

e) Rounding off of amounts

The Financial statements are reported in Indian Rupee which is functional currency of the 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) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

b) Subsidiary

Subsidiary 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.

The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the Holding Group 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.

c) Equity Method

Under the equity method of accounting, the investments are initially recognized 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 recognized 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 accordance with the policy described in note 2.5 below.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

2.3 Property, plant and equipment

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

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

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

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

Depreciation methods, estimated useful lives

The 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.

Leasehold land is depreciated over the lease period.

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

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

2.4 Other intangible assets

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

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

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

For non financial assets, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognized 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 recognized 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 recognized. 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 recognized 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 recognized 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 recognized 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The 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 recognizes 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 agreement 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.

Insurance claims are recognized when its amount can be measured reliably, and ultimate collection is reasonably certain

Interest income is recognized 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.

2.9 Taxes

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

a) Current income tax

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

b) Deferred tax

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

Deferred tax assets are recognized 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.

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

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

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

Minimum Alternate Tax credit is recognized 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 a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

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

(iii) 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 recognized 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.

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

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

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

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

.2.12 Provisions and contingent liabilities

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

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

The 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 recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the 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.

2.13 Corporate social responsibility (CSR)

Provisions are recognized for all CSR activity undertaken by the Group for which an obligation has arisen during the year and are recognized 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

2.16 Financial instruments

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

a) Financial assets

i. Initial recognition and measurement

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

ii. Subsequent measurement

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

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

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

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

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

Fair value through profit or loss: Assets that do not meet the criteria for 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 recognized 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 recognized 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 recognized 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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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 recognizing impairment loss allowance based on 12-month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the 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) recognized during the year is recognized 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 derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

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

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

b) Financial liabilities

i. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortised cost, as appropriate.

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

ii. Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities

are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss..

iii. Non cumulative redeemable non cumulative non convertible preference shares

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

iv. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or 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 recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated Balance Sheet.

b) Other long-term employee benefit obligations

i. Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the 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.

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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 recognized in the other comprehensive income in the year in which they arise.

iii. Other long- term employee benefit obligations

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

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

2.18 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 Group'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 Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognized 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 recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

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Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognized 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 recognized 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 recognized 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 recognized.

Recent accounting development

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021. MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting April 1, 2021.

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 recognized 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 recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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

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

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 36.

c) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. During the year ended March 31, 2020, the Group recognised an impairment loss on brand (refer note 32).

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 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. During the year, the Group has recognized the provision for obsolete inventories. (Refer note 10).

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.

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4 Property, plant and equipment

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block				Accumulated depreciation				Net block
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	For the year	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2021
I Owned Assets									
Freehold land	776.92	757.59	-	1,534.51	-	-	-	-	1,534.51
Buildings#	10,235.06	377.68	-	10,612.74	847.77	362.39	-	1,210.16	9,402.58
Plant and machinery#	14,180.89	2,327.40	-	16,508.29	1,880.65	987.40	-	2,868.05	13,640.24
Furniture and fixtures	183.21	33.47	-	216.68	61.76	19.22	-	80.98	135.70
Electrical equipment	1,820.92	155.14	-	1,976.06	363.01	180.52	-	543.53	1,432.53
Computers	88.05	13.01	-	101.06	47.12	23.67	-	70.79	30.27
Vehicles	23.12	33.33	-	56.45	8.62	2.03	-	10.65	45.80
Office equipment's	135.13	26.58	-	161.71	20.00	32.79	-	52.79	108.92
Leasehold improvement	15.48	-	-	15.48	3.29	2.94	-	6.23	9.25
II Right of Use Assets									
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
Total	**28,164.94**	**3,827.33**	**-**	**31,992.27**	**3,291.46**	**1,666.13**	**-**	**4,957.59**	**27,034.68**

Includes finance cost capitalised during the year amounting to Rs. Nil (March 31, 2020 : 67.77 lakhs) in Building, Rs. Nil (March 31, 2020: 203.32 lakhs) in Plant and Machinery. Further, Rs. Nil (March 31, 2020: 9.30 lakhs) capitalised in Capital Work-in-progress.

(Amounts in Rs. lakhs, unless otherwise stated)

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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5 Intangible assets

(Amounts in Rs. lakhs, unless otherwise stated)

	Gross block				Accumulated amortisation and impairment				Net block
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2021	As at April 1, 2020	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**

(Amounts in Rs. lakhs, unless otherwise stated)

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

6 Financial assets - Loans

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits	276.26	-	215.79	-
Loan to related parties, repayable on demand	-	898.87	-	542.55
Total financial assets	**276.26**	**898.87**	**215.79**	**542.55**

7 Other financial assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
In fixed deposit accounts with original maturity for more than 12 months#	40.88	-	20.03	-
Interest accrued on fixed deposits with bank	-	43.31	-	55.37
Interest accrued on loans given to party	-	105.71	-	34.64
Unbilled revenue	-	1,211.68	-	544.40
Other receivable	-	28.61	-	789.65
Total other financial assets	**40.88**	**1,389.31**	**20.03**	**1,424.06**
(# Includes Balance with bank held as margin money deposit against guarantees and lien with Goa and Jammu Electricity Board)	**39.86**	**-**	**10.85**	**-**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

8 Non-current tax assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax (net)	1,100.34	353.41
Total non-current tax assets	**1,100.34**	**353.41**

9 Other assets

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Capital advances	1,119.40	-	473.54	-
Export incentive receivable	-	278.34	-	335.65
Balance with government authorities (other than income tax)	-	3,519.66	-	3,463.51
Prepaid expenses	-	72.17	-	84.06
Advances to suppliers	-	533.87	-	611.02
Advances to employees	-	8.60	-	2.57
Advances to others	-	-	-	0.77
Total other assets	**1,119.40**	**4,412.64**	**473.54**	**4,497.58**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw material and intermediate	8,524.87	4,611.85
Work in progress	1,747.01	1,593.91
Finished goods	4,026.14	3,219.96
Stock in trade	44.47	77.91
Packing material	2,484.04	1,449.97
Store and spares parts	81.81	18.96
Total inventories	**16,908.34**	**10,972.56**

During the year, an amount of Rs. 75.21 lakhs [March 31, 2020: NIL] 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	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investment in equity instruments at cost		
93,94,084 Equity Shares of Rs. 10 each fully paid up in ATC Beverages Private Limited	41.27	235.12
	41.27	**235.12**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate amount of quoted investments	-	-
Aggregate Market value of quoted investments	-	-
Aggregate amount of unquoted investments	41.27	235.12
Aggregate amount of impairment in value of investments	-	-

12 Trade receivables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	5,051.40	3,756.39
Receivables from related parties (refer note 40)	-	5.45
Less: Loss allowance	(82.58)	(15.21)
Total trade receivables	**4,968.82**	**3,746.63**
Current portion	**4,968.82**	**3,746.63**
Non current	**-**	**-**

Breakup of security details

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivable considered good- secured	-	-
Trade receivable considered good- unsecured	5,051.40	3,761.84
Trade receivable which have significant increase in credit risk	-	-
Trade receivable- credit impaired	-	-
Total	**5,051.40**	**3,761.84**
Loss allowance	(82.58)	(15.21)
Total trade receivables	**4,968.82**	**3,746.63**

13 Cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- On current accounts	2,341.13	1,350.91
- Fixed deposits with original maturity of less than 3 months	2,100.00	1,521.16
Cash on hand	2.73	6.97
Total cash and cash equivalents	**4,443.86**	**2,879.04**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

14 Bank balances other than cash and cash equivalents

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
In fixed deposit with original maturity for more than 3 months but less than 12 months *	1,409.49	1,018.71
Total bank balances other than cash and cash equivalents	**1,409.49**	**1,018.71**
(*Includes Balance with bank held as margin money deposit against guarantees and lien with Goa Electricity Board and margin money deposit against the borrowings for the Hyderabad facility)	1,366.11	1,006.28

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, 2021	As at March 31, 2020
Authorised		
2,20,00,000 Equity shares of Rs. 10/- each	2,200.00	2,200.00
	2,200.00	**2,200.00**
Issued, subscribed and paid up		
2,11,98,078 Equity shares of Rs. 10/- each fully paid up	2,119.81	2,119.81
Total	**2,119.81**	**2,119.81**

(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, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	2,11,98,078	2,119.81	1,34,92,500	1,349.25
Add: Issued during the year [refer note 15(e) and 15(f)]	-	-	77,05,578	770.56
Outstanding at the end of the year	**2,11,98,078**	**2,119.81**	**2,11,98,078**	**2,119.81**

(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, 2021, the amount of per share dividend recognised as distributions to equity shareholders was Nil (March 31, 2020: 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, 2021 (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, 2021		As at March 31, 2020	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
M/s. Vanity Case (India) Private Limited	89,81,593	42.37%	89,81,593	42.37%
M/s. Jwalamukhi Investment Holdings	13,40,000	6.32%	13,40,000	6.32%
Asha R. Kothari	18,96,750	8.95%	18,96,750	8.95%
Sameer R. Kothari	18,96,750	8.95%	18,96,750	8.95%

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

(e) In the previous financial year, the warrant holders of the Holding Company had exercised their option for the conversion of 27,77,779 warrants into equivalent Equity Shares of Rs. 10/- each fully paid up of the Holding Company. Accordingly, the Holding Company had allotted 27,77,779 Equity Shares of Rs. 10/- each fully paid up to the warrant holders on January 16, 2020.

(f) In the previous financial year, in consideration of the business combination, Holding Company had allotted 49,27,799 equity shares of Rs. 10/- each credited as fully paid up shares of Holding Company to the shareholders of Avalon Cosmetics Private Limited (ACPL) for each equity share held in ACPL on January 16, 2020.

16 Other equity

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	(223.69)	(223.69)
Securities premium	13,477.05	13,477.05
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
Retained earnings	6,693.88	3,244.79
	20,033.53	**16,584.44**

Nature and purpose of other reserves	
Capital reserve	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 Companies Act, 2013.
Equity component of redeemable non cumulative non convertible preference shares	Equity component represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax).
Retained earnings	All other net gains, losses and transactions with owners (e.g.: dividends) not recognised elsewhere.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Capital reserve	(223.69)	(223.69)
(B) Securities premium		
Opening balance	13,477.05	3,754.95
Add : Securities premium on share issue	-	9,722.10
Closing balance	13,477.05	13,477.05
(C) Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29
(D) Retained earnings		
Opening balance	3,244.79	1,062.82
Add: Net profit for the year	3,439.72	2,191.08
Add/(Less): Item of OCI for the year, net of tax	9.37	(9.11)
Closing balance	6,693.88	3,244.79
Total other equity	20,033.53	16,584.44

17 (a) Non-current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term loan		
From banks	21,390.48	15,371.61
Unsecured		
Liability component of compound financial instruments		
9% redeemable non cumulative non convertible preference shares*	64.79	59.44
Long term maturities of finance lease obligation		
Lease liabilities	223.94	165.22
Less: Current maturities of term loans (refer note 21)	(2,941.27)	(1,742.97)
Less: Current maturities of finance lease obligation (refer note 21)	(85.25)	(44.87)
Total non-current borrowings	18,652.69	13,808.43

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

A) Terms of non-current borrowing are as under

Particulars	Rate of interest (p.a.)	Repayment terms
Term loan from Bank	Ranging from 7.5% to 12.55%	Repayable in monthly and qaurterly instalments
Non current, unsecured borrowings		
Redeemable non cumulative non convertible preference shares*	9.00%	Redeemable not later than 19 years from the date of issue i.e. 27 September 2012.
Obligation under finance lease liabilities	8.5% to 12%	Monthly/quarterly installments

* The Holding Company has authorised redeemable non cumulative non convertible preference shares of Rs. 200 lakhs, of which the Holding Company has issued preference shares amounting to Rs. 160 lakhs to V.S. Dempo Holdings Pvt Ltd

B) Nature of security :

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

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

iii. 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 in the current year.

17 (b) Current borrowings

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
From banks		
Cash credits	14.41	824.27
Total current borrowings	14.41	824.27

A) Terms of current borrowing are as under

Particulars	Rate of interest (p.a)	Repayment terms
Current, secured borrowings	9.3% to 10%	Repayable on demand

B) Nature of security :

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

C) Period and amount of default:

The Group has made no defaults in the payment of principal or interest in the current year.

18 Employee benefits obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Provision for employee benefits (refer note 36)				
- Provision for gratuity (funded)	146.00	55.81	108.54	48.25
- Leave encashment (unfunded)	45.01	7.57	36.91	5.29
Total employee benefits obligation	**191.01**	**63.38**	**145.45**	**53.54**

19 Other non-current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposit received	84.67	84.67
Total other non-current liabilities	**84.67**	**84.67**

20 Trade payables

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding dues of micro enterprises and small enterprises	77.78	0.11
Outstanding dues of creditors other than micro enterprises and small enterprises	21,310.75	13,963.09
Total trade payables	**21,388.53**	**13,963.20**

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, 2021	As at March 31, 2020
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	77.78	0.11
Interest	0.21	0.01
Total	**77.99**	**0.12**
(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.	0.21	0.01
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

21 Other current financial liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital creditors	1,319.78	1,880.33
Current maturities of long term loan (refer note 17 [a])	2,941.27	1,742.97
Current maturities of finance lease obligation (refer note 17 [a])	85.25	44.87
Payable for business purchase (refer note 37 (b))	-	710.00
Interest accrued but not due on borrowings	147.44	122.34
Security deposit received	3.25	1.25
Employee related payable	247.33	95.11
Book overdraft	-	36.12
Total other financial liabilities	**4,744.32**	**4,632.99**

22 Other current liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	120.43	59.16
Provision for CSR unspent amount (refer note 45)	21.98	-
Advance from customers	17.15	34.99
Other payables	2.15	2.15
Total other current liabilities	**161.71**	**96.30**

23 Current tax liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax payable (net)	194.93	194.93
Total current income tax liabilities	**194.93**	**194.93**

24 Revenue from operations

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers:		
- Sale of products	1,38,204.61	76,715.89
- Trading of goods	23.31	19.73
- Sale of services	46.99	49.94
Other operating revenue		
- Export incentive	213.16	319.58
- Scrap sales	118.07	66.11
- Trial charges	28.74	18.25
Total revenue from operations	**1,38,634.88**	**77,189.50**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (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, 2021	Year ended March 31, 2020
- Sale of products - contract manufacturing	1,38,204.61	76,715.89
- Trading of goods	23.31	19.73
- Sale of services	46.99	49.94
Total	**1,38,274.91**	**76,785.56**
Geographic revenue		
- India	1,33,854.38	72,015.65
- Rest of the world	4,420.53	4,769.91
Total	**1,38,274.91**	**76,785.56**

B. **Trade receivables and contract balances**

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables, which are included in trade receivables	4,968.82	3,746.63
Unbilled revenue	1,211.68	544.40
Advances from customers	17.15	34.99

C. **Transaction price allocated to the remaining performance obligation**

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

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, 2021	Year ended March 31, 2020
Gross revenue	1,38,658.24	77,266.89
Adjustment for credit notes:	(23.36)	(77.39)
Revenue from operations	**1,38,634.88**	**77,189.50**

25 Other income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on fixed deposits	90.66	82.68
Interest on loans to related party (refer note 40)	80.66	34.24
Liabilities no longer required written back	40.61	-
Miscellaneous income	54.09	3.93
Total other income	**266.02**	**120.85**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

26 Cost of material consumed

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Raw material		
Inventory at the beginning of the year	4,611.85	2,537.84
Add: Purchases	1,10,405.05	59,510.49
Less: Inventory at the end of the year	8,524.87	4,611.85
Cost of raw material consumed	**1,06,492.03**	**57,436.48**
Packaging material		
Inventory at the beginning of the year	1,449.97	468.62
Add : Purchases	14,531.99	8,407.22
Less : Inventory at the end of the year	2,484.04	1,449.97
Cost of packaging material consumed	**13,497.92**	**7,425.87**
Total cost of materials consumed	**1,19,989.95**	**64,862.35**

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, 2021	Year ended March 31, 2020
Inventories at the beginning of the year		
- Finished goods	3,219.96	1,264.14
- Stock in trade	77.91	53.62
- Work-in-progress	1,593.91	533.51
	4,891.78	**1,851.27**
Less: Inventories at the end of the year		
- Finished goods	4,026.14	3,219.96
- Stock in trade	44.47	77.91
- Work-in-progress	1,747.01	1,593.91
	5,817.62	**4,891.78**
Net increase	**(925.84)**	**(3,040.51)**

28 Employee benefits expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	2,780.29	2,162.60
Contribution to provident and other funds	118.94	84.43
Gratuity expense (refer note 36)	59.10	64.11
Staff welfare expenses	101.88	111.13
Total employee benefits expense	**3,060.21**	**2,422.27**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

29 Finance costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	1,772.11	1,066.60
Interest expense on lease Liabilities	18.59	19.90
Interest on redeemable non cumulative non convertible preference shares	5.35	4.91
Other finance charge	71.61	7.27
Total finance costs	**1,867.66**	**1,098.68**

30 Depreciation and amortisation expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on owned assets [refer note 4]	1,610.96	1,023.84
Depreciation on right of use assets [refer note 4]	55.17	51.13
Amortisation on intangible assets [refer note 5]	53.43	53.23
Total depreciation and amortisation expenses	**1,719.56**	**1,128.20**

31 Manufacturing and operating costs

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Job work expenses	1,206.52	1,790.72
Power, fuel & electricity expenses	1,330.25	964.02
Repairs and maintenance - plant & machinery	222.34	307.49
Repairs and maintenance - building	7.57	15.85
Repairs and maintenance - others	133.75	111.36
Contract labour charges	2,690.32	2,202.85
Other manufacturing expenses	191.37	166.69
Total manufacturing and operating costs	**5,782.12**	**5,558.98**

32 Other expenses

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Stores and spares consumed	321.91	137.66
Insurance	90.16	64.46
Rent (refer note 38)	251.80	131.95
Rates and taxes	209.70	102.30
Carriage and freight	548.40	346.16
Travel and conveyance	157.45	189.95
Postage and courier	22.27	32.31
Printing & stationery	32.51	45.57
Legal and professional charges	190.98	237.95
Advertisement expenses	1.98	1.37
Commission	24.80	64.08

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Business promotion expenses	1.00	20.53
Other receivable written off	21.88	28.00
Provision for doubtful debts	67.37	7.73
Foreign exchange loss (net)	49.37	1.30
CSR expenses (refer note 45)	38.88	20.35
Security charges	209.44	173.01
Bank charges	18.53	14.48
Impairment loss on intangible assets	-	25.00
Donation	1.50	-
Auditors remuneration [refer note (a) below]	32.57	22.75
Director's sitting fees (refer note 40)	8.00	9.01
Miscellaneous expenses	104.27	93.25
Total other expenses	**2,404.77**	**1,769.17**

(a) Auditors remuneration

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
Statutory audit	23.00	14.00
In other capacity:		
Limited review fees	8.00	6.00
Other matters	1.26	2.75
Reimbursement of expenses	0.31	-
Total	**32.57**	**22.75**

33 Income tax

A) Income tax expense

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
Current tax	884.93	-
Minimum alternate tax (MAT)	-	602.78
Tax adjustments pertaining to previous years	(393.15)	-
	491.78	**602.78**
Deferred tax		
Decrease/ (Increase) in deferred tax asset	(38.41)	(19.89)
(Decrease)/ Increase in deferred tax liabilities	1,014.54	618.09
MAT credit entitlement	(586.67)	(10.92)
Effect of tax adjustments pertaining to the previous year	485.67	-
Income tax expense	**875.13**	**587.28**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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	4,806.63	3,381.14
Enacted income tax rate in India applicable to the Group	34.94%	34.94%
Income tax expense at tax rates applicable	1,679.63	1,181.51
Tax effects of:		
Share of loss in associate not taxable	68.43	28.67
Tax adjustments pertaining to previous years	(393.15)	-
Effect of tax deductions	(14.53)	-
CSR Expenditure and donations	14.11	-
Others	12.42	(20.12)
Income tax expense	**1,366.91**	**1,190.06**
Effective tax rate	28.44%	35.20%

C) Deferred tax relates to the following:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
On provision for employee benefits	88.89	69.53
On provision for doubtful debts	28.86	5.31
On impairment	8.74	8.74
On lease liabilities	-	4.58
On unamortised processing cost	0.08	-
	126.57	**88.16**
Deferred tax liabilities		
On property, plant and equipment	2,430.49	1,568.44
On non redeemable non cumulative non convertible preference shares	33.26	35.14
On lease liabilities	160.28	-
On unamortised processing cost	-	5.91
	2,624.03	**1,609.49**
Deferred tax liabilities net	(2,497.46)	(1,521.33)
Minimum alternative tax (MAT) entitlements	704.37	117.70
Deferred tax asset/(liability), net	**(1,793.09)**	**(1,403.63)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Deferred tax assets / (liabilities), net	(1,793.09)	(1,403.63)
Less: Opening deferred tax liabilities	1,403.63	817.42
Deferred tax expense for the year	**(389.46)**	**(582.64)**
Tax liability recognized in Statement of Profit and Loss	(871.16)	(587.28)
Tax adjustments pertaining to previous years	393.15	-
Tax adjustments pertaining MAT to previous years	92.52	-
Tax liability recognized in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	(3.97)	4.64
Total deferred tax expenses recognized in the statement of Profit and Loss	**(389.46)**	**(582.64)**

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, 2021	Year ended March 31, 2020
Profit attributable to equity holders	3,439.72	2,191.08
Add: Impact of dilutive potential equity shares	-	-
Attributable to equity holders adjusted for the effect of dilution	**3,439.72**	**2,191.08**
Weighted average number of equity shares (in lakhs) for basic and diluted EPS	211.98	189.97
Basic per share (Rs.)	16.23	11.53
Diluted per share (Rs.)	16.23	11.53

35 Contingent liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Claim for expired goods	7.13	7.13
Letter of credit issued	59.26	120.06
Bank guarantees	76.45	17.13
	142.84	**144.32**
Capital commitments		
Capital expenses for Piparia factory	66.92	388.66
Capital expenses for Telengana factory	368.74	958.93
Capital expenses for Coimbatore factory	39.00	-
Capital expenses for Masat factory	187.45	-
Capital expenses for Lucknow factory	2,366.89	-
	3,029	**1,347.59**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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 (funded)

i) Actuarial assumptions

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate (per annum)	6.55%	6.60%
Rate of increase in salary	7.00%	7.00%
Expected average remaining working lives	24.84	24.73
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, 2021	March 31, 2020
Present value of obligation at the beginning of the year	**182.80**	**120.83**
Current service cost	50.34	58.89
Interest cost	11.46	7.95
Benefits paid	(9.30)	(17.52)
Actuarial (gain)/ loss on obligations	(12.65)	12.65
Present value of obligation at the end of the year	**222.65**	**182.80**

iii) Change in the fair value of plan assets:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Opening fair value of plan assets	26.01	36.55
Interest income	2.70	2.73
Contributions by employer	2.51	2.91
Benefits paid	(9.08)	(15.56)
Actuarial (losses)/ gains	(1.30)	(0.62)
Closing fair value of plan assets	**20.84**	**26.01**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

iv) Expense recognized in the Consolidated Statement of Profit and Loss

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Current service cost	50.34	58.89
Past service cost	-	-
Interest cost	8.76	5.22
Total expenses recognized in the Consolidated Statement of Profit and Loss	**59.10**	**64.11**

v) Expense recognized in the Consolidated statement of other comprehensive income

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Actuarial (gain) / loss on obligations	(12.65)	12.65
Actuarial gain /(loss) for the year on plan assets	1.30	0.62
Total expenses recognized in the statement of other comprehensive Income	**(11.35)**	**13.27**

vi) Assets and liabilities recognized in the Consolidated Balance Sheet:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Present value of funded obligation	222.65	182.80
Less: fair value of plan assets	(20.84)	(26.01)
Net asset / (liability) recognized in Consolidated Balance Sheet*	**201.81**	**156.79**
*Included in provision for employee benefits (refer note 18)		

vii) Expected contribution to the fund in the next year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
Gratuity	55.80	48.24

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, 2021	March 31, 2020
Discount rate		
0.5% increase	214.34	176.09
0.5% decrease	231.57	189.98
Rate of increase in salary		
0.5% increase	230.24	189.31
0.5% decrease	214.82	176.72
Withdrawal rate		
110% change	221.75	182.31
90% change	223.56	183.29

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

ix) Maturity profile of defined benefit obligation

(Amounts in Rs. lakhs, unless otherwise stated)

Year	Employee's gratuity fund	
	March 31, 2021	March 31, 2020
Apr 2020- Mar 2021	-	18.33
Apr 2021- Mar 2022	30.51	20.48
Apr 2022- Mar 2023	8.37	10.47
Apr 2023- Mar 2024	23.13	18.83
Apr 2024- Mar 2025	27.89	23.27
Apr 2025 onwards	119.06	93.69

(C) Other long term employee benefit obligation

Leave entitlement

The liability for leave entitlement is recognized in the same manner as gratuity aggregating Rs. 17.58 lakhs as at March 31, 2021 (March 31, 2020: Rs. 22.65 lakhs).

37 (a) Merger Information - Acquisition during previous year

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

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

Further, in terms of the Scheme, during the year, 49,27,799 Ordinary (Equity) shares of Rs. 10 each in the 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 42.15 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. 492.78 lakhs representing difference between the consideration issued and value of net identifiable assets acquired has been transferred to Capital Reserve in the Standalone Financial Statements of Holding Company April 1, 2018.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

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

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

(iv) Acquisition related cost

Acquisition cost of Rs. Nil (March 31, 2020 - 18.82 lakhs) are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

37 (b) Business Combination Information

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

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

(Amounts in Rs. lakhs, unless otherwise stated)

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

iii) **Acquisition related cost**

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

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, 2019	36.14	118.34	47.41	201.89
Interest	2.01	12.95	4.94	19.90
Additions	-	-	-	-
Lease payments	3.00	33.12	20.45	56.57
Balance as at March 31, 2020	**35.15**	**98.17**	**31.90**	**165.22**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Category of ROU Asset			Total
	Leasehold land	Building	Plant and Machinery	
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
Balance as at March 31, 2021	**37.00**	**177.58**	**9.36**	**223.94**

(ii) Break-up of current and non-current lease liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Lease Liabilities	85.25	44.87
Non-current Lease Liabilities	138.69	120.35

(iii) Maturity analysis of lease liabilities

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	85.25	44.87
One to five years	138.69	120.35
More than five years	-	-
Total	**223.94**	**165.22**

As per Para B11 of Ind AS 107 Financial Instruments: Disclosure, In preparing the maturity analyse an entity uses its judgement to determine an appropriate number of time bands.

(iv) Amounts recognized in Consolidated statement of Profit and Loss account

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Lease Liabilities	18.59	19.90
Variable lease payments (not included in the measurement of lease liabilities)	-	-
Income from subleasing	-	-
Adjustments pertaining to practical expedient	(5.72)	-
Low-value leases expensed	15.96	25.84
Short-term leases expensed	241.56	106.11
Total	**270.39**	**151.85**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(v) Amounts recognized in Consolidated Statement of Cash Flows

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Cash outflow for leases	(57.28)	(56.57)

39 The Ministry of Home Affairs vide order No.40-3/2020 dated March 24, 2020 notified first ever nation-wide lockdown in India to contain the outbreak of COVID 19. As a result, the operations were temporarily disrupted at few manufacturing locations of the Group which have been subsequently restarted and brought back to normal production capacities. In assessing the recoverability of receivables including unbilled receivables tangible and intangible assets, investments and carrying value of inventories, the Group has considered internal and external information up to the date of approval of these consolidated financial statements including economic forecasts. The Group has used assumptions based on current indicators of future economic conditions and based on the same the Group expects to recover the carrying amount of these assets. Further, the management is continuously assessing the impact of the outbreak of COVID 19 on the business operations of the Group. The management believes that no adjustments are required in the financial statements as it does not materially impact the current financial year ended March 31, 2021, however, in view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is difficult.

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

40 Related party disclosures:

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

Parent company

Vanity Case (India) Private Limited

Entities 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Associate

ATC Beverages Private Limited

Employee Benefit Trust

Hindustan Foods Management Staff Superannuation Fund Trust

Key Management Personnel (KMP)

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

Relatives of Directors

Asha R Kothari	Relative of Managing Director

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) **Avalon Cosmetics Private Limited**		
Sale of products	-	1.50
Finance cost	-	11.04
Reimbursement of expenses	100.75	-
Purchase of consumables	-	45.56
Sale of property, plant and equipment	3.00	-
Rent paid	12.00	12.00
Payment received against other receivables	729.05	-
(ii) **Motown Trading Private Limited**		
Purchase of trading goods	-	8.39
Business promotion	-	6.98

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FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(iii) Athene Laboratories		
Sale of products	-	1.63
Rent paid	60.00	42.00
Recharge of salaries to Company	-	29.33
Security deposit given	42.00	-
Advance given	1.42	42.00
(iv) Shivom Industries		
Business purchase	-	390.00
Recharge of salaries to Company	-	12.58
Purchase of consumables and others	5.83	-
Sale of products	0.45	-
Payment received against other receivables	12.58	-
Payment made against other payables	9.74	-
(v) Galaxy Healthcare Products		
Business purchase	-	320.00
Recharge of salaries to Company	-	3.06
Payment received against other receivables	349.28	-
Payment made against other payables	332.78	-
(vi) Sundaram Cosmetics		
Purchase of land	-	111.32
(vii) Mahak Cosmetics and Credit Private Limited		
Purchase of land	-	80.75
(viii) V.S Dempo Private Limited		
Interest accrual on borrowing	-	32.95
Loan repayment	-	468.40
Interest payment	-	111.51
(ix) ATC Beverages Private Limited		
Interest income accrued on loans granted	80.66	34.24
Investment in equity shares	-	317.66
Loans granted	356.31	542.55
(x) Sameer Kothari		
Equity shares issued*	-	189.68

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FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(xi) Asha R Kothari		
Equity shares issued*	-	189.68
(xii) Christine Valmy Institute Private Limited		
Sale of products	0.65	0.58
Trading of goods	-	0.19
Recharge of salaries to Company	-	0.49
(xiii) Vanity Case (India) Private Limited		
Equity shares issued*	-	113.43
(xiv) Spans Healthcare		
Sale of property, plant and equipment	1.00	-
Purchase of materials	1,214.53	-
(xv) Allies Logistics Private Limited		
Freight expense	5.38	-
(xvi) Sitting fees		
Shrinivas Dempo	1.20	1.41
Sandeep Mehta	1.15	0.85
Sudin M. Usgoankar	-	0.16
Shashi K. Kalathil	1.65	1.95
Sameer Kothari	-	0.21
Honey Vazirani	1.50	1.77
Nikhil K Vora	1.00	1.40
Neeraj Chandra	1.50	1.26
(xvii) Compensation of key management personnel^		
Sameer Kothari	156.00	74.00
Ganesh Argekar	52.00	34.00
Mayank Samdani	58.65	20.74
Kedar Swain	-	8.39
Beena Mahambrey	-	1.00
Bankim Purohit	17.53	14.86

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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(C) Amount due to/from related party as on:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Avalon Cosmetics Private Limited		
Other receivables#	-	729.05
Other payables	11.11	14.74
Trade receivables	-	2.62
Advances given	-	0.60
(ii) Adonia Cosmetics Pvt. Ltd.		
Trade payables	-	2.25
Other receivables	-	0.01
(iii) Spans Healthcare		
Advances given	0.33	-
Trade payables	156.16	-
(iv) ATC Beverages Private Limited		
Loans given	898.86	542.55
Interest accrued on loan given	106.27	34.64
(v) Shivom Industries		
Payable for business Purchase	-	390.00
Advance	-	0.04
Other receivables$	-	12.58
Other payables$	-	9.74
(vi) Galaxy Healthcare Products		
Payable for business Purchase	-	320.00
Other receivables$	-	349.28
Other payables$	-	332.78
(vii) Sundaram Cosmetics		
Payable against the land purchase	-	111.32
(viii) Mahak Cosmetics and Credit Private Limited		
Payable against the land purchase	-	80.75
(ix) Athene Laboratories		
Security deposit	42.00	36.23
Advance given	1.42	-
Trade receivables	-	1.92
Other receivables	-	29.33

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(x) Christine Valmy Institute Private Limited		
Trade Receivables	-	0.91
Other receivables	-	0.49
(xi) Vanity Case (India) Private Limited		
Advance given	-	0.04
(xii) Remuneration payable		
Sameer Kothari	9.24	-
Ganesh Argekar	2.43	-
Mayank Samdani	4.04	-
Bankim Purohit	1.27	-
(xiii) Allies Logistics Private Limited		
Trade Payables	5.35	-

* Shared issued during the year ended March 31,2020 as per the NCLT approved scheme for Avalon Cosmetics Private limited (Hyderabad unit) merger

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

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

^ As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Group 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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: 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, 2021 (Contd.)

41 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.

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Customer 1*	1,17,164.00	57,386.07
Customer 2*	13,503.58	10,758.44
	1,30,667.58	**68,144.51**

* This pertains to revenue from contract manufacturing

42 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, 2021 were as follows

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Investments	11	41.27	-	-	-	41.27
Security deposits	6	276.26	-	-	-	276.26
Non current other financial assets	7	40.88	-	-	-	40.88
Current other financial assets	7	1,389.31	-	-	-	1,389.31
Trade receivable	12	4,968.82	-	-	-	4,968.82
Cash and cash equivalents	13	4,443.86	-	-	-	4,443.86
Bank balances other than cash and cash equivalents	14	1,409.49	-	-	-	1,409.49
Loan	6	898.87	-	-	-	898.87
		13,468.76	**-**	**-**	**-**	**13,468.76**
Financial liabilities						
Non current Borrowings	17 (a)	18,652.69	-	-	-	18,652.69
Current Borrowings	17 (b)	14.41	-	-	-	14.41
Other current financial liabilities	21	4,744.32	-	-	-	4,744.32
Trade payables	20	21,388.53	-	-	-	21,388.53
		44,799.95	**-**	**-**	**-**	**44,799.95**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Investments	11	235.12	-	-	-	235.12
Security Deposits	6	215.79	-	-	-	215.79
Non current other financial assets	7	20.03	-	-	-	20.03
Current other financial assets	7	1,424.06	-	-	-	1,424.06
Trade receivable	12	3,746.63	-	-	-	3,746.63
Cash and cash equivalents	13	2,879.04	-	-	-	2,879.04
Bank balances other than cash and cash equivalents	14	1,018.71	-	-	-	1,018.71
Loan	6	542.55	-	-	-	542.55
		10,081.93	**-**	**-**	**-**	**10,081.93**
Financial liabilities						
Non current Borrowings	17 (a)	13,808.43	-	-	-	13,808.43
Current Borrowings	17 (b)	824.27	-	-	-	824.27
Other current financial liabilities	21	4,632.99	-	-	-	4,632.99
Trade payables	20	13,963.20	-	-	-	13,963.20
		33,228.89	**-**	**-**	**-**	**33,228.89**

43 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

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

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy of assets	As at March 31, 2021	As at March 31, 2020
Level 3		
Financial assets measured at amortized cost		
Investments	41.27	235.12
Security Deposits	276.26	215.79
Non current other financial assets	40.88	20.03
Other current financial assets	1,389.31	1,424.06
Trade receivable	4,968.82	3,746.63
Cash and cash equivalents	4,443.86	2,879.04
Bank balances other than cash and cash equivalents	1,409.49	1,018.71
Loans	898.87	542.55
	13,468.76	**10,081.93**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(Amounts in Rs. lakhs, unless otherwise stated)

Fair value measurement hierarchy for liabilities:	As at March 31, 2021	As at March 31, 2020
Level 3		
Financial liabilities measured at amortized cost		
Non current Borrowings	18,652.69	13,808.43
Current Borrowings	14.41	824.27
Other current financial liabilities	4,744.32	4,632.99
Trade payables	21,388.53	13,963.20
	44,799.95	**33,228.89**

The carrying amount of cash and cash equivalents, trade receivables, fixed deposits, trade payables, other payables and short-term borrowings are considered to be the same as their fair values. The fair values of borrowings, liability component of redeemable non cumulative non convertible preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

44 Financial risk management objectives and policies

The 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 profit before tax is affected through the impact on floating rate borrowings, as follows:

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2021		
Rs.	+50	(107.02)
Rs.	-50	107.02

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(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, 2021		As at March 31, 2020	
		Foreign currency in lakhs	Rs. in lakhs	Foreign currency in lakhs	Rs. in lakhs
Trade receivables	EURO	2.78	239.23	3.26	271.02
	GBP	0.01	0.56	0.18	16.63
Cash & cash equivalents	EURO	3.26	280.67	1.59	132.58
	USD	0.05	3.95	-	-
	GBP	-	-	0.22	20.37
Trade payables	EURO	0.17	14.49	0.22	18.48
	USD	0.16	11.91	0.01	0.46
Capital creditors	EURO	0.01	1.15	0.47	39.44

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, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Trade receivables	11.99	14.38	(11.99)	(14.38)
Cash & cash equivalents	14.23	7.65	(14.23)	(7.65)
Trade payables	(1.32)	(0.95)	1.32	0.95
Capital creditors	(0.06)	(1.97)	0.06	1.97
	24.84	**19.11**	**(24.84)**	**(19.11)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(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 and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The ageing analysis for accounts receivables has been considered from the date the invoice falls due:

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Not due	4,713.80	2,634.48
0-3 months	213.44	971.01
3-6 months	11.72	123.76
6 months to 12 months	8.12	6.65
beyond 12 months	21.74	10.73
	4,968.82	**3,746.63**

(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 Company's financial liabilities:

(Amounts in Rs. lakhs, unless otherwise stated)

	Less than 1 year	More than 1 Year	Total
As at March 31, 2021			
Long-term borrowings	-	18,652.69	18,652.69
Short term borrowings	14.41	-	14.41
Trade payables	21,388.53	-	21,388.53
Other financial liability	4,744.32	-	4,744.32
	26,147.26	**18,652.69**	**44,799.95**

(Amounts in Rs. lakhs, unless otherwise stated)

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

45 Corporate social responsibility

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross amount required to be spent :	40.98	18.40

Amount spent during the year

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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	16.90	20.35
	16.90	**20.35**
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	-
	40.98	**20.35**

46 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 maximize 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)

		As at March 31, 2021	As at March 31, 2020
Total equity	(i)	22,153.34	18,704.25
Total borrowings (including liability portion of redeemable non cumulative non convertible preference shares)		21,841.06	16,542.88
Less: cash and cash equivalents		(4,443.86)	(2,879.04)
Total debt	(ii)	17,397.20	13,663.84
Overall financing	(iii) = (i) + (ii)	39,550.54	32,368.09
Gearing ratio	(ii)/ (iii)	0.44	0.42

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	13,663.84	9,543.37
Non cash movement		
- Accrual of interest	1,790.70	1,086.50
- Interest on redeemable non cumulative non convertible preference shares	5.35	4.91
- Other finance charge	-	7.27
- Finance cost capitalised	-	280.39
- Processing cost amortisation	8.86	-
Lease Liability assumed during the year	103.13	165.74
Cash movement		
- Further borrowings	7,769.83	9,618.96
- Principle repayment	(2,485.20)	(3,188.32)
- Interest payment	(1,837.21)	(1,358.24)
- Lease rentals paid against lease liability	(57.28)	(56.57)
Cash and cash equivalents		
Cash flows	1,564.82	2,440.18
Closing balance	**17,397.20**	**13,663.84**

48 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, 2021	Year ended March 31, 2020
(a) Loans		
Loans to associate		
ATC Beverages Private Limited		
Balance as at the beginning of the year	542.55	-
Loans given during the year	356.31	542.55
Balance as at the end of the year	898.86	542.55

(b) **Investment by the loanees in the shares of the Holding Company**

The loanees have not made any investments in the shares of the Holding Company.

(c) **Details of investments made by the Holding Company**

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted equity instruments		
93,94,084 Equity Shares of Rs 10 each fully paid up in ATC Beverages Private Limited	317.66	317.66

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

49 Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information :

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	2020-21							
	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
Parent :								
Hindustan Foods Limited	101.30%	22,441.53	106.04%	3,647.36	78.76%	7.38	105.96%	3,654.74
Subsidiary :								
HFL Consumer Products Private Limited	(0.05%)	(11.80)	(0.34%)	(11.80)	0.00%	-	(0.34%)	(11.80)
Associate :								
ATC Beverages Private Limited	(1.25%)	(276.39)	(5.69%)	(195.84)	21.24%	1.99	(5.62%)	(193.85)
Grand Total	100.00%	22,153.34	100.00%	3,439.72	100.00%	9.37	100.00%	3,449.09

The above details are not furnished for the comparative period as the subsidiary of the Holding Company is consolidated for the first time during the current year.

50 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, 2021
HFL Consumer Products Private Limited	India	Contract Manufacturing	100%

* The subsidiary was incorporated on August 6, 2020 and hence no comparative details have been provided

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, 2021	Percentage of ownership interest As at March 31, 2020
ATC Beverages Private Limited	India	Contract Manufacturing	44.43%	44.43%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(ii) Summarised Financial Information of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Non current assets	1,777.18	1,968.93
(B) Current assets		
i) Cash and cash equivalent	14.13	14.89
ii) Others	898.99	497.27
Total current assets	913.12	512.16
Total assets (A+B)	2,690.30	2,481.09
(A) Non current liabilities		
i) Financial liabilities	-	-
ii) Non financial liabilities	44.42	37.23
Total non current liabilities	44.42	37.23
(B) Current liabilities		
i) Financial liabilities	2,648.06	2,026.16
ii) Non financial liabilities	160.89	139.21
Total current liabilities	2,808.95	2,165.37
Total liabilities (A+B)	2,853.37	2,202.60
Net assets/(liabilities)	(163.07)	278.49

(iii) Summarised performance of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue	1,057.98	862.41
Profit/(loss) before tax	(440.78)	(298.86)
Tax expense	-	-
Profit/(loss) after tax	(440.78)	(298.86)
Other comprehensive income - gain /(loss)	4.49	(3.51)
Total comprehensive income - gain /(loss)	(436.29)	(302.37)
Depreciation and amortisation	249.65	239.20
Interest income	1.27	1.37
Interest expense	170.75	146.29

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(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, 2021	As at March 31, 2020
Net assets as per entity's financial statements	(72.45)	123.73
Add/ (less) : Consolidation adjustment		
(i) Fair value of investment	113.72	111.39
Net assets per consolidated financial statements	41.27	235.12

(v) Reconciliation of Profit and Loss/ other comprehensive income (OCI) considered for consolidated financial statements to Profit and Loss/ OCI as per financial statements of an associate

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit/ (loss) as per entity's financial statements	(195.84)	(82.06)
Add/ (less) : Consolidation adjustment		
(i) Dividend distributed	-	-
(ii) Others	-	-
Net Profit / (loss) as per consolidated financial statements	(195.84)	(82.06)
OCI as per entity's financial statements	1.99	(0.48)
Add/ (less) : Consolidation adjustment		
(i) Fair valuation	-	-
(ii) Others	-	-
OCI as per consolidated financial statements	1.99	(0.48)

(vi) Movement of Investment using equity method

(Amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest in ATC Beverages Private Limited		
Interest at the beginning of the year	235.12	317.66
Add:- Share of profit for the period	(195.84)	(82.06)
Add:- Share of OCI for the period	1.99	(0.48)
Balance as at the end of the year	41.27	235.12

51 On March 16, 2020 Board of directors had approved the Composite Scheme of Arrangement and Amalgamation for de-merger of Contract Manufacturing (Coimbatore) Business of Avalon Cosmetics Private Limited and Merger of ATC Beverages Private Limited with the Company ('Scheme') with effect from the appointment date April 1, 2020. The Company has received the approval of Bombay Stock Exchange. Further, as per The National Company Law Tribunal order dated April 26, 2021, Equity Share holders meeting will be held on June 30, 2021 for the approval of the Scheme.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

52 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.

53 These consolidated financial statements were authorised for issue by the Board of Directors on May 26, 2021.

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

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
May 26, 2021

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

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Mayank Samdani
Chief Financial Officer

Bankim Purohit
Company Secretary
Membership No: ACS21865

Place : Mumbai
May 26, 2021

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

1. Sl. No. - 1
2. Name of the Subsidiary – HFL Consumer Products Private Limited
3. Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period – Not Applicable
4. Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries. – Not Applicable
5. Share capital – Rs. 1,00,000
6. Reserves & surplus – (Rs. 11,80,000)
7. Total assets – Rs. 9,40,05,000
8. Total Liabilities – Rs. 9,50,85,000
9. Investments- Nil
10. Turnover - Nil
11. Profit before taxation- (Rs. 11,80,000)
12. Provision for taxation - Nil
13. Profit after taxation - (Rs. 11,80,000)
14. Proposed Dividend - Nil
15. % of shareholding – 100%

Notes:

1. Names of Subsidiaries which are yet to commence operations – **HFL Consumer Products Private Limited**
2. Names of Subsidiaries which have been liquidated or sold during the year.- **Not Applicable**

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. In lakhs)

Name of Associates/Joint Ventures	ATC Beverages Private Limited
Latest audited Balance Sheet Date	March 31, 2021
Shares of Associates / Joint Ventures held by the Company on the year end	
- Number	93,94,084
- Amount of Investment in Associate / Joint Venture	317.66
- Extent of Holding %	44.43%
Description of how there is significant influence	Based on shareholding
Reason why the associate / joint venture is not consolidated	Not Applicable
Net worth attributable to Shareholding as per latest audited Balance Sheet	(163.07)
Profit / Loss for the year	
i. Considered in Consolidation	(195.84)
ii. Not considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations. – **Not Applicable**
2. Names of associates or joint ventures which have been liquidated or sold during the year. – **Not Applicable**

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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