Sustain

Soar

Leap

HINDUSTAN FOODS LIMITED
33rd ANNUAL REPORT
2017-18

LEAP

Hindustan Foods Ltd. (HFL) commenced operations in 1988 under the umbrella of Dempo Group of Companies. Being a single product (Farex), single customer (Glaxo) and a single location (Goa) company, HFL linked its fortunes closely with the brand and the customer. The decline in the brand affected the company in a large way leading to a near complete wipeout of its net worth. A strategic alliance with the Vanity Case Group in 2013, who were engaged in the FMCG contract manufacturing business since the last two decades, led to a rethink on the strategy. The company redefined its business model to strategically focus on creating contract manufacturing solutions built to suit any type or size of FMCG customers across diversified product categories. It also decided to achieve scale by diversifying across geographies and customers. The Vanity Case Group turned around HFL's loss-making Goa unit by enhancing capacity utilization and efficiencies and diversifying the customer base. Building on the success of this turnaround, the company strengthened its financial position through restructuring and primary equity infusion. The company actively started scouting around for both organic as well as inorganic opportunities to grow within this space. Backed by a strong management team, HFL established a solid footing from where it could **leap** towards a better future.

LEAP

SUSTAIN

SOAR

SOAR

After having established a strong foundation - a dedicated team backed by financial resources and a clear vision of becoming the largest FMCG contract manufacturer in the country – the company expanded its capacities and capabilities across product categories. It added prestigious clients like Pepsico, Reckitt & Benckiser, Hindustan Unilever Ltd., and also internationally renowned patrons such as Hush Puppies, Steve Madden, U. S. Polo, Gabor, etc. Capitalizing on opportunities arising from GST implementation, the company increased its geographical footprint across India to six manufacturing locations through acquiring factories making Pest Control products and detergents and also building factories that can pack teas. From a company with a depleted net worth, it is now bidding and acquiring other ventures, larger than its own size, and successfully adding value to them through its innovative contract manufacturing solutions. With all these business expansions including the acquisitions, HFL is confident that it should be able to **soar** into one of the finest and most reliable contract manufacturers in India.

SUSTAIN

With the Indian consumption story guaranteed to continue its growth trajectory, companies of all sizes in the FMCG industry are focusing on leveraging their brand building and marketing skills to address this growing demand. The change in regulatory environment (GST) and entry of smaller and nimbler players is leading to a rethink on the manufacturing strategy and a growing recognition of outsourcing as a preferred option. HFL, with its abilities to offer unique and customized solutions to reduce overheads and risks associated with manufacturing, should emerge as one of the most promising and dependable outsourcing companies in India. Besides contract manufacturing, the company will further enhance its value proposition by offering formulation, packaging, branding, marketing, and distribution solutions to various private labels and smaller brands. With a robust business model, HFL is bound to **sustain** the test of times in the longer haul.

Table of Contents

Our Mission

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

Our Vision

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

Hindustan Foods Limited

INTEGRITY

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

INNOVATION

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

INITIATIVE

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

OBJECTIVE

Hindustan Foods Ltd. has a very clear objective to be a leader in contract manufacturing for various FMCG companies. The company wants to create strong relationships with its clients that ensure long term contracts and a sustained business. Our choice of acquisitions, expansions and consolidation clearly defines our strategies with the common goal of growth that is consistent, competitive, profitable and responsible. The company is confident of translating its visionary dream into reality.

Hindustan Foods Ltd. was established in 1988 by the Dempo Group to foray into the FMCG segment through a joint venture with Glaxo India Ltd.

The Company strategically collaborated with Vanity Case Group in 2013 to take it to greater heights. Vanity Case Group transformed a challenge into an opportunity through deep understanding of client's manufacturing needs. Since then, the company has diversified across various FMCG categories with manufacturing competencies. Today, the company has manufacturing units in four locations across the country and two more have been proposed.

HFL currently manufactures a wide range of products involved in day-to-day life, ranging from food and beverages, pest control products like coils, vaporisers, aerosols and leather products like shoes, bags, wallets and accessories along with home care products like detergents.

We have consistently outgrown the pace of the industry since the last 5 years. Our growth has been driven by our manufacturing capabilities across geographies, technical know-how and management expertise and experience. Given India's rapid economic growth and rising disposable income, HFL is well positioned to ride this boom to a secure, robust and long term growth. We continue to invest in our manufacturing processes to ensure that we can leverage emerging opportunities.

Hindustan Foods follows three key business models to serve the needs of the brands and manufacture products, namely contract manufacturing, wherein the manufacturing units are utilized for various client companies with contracts, which could be temporary in nature; the second model being the OEM model, where the entire manufacturing facility is exclusively utilised for a specified product of a company and where contracts have a longer tenure of approximately 5 to 7 years; and thirdly we have the Private Label model, wherein we provide special services for new products/ brands by providing them end-to-end manufacturing solutions for their products, including formulation, product design, packaging design, etc. As we move forward on this growth trajectory, we envision ourselves as the leaders in contract manufacturing with a marked presence in every consumer goods category.

CLIENTELE

In Goa, the company caters to FMCG leaders like Pepsico, Danone, Hindustan Unilever & Marico to name a few.

In Puducherry, the company manufactures leather products like shoes, jackets, bags and accessories for renowned international brands like Hush Puppies, Gabor, Richter, Jomos, Kenneth Cole, Steve Madden and TBS and also Indian brands like Hidesign, Arrow, U.S. Polo and Louis Philippe.

In Jammu & Kashmir, the company meets the manufacturing needs of Reckitt Benckiser for its pest control products like coils, aerosols and vaporisers.

In Mumbai, the company has begun to manufacture quality ladies footwear for various brands like Esprit, Saks 5th Avenue, Dune, and also for e-commerce majors like Flipkart, Myntra, Amazon, etc.

In Coimbatore, the company will be blending and processing tea, coffee and soups for Hindustan Unilever Ltd.

In Hyderabad, the company will be manufacturing detergent powder for Hindustan Unilever Ltd. under the brand names of Rin, Wheel and Surf.

CERTIFICATION

The manufacturing facilities of HFL have been managed in a manner that fully satisfies and at times exceeds the quality requirements of its esteemed global customers. Moreover, regular and methodical audits from these international QA teams facilitate as a catalyst for continuous improvement in all the relevant areas of the plants.

BRC (British Retail Consortium), an industry wide benchmark for quality and food safety | BIS (Bureau of Indian Standards) | ISO 9001:2008 | ISO 9001, ISO 22000:2005 | GMP | Halal certification


HINDUSTAN FOODS LIMITED

ISO 22000:2005

geographical locations

HFL has state-of-the-art technology to give a competitive edge in terms of scale, quality and product innovation and meeting standard requirements across geographies in India.

manufacturing facilities

• Goa Factory

- This is the very first facility of the company spread across 52,625 square metres, located in Panji, Goa.
- It addresses a range of extruded foods needs and manufactures healthy food and nutritional products for Farex, Easum for Dannon, Kurkure Puffcorn for Pepsico and Marcio.
- Today, the plant comprises extrusion capacity of 6,000 tons per annum and dry-mix blending capacity of 1,000 tons per annum. The capacity expansion from 3,000 tons to 6,000 tons was undertaken in 2015 to cater to the huge opportunities in the processed food segments.
- Aligned with major international food safety requirements.
- There are 8 high speed Bosch machines in pouch packing with Nitrogen flushing.
- Factory BIS, ISO 9001 and ISO 22000:2005-certified (also conforming to standards) and follows all food safety requirements.

52,625 sq metres

Dannon
Kurkure
Pepsico
Marico

capacity expansion

6,000 tons per annum

International brands
Gabor
Richter
Jomos

Domestic brands
Steve Maddde
Hush Puppies
Arrow
US Polo

multi origin leather
60 lac sq feet / year

• Puducherry Factory

- This unit was acquired as a going concern from Ponds Export Ltd., a subsidiary of Hindustan Unilever Ltd. in FY 2016-17.
- This facility addresses major international and domestic brands needs for leather shoes, uppers, bags, belts, wallets and accessories.
- Products manufactured are exported to international brands like Gabor, Richter and Jomos, domestic brands like Steve Madden, Hush Puppies, Arrow and U.S. Polo and their own brand, UN:OR.
- The facility has a unique advantage due to integration into leather processing by contracted tanneries. Tannery facility can produce up to 60 lac sq. ft. of multi-origin finished leather per year.
- Additionally, there is a comprehensive product development studio which is capable of developing any shoe style with the best fit and comfort.
- The company now also designs for brands like Steve Madden, Kenneth Cole and U.S. Polo and their own brand, UN:OR.
- Annual production capacity of 5 lac pairs of shoes and 7 lac pairs of uppers. Delivers quality output in uppers and shoes.

• Maharashtra Factory

- This unit is located in the outskirts of Mumbai and was part of the acquisition of G Shoe Export Ltd. which was acquired as a going concern in 2018.
- The capacity of the unit is producing 3000 pairs of sandals and 1000 pairs of shoes per day.
- The company manufactures leather products for ladies, gents and children such as – slippers, sandals, open toe, high heels, huarache and mules, jackets, bags and accessories to cater to brands like Esprit, Saks 5th Avenue, Dune, etc.

• Jammu & Kashmir Factory

- The unit is spread across 35,143 square metres of area at IGC II, SIDCO Samba, Jammu & Kashmir.
- The unit was acquired from Reckitt Benckiser (India) Pvt. Ltd. in the end of the calendar year 2017 and commenced commercial production from 2nd January, 2018.
- The company manufactures pest control products like coils, aerosols and vaporisers for the brand "Mortein".
- Annual production capacity of 1,200 Million Coils, 43.2 Million Vaporizers and 7.2 Million Aerosols.
- The company is the sole manufacturer of Vaporizers and Aerosols for Mortein brand in India.
- ISO 9001 Quality Management System, ISO 14001 Environment Management System, ISO 18001 OHSAS certified facility.

35,143
sq metres

1,200
million coils

43.2
million vapourizers

7.2
million aerosols

• Upcoming Tamil Nadu **Factory**

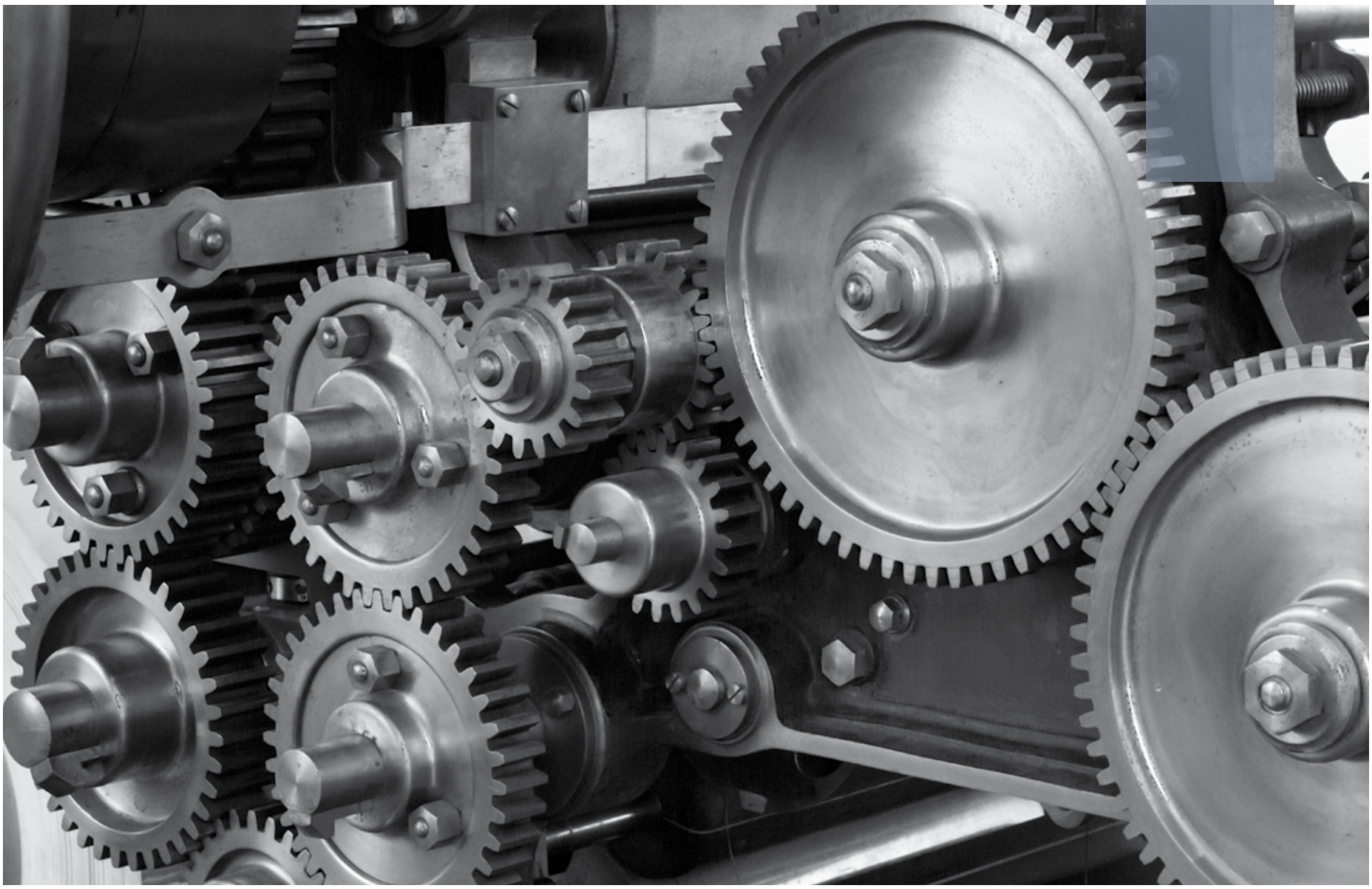
- This is a green field expansion undertaken by the company to cater to Hindustan Unilever Ltd.'s hot beverages need.
- Located in Coimbatore, the facility is spread across 85,000 sq.ft. area, which is expected to start operations in calendar year 2018.
- The company intends to process, blend and package tea, coffee & soup products in this facility.
- Expected installed capacity is 20,000 tonnes p.a. which will be operational in two phases.
- There will be an installed high speed single track and multi-track packing line.
- Completely automated end-to-end pneumatic material handling.

85,000
sq feet

20,000
tonnes per annum

• Proposed Telangana Factory

- This facility located in Hyderabad, is spread across land Area of 17 Acres.
- It is an ultra-modern plant with state of the art machinery which includes a SCADA controlled auto manufacturing process and a high speed single track and multi-track packing line.
- The unit also boasts of a fully automated end-to-end material handling system.
- The company manufactures 75,000 tons of detergent powder for Hindustan Unilever Ltd.'s brands Rin, Wheel and Surf that suffices only Telangana state requirements. It is a dedicated unit with long term contract of 7 years started in 2015.
- This unit is proposed to merge into HFL business operations this calendar year.



business model

Hindustan Foods Ltd. has diversified into various product categories during the year to support the ever growing demand of the FMCG sector. Given that the development and manufacturing of FMCG products require a significant capital investment as well as potentially high operating costs, many FMCG companies, both large and small, have begun to rely on third party contract manufacturers to produce their standard products. The company operates in three discrete models.

1.) CONTRACT MANUFACTURING

Contract manufacturing, also known as outsourced manufacturing, is a type of manufacturing in which a client relies on skill manufacturers to produce a part or the whole product of their brand. The company can manufacture products for several companies even if they are competitors.

SERVICES WE PROVIDE

- The company provides integrated facilities with on-site laboratories, processing, packaging, storage and transporting convenience. More than the required products, the company provides solutions comprising of a wide range of formulations, batch sizes and packaging formats.

- The company offers product and volume flexibility to clients. The company can cater to long term and seasonal product manufacturing as per the clients' requirements. New products, with an immediate or short term window, have been comfortably handled and nurtured by the company over the years.

ADVANTAGES FOR CLIENT

Cost Reduction

A client can obtain cost advantage by outsourcing production rather than investing expensive capital in production equipments and hiring skilled labour.

Sample production and Testing

The company provides an attractive gateway for domestic and international clients to manufacture new products without setting up a manufacturing unit.

Quality Production

The company ensures quality products as per specifications of clients by regular checks and supervision.

Easy to Scale-up Production

The company can easily scale-up production or scale-down production as per the demand of the products of the client.

Time Saving

Contract manufacturing saves time for clients, which they would have otherwise spent on in-house manufacturing operations, training employees and obtaining necessary certifications. These clients would rather focus more on marketing and distribution by outsourcing their manufacturing processes.

2.) OEM MODEL

Under this model, the projects are generally large in nature and require huge capital expenditure. The company sets up the manufacturing unit as per the client's specification within the timelines agreed with the customer. Post completion of setting up the unit, the company looks after the end-to-end supply chain management and also the day-to-day management of the production facilities. Under this model, the company either does the Greenfield expansion of the manufacturing facility for the principal or acquires the facility from the principal on a going concern. This model can be categorized into: Entire Dedicated Manufacturing Model & Anchor Tenant Model.

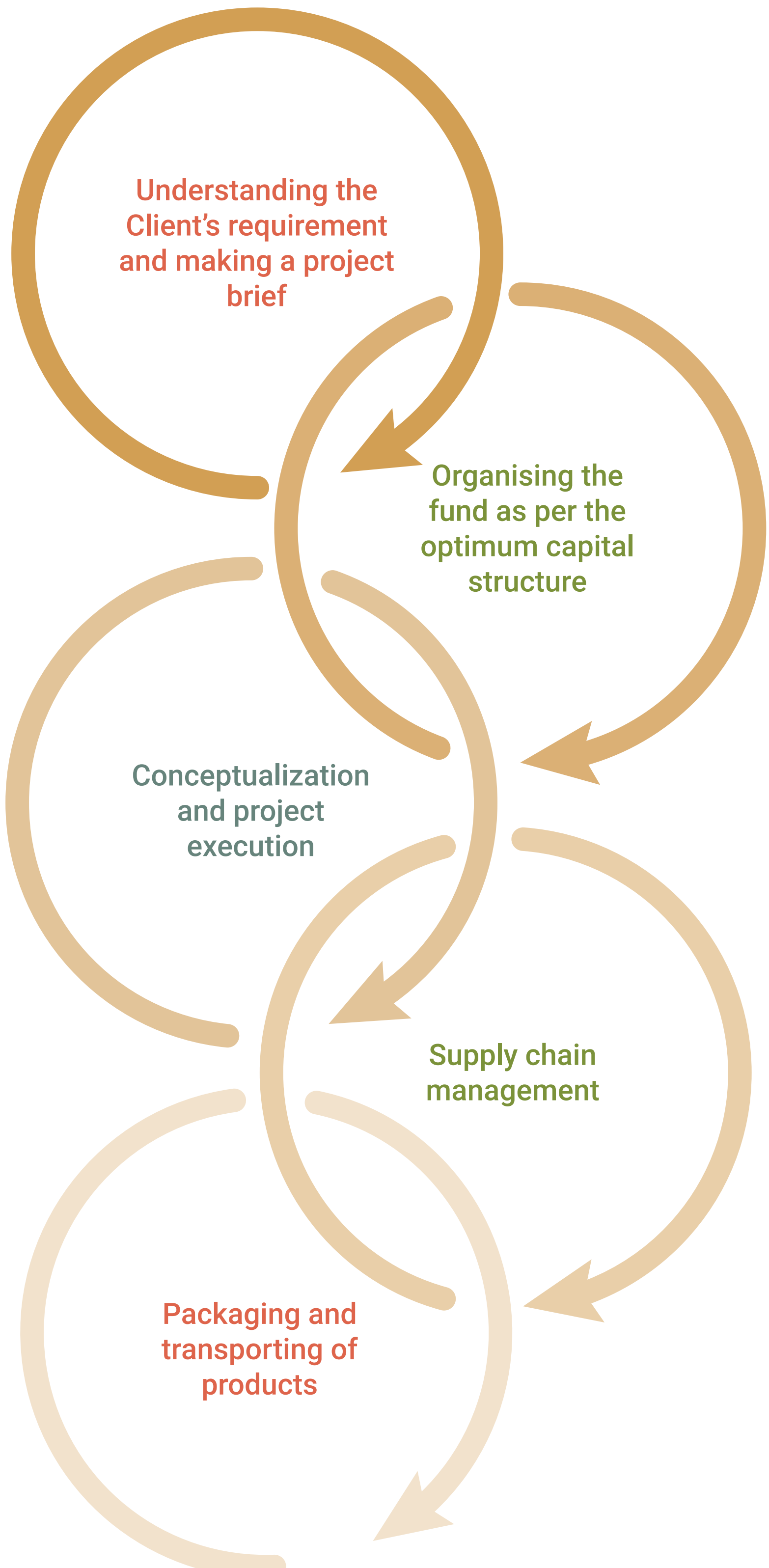
DEDICATED MANUFACTURING MODEL

In this model, the entire manufacturing facility is exclusively utilized for the principal client. The location, layout, design, machinery, capacity and all other parameters of the unit are finalized and executed in complete concurrence with the principal in this case. The investment, project execution and management of the facility are done by the company. The model ensures that there are long term contracts in place before acquiring or setting up such manufacturing units. The agreement is based on fixed returns that could be based on return on investment or cost plus basis. By using outside manufacturing help, a retailer can offer a wide range of private label goods that appeal to both cost-conscious shoppers as well as premium-product consumers.

ANCHOR TENANT MODEL

The Anchor client enjoys all the privileges of a principal, however there will be a few minor tenant clients sharing the facility. This helps to spread the overheads and bring down the costs. The agreement could be based on quote base or cost plus basis. A factory can operate under this model only after getting all necessary approvals from the principal client.

SERVICES WE PROVIDE



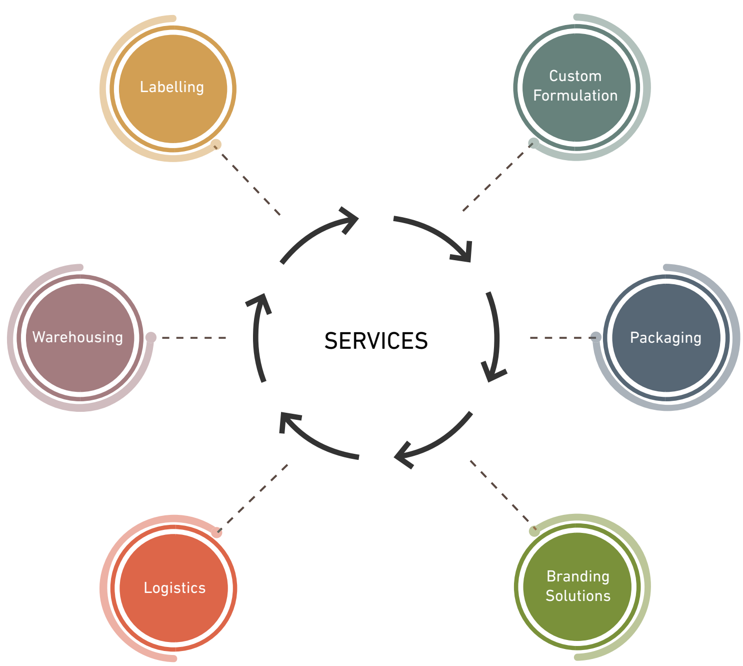
3.) PRIVATE LABELS

Private labels are manufactured for and sold under the name of a specific retailer and competes with brand-name products. Private branding is a cost effective way to produce a product without the investment into large manufacturing facilities, designers, quality assurance personnel or a specialized supply chain. By using outside manufacturing help, a retailer can offer a wide range of private label goods that appeal to both cost-conscious shoppers as well as premium-product consumers.

SERVICES WE PROVIDE

Private labels are developed based on extensive research and testing methods, which can be similar but not a replication of any other products. Efficacy, quality and value are key factors in all the procedures. Hindustan Foods Ltd. is responsible right from the procurement of raw material, development to packaging of the products. The company owns the product formula made for these private labels. Private-label services offer a number of customizable options and requirement levels at competitive prices. The focus is to ensure that customers are provided with complete turnkey private labelling solutions.

The company helps converting the vision of younger company into a reality by helping them with various services.



4.) OWN BRANDS

The company has used its knowledge and expertise to create its own brands and/ or acquirew brands and create strong distribution network. Our innovations use insights and already built in technologies to deliver brand-led benefits which meet the latest trends. Our brands are created with increasingly responsiveness to local needs, landing results faster into the market.

DISTRIBUTION

Our foray into the distribution business commenced with license for European clients like TBS, Gabor and Richter with complete territorial rights of India, while undertaking the manufacturing needs of the brands. Along with this, the company will also be distributing our own Brand UN:OR and ESTD 1977. The company successfully launched its first store UN:OR in Goa in 2017. The company is currently distributing TBS on e-commerce platforms and going forward will start distributing their other brands. With a larger product basket, the company can strengthen its distribution network, which will improve availability and enhance the buying experience. This will, in turn, further drive penetration and increase consumption in our focus categories.

UN:OR

• UN:OR:

Unorthodox is a premium leather brand in India for men, women and children. The brand offers formal and casual shoes, bags, leather jackets and accessories. The company manufacturers its wide range of shoes, jackets, wallets, bags and accessories at its capacity in Puducherry. The products are priced between INR 2,000 to INR 4,000.

1977 ESTD.

• ESTD 1977:

Under the product basket of the G shoe Export Ltd., which manufactures a wide range of footwear for women, men and children, has its own brand ESTD 1977. It manufactures fashion shoes and footwear for European branded stores for more than 40 years.

SAUCERY
Everyday Gourmet

• SAUCERY (Proposed):

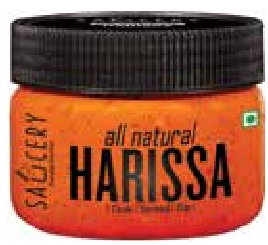
Hindustan Foods Ltd. is in the process of acquiring a stake in Saucery Foods Private Limited, founded by Ms. Gayatri Bhatia. This brand comprises of a natural range of spreads, dip and sauces, which HFL intends to manufacture in one of its facilities.


SAUCERY
all natural
AGLIO OLIO


SAUCERY
all natural
HOUSE GROUND
MUSTARD

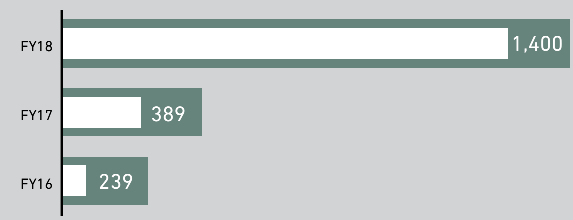

SAUCERY
all natural
CARAMELISED
ONION & DILL


SAUCERY
all natural
CLASSIC
PESTO


SAUCERY
all natural
HARISSA

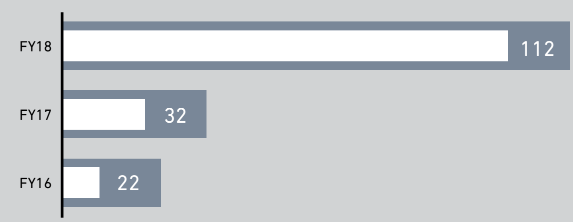
financial snapshot

TOTAL INCOME (INR Mn)

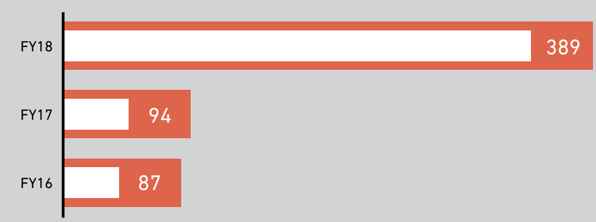


NET WORTH (INR Mn)

EBITDA (INR Mn)

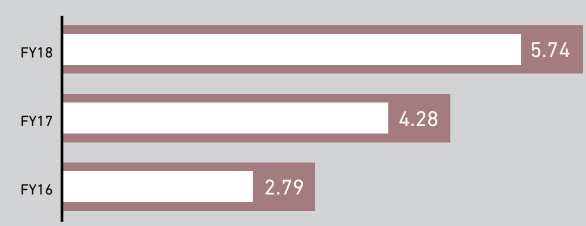


FIXED ASSETS (INR Mn)



PAT (INR Mn)

ASSET TURNOVER RATIO



managing director's message

Dear Shareholders,

Change is the only constant in this world and I feel that Hindustan Foods Limited has continuously evolved as an enterprise. Every move of our company has cemented its position in the contract manufacturing industry, be it through organic and inorganic expansions, achieving new client wins, product additions or a wider geographical reach, which has ultimately translated into significant financial growth. In FY 16-17, the company had taken various steps to prepare itself for the journey ahead. This included strengthening of the balance sheet by raising money from a preferential issue of equity shares. I am pleased to inform you that this money has enabled us to make two acquisitions and set up a Greenfield project for the packing of the tea project. The year 17-18, saw the company achieving its highest ever turnover and I thank and congratulate everyone at Hindustan Foods for this feat.

The FMCG market is now growing at its fastest pace since quite a few years and we are confident that this should provide us with some very strong tail winds as we race towards our goal of getting to a 1000 crores by the FY 19-20. One of the key external attributing factors to this is also the introduction and successful implementation of the Goods and Services Tax (GST) this year. As discussed in last year's Annual Report, GST is slowly leading to the decentralization of manufacturing units and has resulted in increased opportunities for the company.

The structural growth in the consumption story of India is a topic which has been addressed and commented upon in various fora. The growing disposable income is leading to a shift in consumption patterns and with the advent of GST, the organised players are better placed to cater to this demand than the unorganised players. As a result, not only are we seeing a greater demand from our large customers (the giants of the FMCG industry) but are also seeing a lot of small nimble start-ups coming up to cater to these niches, which are developing due to the growth in the market. The growth of organised trade and e-commerce is also helping accessibility to and availability of products thereby removing one of the earlier barriers to entries in the FMCG market – distribution. The company has developed its business models to be able to cater to all of the players in this scenario.

In case of the large FMCG companies, which have well-known brands and are looking to leverage the GST to decentralise their manufacturing operations, the company is an able partner and can undertake setting up of large factories under its OEM model. For other FMCG companies who are now launching new brands and introducing new products, the company is able to offer its "contract manufacturing" facilities, which ensures that the FMCG companies can experiment with product extensions etc. without running huge risks in terms of setting up the manufacturing infrastructure. And lastly, for the new entrants in the market, we are able to help them design and develop the product under our Private Labelling model allowing them to concentrate on the marketing and branding aspect of their business.

Thus today, a number of companies in India have started to adopt the route of contract manufacturing via which they are able to focus on their brand and cater their manufacturing needs from third party. Working with a contract manufacturer offers two primary advantages, access to capital in the form of equipment and facilities, and the manufacturing expertise of the contract manufacturer. By using a contract manufacturer, a company can focus attention and capital on growing its brands while leaving the cumbersome manufacturing details to someone else.

The company is one of the most diversified contract manufacturers in India, serving the demand of various leading players in FMCG sector from the past two decades. Moreover, we have also equipped ourselves with the state-of-the-art machinery, necessary to rapidly fulfil orders using various manufacturing methods. We provide infrastructure to every type of client, regardless of how complex their requirements are. We currently manufacture products in food & beverages, fabric care, leather and pest repellent sectors. Being well-diversified across locations and product categories and customers, has helped the company to mitigate the risk of dependency on a single client or industry. A fragmented client base has helped us to increase the bargaining power, which in turn improves our topline and margins.

FINANCIAL OVERVIEW

The company has come a long way in the last few years to achieve a turnover of INR 140 Crore, marking a growth of 260%; a profit after tax of INR 6.3 Crore, marking a growth of 800%; and Earnings per shares of INR 4.81, marking a growth of 640%. The company has seen an exponential growth in sales and profitability for the year 2018 and the company is very confident to achieve a near term target of INR 1,000 Crore by FY20.

GROWTH DRIVERS

The company's business model is one of the largest growth drivers in being able to cater to the varying needs of the players in the FMCG market. The company's ability to go across geographies and product categories backed by the excellent team of professionals is proving to be a major advantage when the company is bidding for GST driven relocations of manufacturing capacities.

KEY HIGHLIGHTS

We have successfully launched our own premium leather brand "Unorthodox", focusing on footwear and accessories and opened our first store in Goa. With the focus on acquisitions and expansion, the company acquired Reckitt Benckiser's pest control product manufacturing plant located in Jammu & Kashmir and commenced production this year. The company will be manufacturing coils, vaporizers, and aerosols for the brand 'Mortein'. The company has also acquired a shoe manufacturing unit based in Mumbai, G Shoes Export, a manufacturer of quality ladies footwear for various brands like Esprit, Saks 5th Avenue, Dune, etc. This acquisition will result in synergies from current operations and open up new markets and products for the company. We are also set to acquire a stake in Saucery Foods Private Limited, which is in the business of manufacturing and selling fresh dips and sauces under the brand name "Saucery". The company is also undertaking Greenfield expansion to manufacture and blend hot beverages like tea, coffee and soups for a long term contract with Hindustan Unilever Ltd. in Coimbatore, which is expected to be operational in the coming year. The proposed demerger of the Hyderabad factory of the promoter Company, Vanity Case Group into HFL, will enable HFL to derive substantial synergies and will broad-base the product offerings of the company. This unit has a long term contract with Hindustan Unilever Ltd. for detergent powder under the brand names of Rin, Wheel and Surf.

We are confident that FY-2019 is going to be about consolidating our performance by sustaining long-term relationships that adds value and also growing via organic and inorganic means.

In India, contract manufacturing is on its way to be the next big thing and your company is poised to lead the industry due to the following head start advantages that we enjoy:

PASSIONATE & DYNAMIC TEAM

The company has a dedicated and energetic team, who is rigorously working towards conceptualizing the vision of the management. The professionals who have had varied exposures in the FMCG manufacturing set-up, provide the domain expertise required by the company to be able to foray into a diverse portfolio of businesses in FMCG alone. This has enabled us to look for expansion and growth across the entire spectrum of FMCG rather than being restricted to one product category or one customer.

TRUST

We believe in building the business on the foundation of trust and loyalty. All our major customers are with us because we build the relationship and maintain the secrecy of product and manufacturing processes.

STATE-OF-THE-ART MANUFACTURING FACILITIES

The company's internal and external quality assurance programme ensures that the analysis required by applicable regulatory bodies become a part of the integral regular testing programmes. The company ensures that all the products meet the most stringent international and national quality standards. In addition, we have integrated a HACCP (Hazard Analysis Critical Control Point) inspection plan in our manufacturing facility to ensure food safety for our consumers. HACCP is recognized worldwide as the leading food safety programme for the food and pharmaceutical industry.

FAVOURABLE GOVERNMENT POLICIES

Nowadays government policies have become liberal for companies to operate in India, as they allow freedom to export outside India and can import the raw-materials and finished products from foreign countries. Liberal government policies have helped in creating a more suitable operating environment in our organization. With the help of all favourable policy more and more international brands reaching in India for contract manufacturing.

HIGHER EFFICIENCY IN PRODUCTION AND ECONOMY OF SCALE

In order to improvise products continuously and mitigate risks in the production we have a manager handling the concerned manufacturing processes who has tremendous experience in the relevant field. As most market spaces become increasingly competitive, there is a greater premium on the need to moderate costs and engage with contract manufacturers who possess large capacities and economy of scale resulting in a win-win situation.

SUSTAINABLE VALUE BUILDING

We believe in sustainable growth by retaining our principal customers by undertaking long term contracts and helping our start-up customers to design and develop products as per their needs. We focus more on OEM model of business which enables us to retain customer for longer duration.

WINDOW OF OPPORTUNITY LYING AHEAD

FMCG Supply Chain has not changed in many years, but surely what has changed is the attitude and efficiency of each element. The increasing competition in the market place caused several changes through the supply chain and the emergence of internet and contract manufacturing are important trends in India and each has a clear implication in the FMCG Sector. FMCG companies list logistics above all other issues, such as not to get the product at the right time, in the right quantity, quality and best cost also poses as challenges for FMCG.

We believe, that in the coming years, most of the big companies will adopt asset light business models to strengthen their balance sheet and focus more on their core business activities like marketing and distribution channel for their products and they will opt more for contract manufacturing by outsourcing their processing, packaging and production process. Rising cost of raw materials, logistics and labour have become a global concern, and in order to reduce costs across the value chain, FMCG companies from developed markets continue to look for suitable partners in developing countries for shifting or outsourcing their production.

As India is getting ready to adopt these changes, the company envisions itself as one of the global leaders in the segment, with a marked presence in every consumer goods category. With decades of experience in food manufacturing and processing, best class capabilities as well as significant cost advantages, Hindustan foods can be an ideal partner for companies to meet their contract manufacturing needs. We see great demand coming from start-up companies that frequently do not have the facilities or expertise necessary to produce the type or quantities products or they may not have the adequate capacity to fulfil the commercial demands for their products and may desire contract manufacturing back-ups that are necessary to run their business or they may not have the adequate capacity to fulfil the commercial demands for their products and may desire manufacturing back-ups. And as the company moves forward on this growth trajectory, the company shall venture into unchartered territories, expand the horizon of their business and create endearing brands which will have a profound positive impact on the lives of millions of people, globally.

Sameer Kothari
Managing Director

board of directors

Shrinivas Dempo, Chairman

Shrinivas Dempo is the third-generation entrepreneur and chairman of Goa's leading business house, Dempo. He received a Postgraduate management education in Industrial Administration at Carnegie Mellon University, USA.

Sameer Kothari, Managing Director

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

Ganesh Argekar, Executive Director

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

Nikhil Vora, Non-Executive Director

Nikhil Vora is the founder and CEO of Sixth Sense Ventures; India's first domestic consumer-centric venture fund. Nikhil was earlier the Managing Director and Head of Research at IDFC Securities. He is a Post Graduate in Management and was a member participant at the Future Leaders Program at the Saïd Business School, University of Oxford, London.

Rajesh Dempo, Non-Executive Director

Rajesh Dempo joined Aparant Iron & Steel Pvt. Ltd., a Dempo Group of Company as a management trainee and rose up the ladder to head the same. He has completed his Bachelor of Commerce at the University of Mumbai and MBA in London.

Honey Vazirani, Independent – Woman Director

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

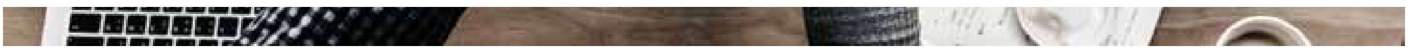
Shashi Kalathil, Independent Director

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

Sudin Usgaonkar, Independent Director

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

management team



Mayank Samdani, Group CFO

A Chartered Accountant with a vast industry experience in the areas of Finance, Accounts, Audit, Legal and compliance. Worked with Future group and Ashok Piramal group in various capacities.

Chetan Kotak, GM - Works Silvassa & Atgaon

A professional with 23 years of domestic and overseas experience in manufacturing management.

M R Pragatheeswaran, GM – Operations (South)

A B.Tech with 19 years of domestic and overseas experience in food and pharmaceutical manufacturing including companies like Wyeth Singapore.

Suryakant Mishra, GM - Quality Assurance & R&D

A hard-core Quality Assurance and Regulatory Affair professional with 27 years of experience in Food, Cosmetic and Pharmaceutical industries in India and abroad. Was largely associated with GSK and Reckitt Benckiser and is familiar with BRC, RSA, MHRA, TGA, MCC, Ayush, BIS, WHO, and ISO (QMS) standards.

Ravinder Rathi, GM- Operations North

An Operations and Manufacturing expert with more than 21 years of vast industry experience. An expert in developing new-set ups and restructuring operations. Has previously worked with companies like ITC Ltd. and Moser Baer India in various capacities.

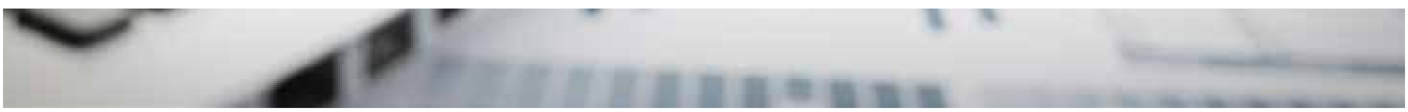
Govind Rawat, GM – Goa & Nasik

A competent professional with nearly 30 years of extensive experience in operations and strategic planning. Has worked with reputed organizations like Parle Agro and Indian Navy.

Rajiv Bahadur, President Leather Business

A footwear professional with 32 years of experience in footwear Operations, Buying, Product Development & Sales. Worked with Bata, Tata exports & A U Thomas amongst many. Undergone 3 years offshore assignment with Yanko/Pielsa in Spain.

mangement discussion & analysis



GLOBAL ECONOMY OVERVIEW

The acceleration in global activity that started in 2016 gathered steam in 2017, reflecting firmer domestic demand growth in advanced economies and improved performance in other large emerging market economies. Global growth is set to be just over 3.5% in this calendar year 2018, the fastest in seven years, with improved outcomes in both advanced economies and the EMEs. Confidence measures and levels of new orders for businesses remain strong. This long awaited lift to global growth, supported by policy stimulus, is being accompanied by solid employment gains, a moderate upturn in investment and a pick-up in trade growth. The continued expansion depends on robust global growth and the governments' support for right trade policies. However, there are signs that escalating trade tensions may already be affecting business confidence and investment decisions, which could compromise the current outlook. *(Source: IMF and OECD)*

INDIAN ECONOMY OVERVIEW

Indian economic growth is giving a positive signal for the current and future scenarios. It is projected to strengthen above 7%, gradually recovering from the transitory adverse impact of rolling out the Goods and Services Tax (GST) and measures to choke off the black economy, including demonetisation. India's GDP grew 7.2% in the third quarter of 2018, surpassing expectations and wresting back the mantle of fastest growing economy from China on the back of a rebound in industrial activity, especially manufacturing and construction, and an expansion in agriculture. The Reserve Bank of India has estimated GDP growth in a range from 7.4% to 7.9% for the Financial Year 2019-2020. *(Source: OECD and Economic Times)*

FMCG SECTOR

OVERVIEW

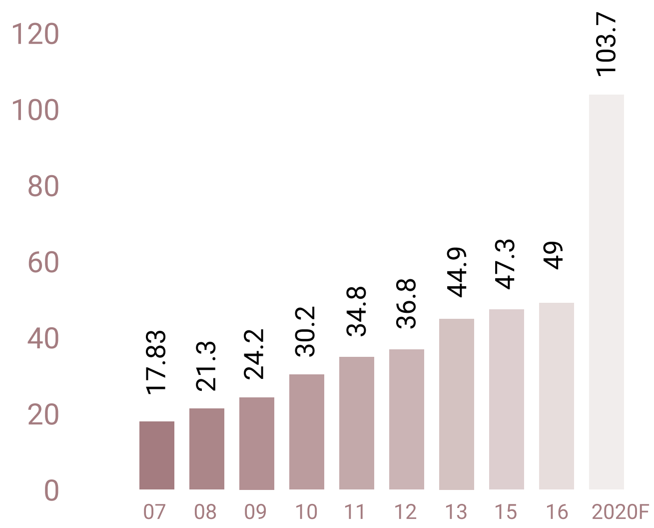
FMCG is the 4th largest sector in the Indian economy. The favourable demographics and rise in income level has boosted FMCG market. There are three main segments in the FMCG sector – food and beverages, which represents 19%, healthcare, which represents 31% and household and personal care contributing to the balance 50%. The FMCG sector has grown from US$ 31.6 billion in 2011 to US$ 49 billion in 2016. The urban segment (accounts for a revenue share of around 40 per cent) is the largest contributor to the overall revenue generated by the FMCG sector in India and recorded a market size of around US$ 29.4 billion in 2016-17. However, in the last few years, the FMCG market has grown at a faster pace in rural India compared with urban India. Semi-urban and urban segments accounted for a revenue share of 40% in the overall revenues recorded by FMCG sector in India.

OUTLOOK

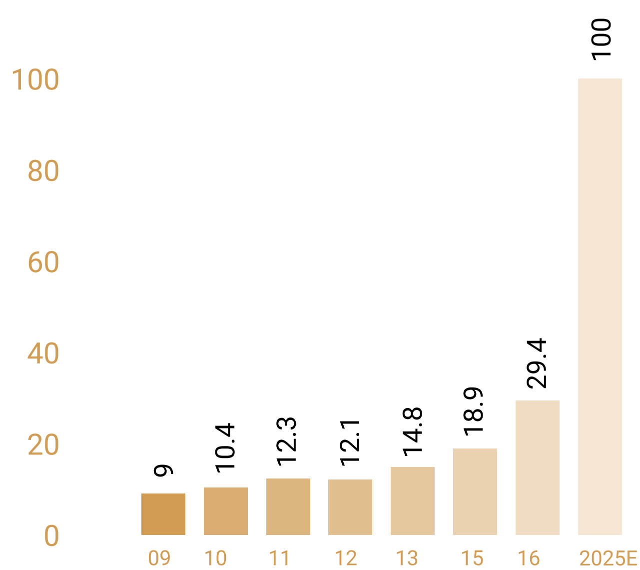
The sector is expected to grow at a Compound Annual Growth Rate (CAGR) of 20.6 per cent to reach USD 103.7 Bn by 2020. The demand for quality goods and services have been increasing in rural areas of India, on the back of improved distribution channels of manufacturing and FMCG companies. Growing awareness, easier access and changing lifestyles are the key growth drivers for the consumer market. The focus on agriculture, MSMEs, education, healthcare, infrastructure and employment under the Union Budget 2018-19 is expected to directly impact the FMCG sector. These initiatives will increase the disposable income in the hands of the common people, especially in the rural area, which will be beneficial for the sector. Additionally, On 1st July 2017, a unified indirect tax structure was introduced in India through the Goods and Services Tax (GST) that has positively impacted the economic environment in the long term by being major driver for the shift of businesses from unorganised to organised players. *(Source: IBEF)*

Fiscal deficit for 2017-18 is revised to INR 5.95 lakh Cr at 3.5% of the GDP, which is approximately the same as 2016-17 despite the transformation in the economy. In addition to initiatives like; 'Make in India', 'Housing for All', 'Digital India' government has also introduced 'Sagar Mala' and 'Bharat Mala' initiatives, which is expected to boost the domestic growth of the country. *(Source: IBEF and Trading Economics)*

India's FMCG Market (USD Bn)



Rural FMCG Market (USD Bn)



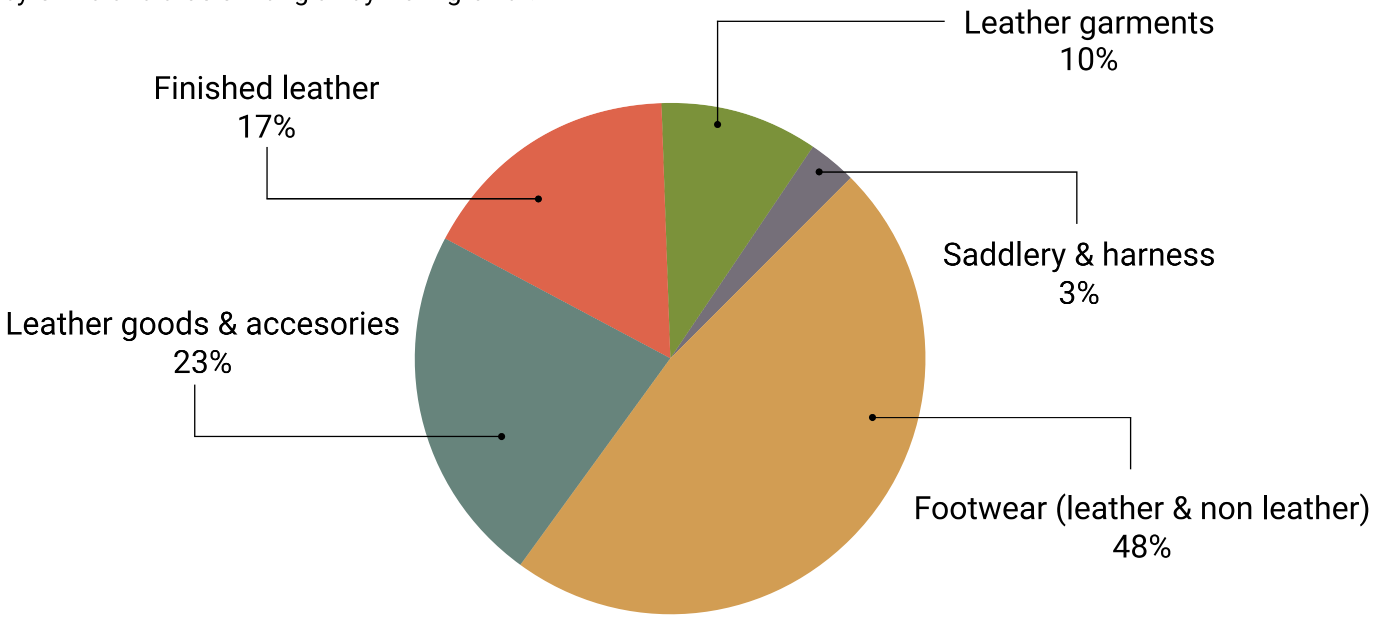
LEATHER SECTOR

OVERVIEW

India ranks second in terms of footwear and leather garments production in the world, which accounts for 9.57% of the world's footwear production. India's leather industry has grown drastically, transforming from a mere raw material supplier to a value-added product exporter. Globally the growth in demand for leather is driven by the fashion industry, especially footwear. Shoe-making is a labour intensive industry, which requires manual stitching and India's growing population of working class will make availability of skilled labour untroublesome.

OUTLOOK

The domestic leather market is expected to double in the next the five years from present level and reach USD 18 Bn by 2020. The footwear market in India is dominated by men's footwear, which contributes close to 58% of the total Indian footwear retail market and is expected to grow at a CAGR of 10% by 2020, however the women's footwear is expected to grow at a much faster rate, at a CAGR of 20%. An INR 2,600 Cr special package was announced for the leather and footwear industry by the government along with a 100% FDI in this sector through its 'Make in India' initiative. The government also exempted central excise duty and import duty on raw hides and skins, semi-processed leathers like wet blue, crust leather or finished leather. Thus exports are projected to reach USD 9.0 Bn by 2020, from the present level of USD 5.85 Bn. India has immense opportunity in these sectors to push exports as the rise in wage levels in China has resulted in the stabilisation or losing market shares in the leather industry by China and thus shifting away from growth.



BEVERAGES SECTOR

OVERVIEW

India has traditionally been a tea-drinking nation. For every cup of coffee, an Indian drinks 30 cups of tea. In 2017, the country consumed 678,200 tonnes of packaged tea, making it the world's largest market for this sector. It is worth noting that 1.2 Bn kg tea is produced in India yearly, and about 1 Bn kg is consumed internally. This is mainly due to the strength of India's population. India is the third-largest producer and exporter of coffee in Asia, and the sixth-largest producer and fifth-largest exporter of coffee in the world. The country accounts for 3.43% (2016-17) of the global coffee production. Coffee consumption has grown by 40% over the last decade.

OUTLOOK

Indian tea is among the finest in the world owing to strong geographical indications, heavy investments in tea processing units, continuous innovation, augmented product mix and strategic market expansion. Historically, loose tea demand constituted to more than 60% of the total tea market in India. However, with increased branding activities by tea companies, number of choices available for consumers and consistently better quality of the packaged tea, the demand of packaged tea has witnessed a rising trend during the past few years. To further boost consumption Tea Board of India is planning to come out with a strategy to promote consumption of tea in the domestic market.

BABY FOOD SECTOR

OVERVIEW

Baby food market is segmented mainly into infant milk formula, baby cereals, follow-up formula and other products like baby juice, baby soup, and prepared baby food products. All of these products have witnessed significant growth in the past few years. The global baby food and infant formula market reached a valuation of USD 50 Bn in 2017. In the current scenario, infant milk formula-based products are generating higher revenues whereas baby cereals is the fastest growing segment as mothers prefer to feed grain-based cereals to their babies post six months of birth.

OUTLOOK

The market is expected to reach a value of USD 69 Bn by 2023, registering a CAGR of 5.5% during 2018-2023. The baby food products sector has witnessed a significant growth in the past few years. Increasing prosperity, steady urbanization, growth in people's income, growing number of working women and the increasing concerns regarding the fulfilment of nutrition and vitamins at the growing stage of infants have been some of the major growth drivers for the baby food market in India. Increased spending on children's healthcare coupled with continuous innovation and aggressive marketing by various baby food manufacturers have facilitated the global baby food and infant formula market to grow.

MOSQUITO REPELLENT SECTOR

OVERVIEW

Indian home insecticides market is estimated at INR 4,300 Cr for the year FY16-17. Mosquito repellent market can be broadly categorized into Coils, Vaporizers, Mats, Sprays, Creams and other mosquito repellents. Mosquito Coils dominated the market in 2015 as they do not require electricity like other repellents, and being gaseous in nature, tend to be effective over a larger area.

OUTLOOK

Global Insect Repellent Market is expected to reach USD 7 Bn by 2026, expanding at a CAGR of 6.5% from 2018 to 2026. India is expected to have the highest CAGR of 7.5% from 2018 to 2026. Rapid urbanisation along with the expansion of urban middle class households and an increase in public awareness programs in the rural city due to a rise of vector borne diseases will lead to a greater demand for mosquito repellent products. India's mosquito repellent market is projected to reach USD 800 Mn by 2021. (Source: McKinsey, India Mosquito Repellent Market Overview, Businesstoday)

HOMECARE & PERSONAL CARE SECTOR

OVERVIEW

The Homecare and Personal care sector contributes 50% of the revenue share in the FMCG sector. The Homecare sector includes products like paper products, fabric wash and household cleaners. This sector has seen a sluggish demand in 2016 due to demonetisation, which had curtailed the purchasing power of rural households from using cash to buy shampoos, soaps, clothing detergents, etc. Post that, the market has seen positive growth due to rising urban consumption and stabilising rural demand.

OUTLOOK

The market for powder detergents is expected to become an INR 4,500 Cr industry by 2021. Detergents are available in three forms, namely powder detergent, bar detergent and liquid detergent. In the past, consumers in India used to wash clothes by hand but today with the advancement of technology more and more people are shifting to washing machines. With increasing penetration of washing machines and lower prices, laundry care consumers are shifting from bar detergents to powder detergents, a factor triggering growth for this category. Even though detergent bars are still used in rural areas, they are fast disappearing from the market because of ineffectiveness. (Source: Economic Times)

GROWTH DRIVERS

POPULATION GROWTH

In 2018, India's population is projected to grow by 17 Mn people and reach 1.37 Bn by the beginning of 2019. In India, the population is booming in scores of small cities across the country. About 40% of India's population will be living in urban areas by 2025, and these city dwellers will account for more than 60% of consumption. This growth is directly related with the growth in the FMCG sector. India will have 68 cities with population of more than 1 million by 2030, an increase from the current 42 cities. Rural consumption has increased , led by a combination of an incline in income and higher aspiration levels, thus leading to an increased demand for branded products in rural India.

HIGHER INCOME AID GROWTH IN URBAN AND RURAL MARKETS

Income has risen at a brisk pace in India and will continue rising given India's strong economic growth prospects. According to IMF, nominal per capita income is estimated to grow at a CAGR of 4.94% during 2010 to 2019. India's consumer spending is expected to increase to USD 3.6 trillion by 2020 and India's contribution to global consumption is expected to more than double to 5.8 per cent by 2020. An important consequence of rising incomes is growing appetite for premium products, primarily in the urban segment. As the proportion of 'working age population' in total population increases, per capita income and GDP are expected to surge.

MODERN RETAIL

Growth of India's FMCG purchased through modern trade is surpassing growth of FMCG purchased in general trade while tier II/III cities are witnessing faster growth. In 2015, market size of the organised FMCG sector was 9% of the overall organised retail market and is expected to reach 30% by 2020. Modern retail share is expected to triple its growth from USD 60 billion in 2015 to USD 180 billion in 2020. Traditional retail is expected to grow at 10% and modern retail growth rate is expected to be 20% in future. Overall retail market is expected to have a 12% growth rate per annum.

RURAL CONSUMPTION

Low penetration levels in rural market offers room for growth as rural consumption has increased, led by a combination of increasing incomes and higher aspiration levels. There is an increased demand for branded products in rural India. Rural India accounts for 60 per cent of the total FMCG market, as of May 2017.

E-COMMERCE

The huge potential of online shopping has caught the attention of the top fast-moving consumer goods (FMCG) companies. It is estimated that 40% of all FMCG purchases in India will be online by 2020, thereby making it a USD 5-6 Bn business opportunity.

SOURCING BASE

Indian and multinational FMCG players can leverage India as a strategic sourcing hub for cost-competitive product development and a manufacturing hub to cater to the international markets, giving India an added advantage over other manufacturing nations.

GOODS AND SERVICE TAX (GST)

Introduction of GST as a unified tax regime will lead to a re-evaluation of procurement and distribution arrangements. Elimination of tax cascading is expected to lower input costs and improve profitability. Another great benefit is in the form of reduced cost of logistics, since the tax rate on logistics related services is low under GST. The distribution cost has decreased after the implementation of the new tax system, reducing the overall cost of transportation and storage of goods. Besides, GST implementation has also opened up the opportunity of setting up manufacturing units across India closer to the market.

BRAND CONSCIOUSNESS

The spending patterns of Indians have witnessed a shift towards branded products owing to a rise in disposable incomes. A vast majority of people no longer wish to compromise quality and hence have shifted their buying habit to purchase branded products.

POLICY SUPPORT

The government has approved up to a 100% of foreign equity in single brand retail and 51 per cent in multi-brand retail. Initiatives like Food Security Bill and direct cash transfer subsidies reach about 40 per cent of households in India. Government has initiated Self Employment and Talent Utilisation (SETU) scheme to boost young entrepreneurs and the government has invested USD 163.73 million for this scheme. Along with this, the excise duty on instant tea, quick brewing black tea, and ice tea would be decreased to reduce the retail price by 30%. (Source: IBEF)

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCE INITIATIVES

Companies with an engaged workforce can successfully surpass companies that are without. The company believes in a two-way communication, to ensure that employees have all the resources they need in order to complete their work successfully, give appropriate training to increase their knowledge and skill and build a distinctive corporate culture that encourages hard work. The Company believes in the potential of young professionals and challenges them to accept and deliver additional responsibilities. The Company reinforces the capabilities of its workforce with numerous in-house training programmes and job-specific training drills. As of 31st March, 2018, the Company had over 100 employees on its payroll.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

corporate social responsibility

While conducting its business operations, HFL places paramount importance on “giving back to the community” particularly regarding the areas surrounding its own operational areas.

Some of the initiatives that helped to extend support for well-being includes:-

1. Aid for betterment of future generation by:-

    a. Donating a water cooler to the Government Middle School in Samba, Jammu.

    b. Donating essential grains and food products to orphanages such as Matruchaya in Samba, (Jammu) and Annai Home in Puducherry.

2. For the betterment of its employees the company has:-

    a. Organized events during the safety week in March.

    b. Awareness programmes regarding mosquito vector diseases.

    c. Green Initiatives by planting tree saplings around its factory.

corporate information

Shrinivas Dempo
Chairman

Sameer Kothari
Managing Director

Rajesh Dempo
Non-Executive Director

Nikhil Vora
Non-Executive Director

Sudin Usgaonkar
Independent Director

Shashi Kalathil
Independent Director

Honey Vazirani
Independent Woman Director

Pallavi Dempo
Non-Executive Woman Director
(Ceased w.e.f. 22nd May, 2017)

Ganesh Argekar
Executive Director

Beena Mahambrey
Company Secretary

Kedarnath Swain
Chief Financial Officer

Registered Office
Dempo House, Campal, Panaji, Goa 403001
CIN-L15139GA1984PLC000601

Works
i. Usgao, Ponda, Goa 403407
ii. RS No 254/01-B Gorimedu, Poothrai Revenue Village, Villapuram district, Tamil Nadu 605111
iii. Sidco Industrial Area, Phase-2, District Samba, Jammu, Jammu and Kashmir, 184121

Statutory Auditors
MSKA & Associates
Floor 3, Enterprise Centre,
Nehru road, Near Domestic Airport,
Vile Parle (E),
Mumbai-400099

Registrars & Transfer Agents
Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikroli (West), Mumbai 400083.

Bankers
Yes Bank Ltd.
Bank of Maharashtra

Notice

Notice is hereby given that the Thirty-third Annual General Meeting of the Members of **Hindustan Foods Limited ('the Company')** will be held at the Registered Office of the Company at **Dempo House, Campal, Panaji-Goa 403001**, on **Friday,** the **21st September, 2018** at **10.30 a.m.**, to transact the following business:-

ORDINARY BUSINESS:

1. Adoption of Financial Statements

   To consider and, if deemed fit, to pass the following as an Ordinary Resolution:

   "**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018, 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. Re-appointment of Nikhil K. Vora (DIN 05014606), Director retiring by rotation

   To consider and, if deemed fit, to pass the following as an Ordinary Resolution :

   "RESOLVED THAT Mr. Nikhil K. Vora, holding DIN 05014606, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

NOTES:

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

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

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

3. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 15th September, 2018 to Friday , the 21st September , 2018 (both days inclusive).

4. Duly executed and stamped transfer deeds, along with the share certificates, should be submitted to the Company's RTA before the closure of the Register of Members for registration.

5. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 / Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.

6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or the Company's RTA.

7. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination), to the Company or the Company's RTA.

8. The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the Shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.

9. As per SEBI circular dated 8th June, 2018 which will come into force on the one hundred and eightieth day from the date of its publication in the Official Gazette, except in the case of transmission or transposition of securities, request for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository.

10. Details under Regulation 36(3) of the Listing Regulations in respect of the directors seeking appointment/re-appointment at the Annual General Meeting (AGM), forms integral part of the Notice. The directors have furnished their requisite declarations for their appointment/re-appointment.

11. Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of remote e-voting along with Attendance Slip & Proxy Form is being sent in the permitted mode.

12. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website www.hflgoa.com for their download.

13. Relevant documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours on all working days, up to and including the date of the AGM.

14. **Instructions for e-voting**

    i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Listing Regulations, the Company is pleased to provide e-voting facility to members to cast their vote on all resolutions set forth in the notice convening the 33rd Annual General Meeting (AGM). The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM is termed as 'remote e-voting'.

    ii. The facility for voting through ballot or polling paper shall be made available for the members at the Meeting who have not been able to vote electronically and who are attending the Meeting. The members who have cast their vote electronically would be entitled to attend the Meeting but would not be permitted to cast their vote again at the Meeting. The facility to vote by electronic voting system will not be provided at the Meeting.

    iii. The remote e-voting period commences on Tuesday, 18th September, 2018 (9:00 a.m. IST) and ends on Thursday , 20th September , 2018 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on Friday, 14th September, 2018 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Thursday , 20th September , 2018 after 5.00 p.m. IST. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently.

    iv. The details of the process and manner for remote e-voting are explained herein below :

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

    Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-into NSDL e-Voting website?

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

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is 12****** then your user is IN300*** and Client ID ID is IN300***12******.

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

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

   If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

   General Guidelines for shareholders

   1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sadashiv@gmail.com with a copy marked to evoting@nsdl.co.in

   2. It is strongly recommended not to share your password with any other person and take utmost care to keep your

password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

v. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the Cut-off Date.

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

vi. CS Sadashiv V. Shet, Practicing Company Secretary, Panaji, who has consented to act as the Scrutinizer and is available for the purpose of ascertaining the requisite majority, has been appointed as the scrutinizer to scrutinize the remote e-voting process/ ballot/ poll in a fair and transparent manner.

vii. The Chairman shall, at the Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot or polling paper for all those Members who are present at the Meeting but have not cast their votes by availing the remote e-voting facility.

viii. The Scrutinizer shall, immediately after the conclusion of the Meeting, will first count the votes cast at the meeting and thereafter unblock the votes in the presence of at least two witnesses not in the employment of the Company and within a period of not exceeding 48 hours from the conclusion of the Meeting make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman of the Company or any other person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

ix. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hflgoa.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to BSE Limited, Mumbai.

By Order of the Board of Directors

BEENA M. MAHAMBREY
Company Secretary
ACS : 18806

Place : Panaji, Goa
Date 13th August, 2018

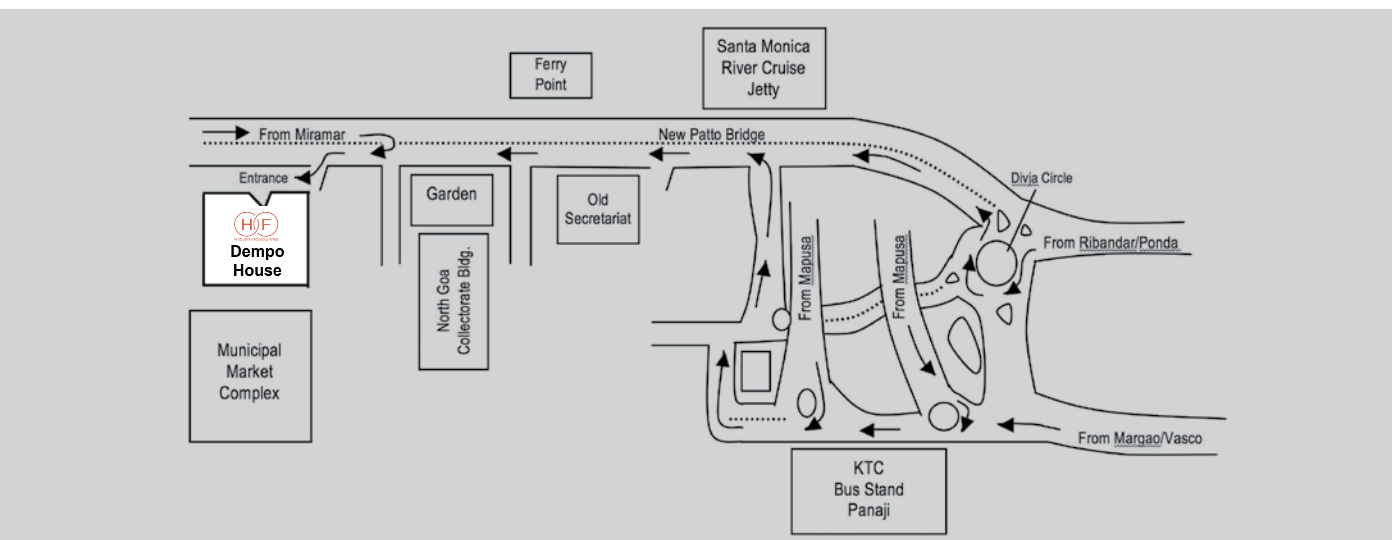
Registered Office:
Dempo House, Campal,
Panaji-Goa 403001.
CIN: L15139GA1984PLC000601
Website: www.hflgoa.com

Annexure to the Notice

Particulars and additional information of the directors seeking re-appointment pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and in terms of Clause 1.2.5 of Secretarial Standard -2 on General Meetings:

Name of the Director	Nikhil K. Vora
Category	Non-Executive, Non-Independent Director
Age	46 years
Date of first appointment	22/05/2017
Profile of the Director	Nikhil Vora is the founder and CEO of Sixth Sense Ventures; India's first domestic consumer-centric venture fund. Nikhil was earlier the Managing Director and Head of Research at IDFC Securities. Nikhil has been invited by leading consumer brands namely Nestle, Hindustan Unilever, Aditya Birla Group, Marico and Godrej for coming up with strategic roadmaps. Nikhil was rated by Asiamoney as the best analytical mind in the country as per a 2012 poll. He has also the rare distinction of being voted 'Asia's Best Analyst' by the Wall Street Journal in the same year. Along with advising clients, he also has been a venture capital investor and on the board of a few of his investee companies. A management postgraduate. Mr. Vora was a member participant at the Future Leaders Programme at the Said Business School, University of Oxford, London. He was also bestowed with the 'Thought Leadership' award by IDFC Limited.
Expertise in specific functional area	Strategic Guidance and Business Management.
Qualification	PGDM
Directorship held in other companies (including foreign and private companies)	1. JHS Svendgaard Laboratories Ltd. 3. Soothe Healthcare Pvt. Ltd. 4. Grab-A-Grub Services Pvt. Ltd. 5. L-Fast Brands Pvt. Ltd. 6. Leap India Pvt. Ltd. 7. Smaash Entertainment Pvt. Ltd.
Membership of the Committees of the Board of other companies	Nil
Number of shares held in the Company	5,50,000 held by relative
No. of Board meetings attended during the year 2017-18	5 (Five)
Relationship with other directors inter-se	None

IN TERMS OF THE REQUIREMENT OF THE SECRETARIAL STANDARD ON GENERAL MEETING (SS-2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA, ROUTE MAP FOR THE LOCATION OF THE VENUE OF THE 33RD ANNUAL GENERAL MEETING IS GIVEN BELOW:



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 33rd Annual Report on the business and operations of the Company and the Audited financial accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS

Rs. in lacs

	2017-18	2016-17
Total Revenue	13998.28	3890.07
Profit for the year before Finance charges and depreciation	1118.26	313.84
Less: Finance charges	131.25	94.66
Profit before depreciation	987.01	219.18
Less: Depreciation	121.68	136.24
Profit/(Loss) for the year after Finance charges and depreciation / before tax for the year	865.33	82.94
Less: Provision for Tax -		
Current Tax	55.30	30.00
Deferred Tax	213.39	(13.62)
Mat Credit Entitlement of earlier year	(30.89)	
Profit for the year after Tax	627.53	66.58
Other Comprehensive Income	(2.74)	(17.54)
Total Comprehensive Income	624.79	49.02

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

YEAR IN RETROSPECT

The year under review has been a truly "Leap" year for the Company. During the year under review, the Company continued to manufacture extruded foods at its Goa plant but also took a quantum jump to introduce new product categories, new customers and new geographies. The leather business acquired in the last year was consolidated and expanded. The Company signed on new customers for the leather business as well including marquee brands like Steve Madden, U.S. Polo etc.

The Company has acquired the facility for manufacturing Mortein brand of Pest Control products from Reckitt Benckiser India Private Limited and entered into a long term contract for the facility. This acquisition marked the Company's entry in North India and given the long term nature of the contract, also ensures that the Company has clear visibility of its earnings for the next few years.

The Company also acquired another leather business, G Shoe Export which had been in the business for the last 40 years exporting shoes to high street brands like Dune, Bocage etc. to U.K., France and Italy. We believe that this acquisition will result in greater synergies for the Company and allow the Company to grow its leather business further.

The Company also entered into a contract with Hindustan Unilever to set up a large tea packing unit in Coimbatore. This facility is expected to start commercial production from Q3 of FY19 and we are confident that this will further add to the scale and profitability of the Company.

The Company also initiated the process of acquiring a detergent manufacturing factory in Hyderabad. This acquisition will result into the Company strengthening it relationship with Hindustan Unilever Limited and will also open a new geography and product category for the Company.

The Company reported a turnover of Rs. 13998.28 lakhs for the year under review as compared to Rs. 3890.07 lakhs during the previous year and a profit after tax of Rs. 627.53 lakhs for the year under review as compared to Rs.66.58 lakhs during the previous year.

SHARE CAPITAL

The Board of Directors of the Company in its meeting held on 24th May, 2018 have approved to increase its Authorized Share Capital from Rs. 15,00,00,000 (Rupees Fifteen Crores Only) to Rs. 21,50,00,000/- (Rupees Twenty One Crores Fifty Lacs Only) divided into 1,95,00,000 (One Crores Ninety Five Lacs) Equity Shares of Rs. 10/- each and 2,00,000 (Two Lakhs) 9% Redeemable Preference shares of Rs. 100/- each and to allot 500000 Equity shares of Rs.10/- each to the promoters/promoter group on preferential basis.

Special resolution has been passed by the shareholders approving the same and the Company has allotted 500000 Equity shares of Rs.10/- each at a premium of Rs.290/- to the promoters/promoter group on preferential basis.

SHIFT OF REGISTERED OFFICE:

The Board of Directors of the Company in its meeting held on 24th May, 2018 approved shifting of the registered office of the Company from State of Goa to State of Maharashtra i.e Dempo House, Campal, Panaji, Goa 403001 to Office No. 03, Level 2, Centrium, Phoenix Market City, 15, Lal Bahadur Shastri Rd, Kurla, Mumbai, Maharashtra 400070.

Special Resolution has been passed by the shareholders approving the same. The process of shifting is underway and is subject to necessary approvals.

SCHEME OF ARRANGEMENT

The Board of Directors of the Company in its meeting held on 24th May, 2018 have proposed a scheme of arrangement where under the Contract Manufacturing (Hyderabad) Business of Avalon Cosmetics Private Limited will be demerged into the Company subject to necessary approvals.

DIVIDEND

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

LISTING INFORMATION

The equity shares of the Company are listed on BSE Limited (BSE)

The listing fees for the year 2018-2019 have been paid to BSE.

ACCREDITATION

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

PUBLIC DEPOSITS

The Company has not accepted any public deposits during the year under review.

SUBSIDIARY COMPANIES

The Company did not have any subsidiary as on 31st March, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;

(b) that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 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.

DIRECTORS

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

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

KEY MANAGERIAL PERSONNEL

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

Mr. Sameer R. Kothari has replaced Mr. Ganesh T. Argekar as the CEO & KMP with effect from 22nd May, 2017.

INDEPENDENT DIRECTORS' DECLARATION

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

MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

AUDIT COMMITTEE

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

The Salient features of the Nomination and Remuneration Policy is included in this Report as Annexure - I.

BOARD EVALUATION

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

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

INTERNAL CONTROL SYSTEM

The Board has laid down Internal Financial Controls within the meaning of the explanation to section 134 (5) (e) ("IFC") of the Companies Act, 2013. The Board believes the Company has sound IFC commensurate with the nature and size of its business.

Business is however dynamic. The Board is seized of the fact that IFC are not static and are in fact a fluid set of tools which evolve over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions. There will therefore be gaps in the IFC as Business evolves. The Company has a process in place to continuously identify such gaps and implement newer and or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

STATUTORY AUDITORS

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

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

STATUTORY AUDITORS' OBSERVATIONS

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

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

COST AUDIT

The maintenance of cost records is not applicable to the Company as per the ammended companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148(1) of the Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules thereunder, the Board of Directors of the Company has appointed CS Sadashiv V. Shet, Practicing Company Secretary to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended 31st March, 2018 forms a part of this Annual Report. The same is self explanatory and requires no comments.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The Audit Committee of the Company oversees the Vigil Mechanism.

RISK MANAGEMENT

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

The transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business and as such provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC-2 is not required. Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel.

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2018 is given in a separate Annexure to this Report.

The above Annexure 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 33rd Annual General Meeting and up to the date of the ensuing Annual General Meeting during the business hours on working days.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors of the Company in its meeting held on 24th May, 2018 has constituted CSR Committee in compliance with Section 135 of the Companies Act, 2013 read with rules made thereunder.

Composition of CSR Committee is as under:

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

ANNUAL RETURN

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

APPRECIATION AND ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

SAMEER R. KOTHARI	GANESH T. ARGEKAR
Managing Director	Executive Director
DIN: 01361343	DIN: 06865379

Panaji,Goa.
13th August, 2018

Annexure – I to the Directors' Report

SALIENT FEATURES OF THE NOMINATION AND REMUNERATION POLICY

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

Appointment criteria and qualifications:

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/ Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

TERM / TENURE:

a) Managing Director/Whole-time Director:

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

b) Independent Director:

   - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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

   - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act

EVALUATION:

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

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

REMOVAL:

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

RETIREMENT:

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

POLICY ON BOARD DIVERSITY:

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

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

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

a) The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

b) As and when familiarization programme is conducted, the same will be disclosed on the website of the Company. A web link of the disclosure shall also be given in the Annual Report of the Company.

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

1 General:

a) The remuneration / commission etc. to the Managing Director/Whole-time Director/Manager and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / commission etc. shall be in accordance with Companies Act, 2013 and the rules made there under for the time being in force and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration of KMP and Senior Management Personnel, shall be determined by way of a presentation before the Committee by the Head (Personnel/HR) or by the Chief Financial Officer, which would have requisite details. The Committee shall peruse the same and approve accordingly.

c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/Whole-time Director/Manager. Increments will be effective from 1st April.

d) Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Manager, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

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

a) Remuneration:

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR:

a) Sitting Fees:

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

b) Profit-linked Commission:

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

c) Stock Options:

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

REMUNERATION TO KMP AND SENIOR MANAGERIAL PERSONNEL:

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

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

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

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

Loans and advances to employees of the Company:

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

Annexure – II to the Directors' Report

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

A CONSERVATION OF ENERGY

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

1. Energy consumption: Energy consumption has been higher per unit of production due to increase in production and higher plant utilisation.

2. Total energy consumption and energy consumption per unit of production are as under:

(A) POWER AND FUEL CONSUMPTION

	Particulars	Units	Current Year
1	**Electricity**		
a)	Purchased Units	Kwh	2,402,463
	Total amount	Rs	11784541
	* Rate/Unit	Rs	4.91
b)	Own Generation		
	Through Diesel Generator		
	Units	Kwh	258854
	Units per Ltr.of Diesel Oil	Kwh	2.82
	total qty of diesel consumed	Ltr	91648.00
	total cost of diesel	Rs	5199822.00
	Cost/Unit	Rs	20.09
2	Furnace Oil (H.S.D. for Brand Drier)		
	Quantity	L	82515
	Total Amount	Rs	4694691
	Average Rate	Rs	56.90
3	Briquettes- For Boiler		
	Quantity	Kgs	2294379
	Total Amount	Rs	10534845.8
	Average Rate	Rs	4.59

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Particulars	Units	Current Year	Standard If Any
	(Products with details - Units)			
a)	Cereal based food products (tonnes)	Ton	1811.87	-
	Electricity (Units)	Units/ Ton	583.93	-
	H.S.D. Oil (Qty)	Ltr/ Ton	45.54	-
b)	Pest Control Products	CLD	492070	-
	Electricity (Units)	Units/ CLD	3.26	-
	Briquettes	Kgs/ CLD	4.66	-

(B)	Technology Absorption	
	(i) the efforts made towards technology absorption.	The Company continues to keep abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields.
	(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.	
(C)	Foreign Exchange Earnings and Outgo	
	The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	Foreign Exchange used for importing Raw material, commission and travel expenses of employees for official work etc. were equivalent to Rs. 501.06 lacs
		Foreign Exchange earned during the year by exporting finished products was equivalent to Rs. 6,497.30 lacs

Report On Corporate Governance

For The Year 2017-18

[As required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)]

INTRODUCTION

The Company has complied in all material respects with the requirements of the corporate governance provisions as specified in chapter IV of the Listing Regulations.

A report on the implementation of the corporate governance provisions of the Listing Regulations by the Company is given below:

1. Company's philosophy on code of governance

The 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 the Company and help the Company achieve its goal in maximizing value for all its stakeholders as well as in achieving the objectives of the principles as mentioned in Regulation 4(2) of the Listing Regulations.

2. Board of Directors ("Board")

2.1 Composition and category of directors

The Company's Board comprised of eight members, one of whom is a Managing Director and another an Executive Director/ Whole time Director (ED), six Non-Executive Directors (NED) including a Woman Director and three Independent Directors (ID). The number of IDs is one third of the total number of directors.

The names and categories of the directors on the board are given below:

Name	DIN	Category	Number of shares held as at 31.03.2018
Mr. Shrinivas V. Dempo (Chairman)	00043413	Non-Independent Non-Executive	Nil
Mr. Rajesh S. Dempo	05143106	Non-Independent Non-Executive	Nil
Adv. Sudin M. Usgaonkar	00326964	Independent Non-Executive	Nil
Mr. Shashi K. Kalathil	02829333	Independent Non-Executive	Nil
Mr. Nikhil K. Vora	05014606	Non-Independent Non-Executive	Nil
Ms. Honey Vazirani	07508803	Independent Non-Executive	Nil
Mr. Sameer R. Kothari	01361343	Managing Director	Nil
Mr. Ganesh T. Argekar	06865379	Executive Director	50,000

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

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

Name	No. of board meetings attended during 2017-18	Whether attended last AGM held on 27.09.2017	No. of directorships in other companies°	No. of committee positions held in other companies	
				Chairperson	Member
Mr. Shrinivas V. Dempo Chairman	5	Yes	14	-	-
Mr. Sameer R. Kothari Managing Director	5	Yes	12	-	-
Mr. Nikhil K. Vora	5	Yes	6	-	-
Mr. Rajesh S. Dempo	5	Yes	6	-	1
Adv. Sudin M. Usgaonkar	3	No	5	-	1
Mr. Shashi K. Kalathil	5	Yes	1	-	-
Ms. Honey Vazirani	4	No	1	-	-
Mr. Ganesh T. Argekar Executive Director	5	Yes	-	-	-

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

Notes:

None of the IDs serve as independent director in more than seven listed companies and the ED does not serve as independent director on any listed company.

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

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

2.3 Meetings of the Board of Directors

The information as required in Part A of Schedule II of the Listing Regulations is made available to the Board. The Board periodically reviews compliance reports of all laws applicable to the Company. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting of the shareholders. Additional meetings are held, when necessary. Committees of the Board usually meet the day before the Board meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval.

Five Board meetings were held during the financial year ended 31st March, 2018 on 22nd May, 2017, 11th August, 2017, 27th September, 2017, 28th November, 2017 and 14th February, 2018. The gap between no two meetings exceeded one hundred and twenty days.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the financial year ended 31st March, 2018, except for payment of sitting fees.

2.4 Remuneration of each director on the Board

The details of remuneration to each director on the Board during the financial year 2017-18 are as follows:

(in Rs.)

Name	Fixed Salary			Commi-ssion	Sitting fees	Total Remunera-tion	Service Contract / Notice Period / Severance Fees
	Basic	Perquisites / Allowances	Total				
Mr. Shrinivas V. Dempo (Chairman)	-	-	-	-	79,000	79,000	Non rotational
Mrs. Pallavi S. Dempo (Ceased with effect from 22.05.2017)	-	-	-	-	2,000	2,000	N.A.
Mr. Sameer R. Kothari Managing Director	-	-	-	-	75,000	75,000	5 years with effect from 22.05.2017
Mr. Nikhil K. Vora	-	-	-	-	75,000	75,000	Retirement by Rotation
Mr. Rajesh S. Dempo	-	-	-	-	82,500	82,500	Retirement by Rotation
Adv. Sudin M. Usgaonkar	-	-	-	-	54,500	54,500	5 years up to the AGM of 2019
Mr. Shashi K. Kalathil	-	-	-	-	82,000	82,000	5 years up to the AGM of 2021
Ms. Honey Vazirani	-	-	-	-	64,500	64,500	5 years up to the AGM of 2022
Mr. Ganesh T. Argekar Executive Director	12,00,000	-	12,00,000	-	-	12,00,000	3 years with effect from 19.05.2017

Notes:

None of the directors hold stock options as on 31st March, 2018. 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.

2.5 Independent Directors Meeting

The IDs met on 24th May, 2018 without the presence of non-independent directors and members of the management. At this meeting, the IDs inter alia reviewed the performance of the non-independent directors and the board of directors as a whole, reviewed the performance of the chairman of the board and assessed the quality, quantity and timeliness of flow of information between the management and the board of directors.

2.6 Familiarization Programme for Independent Directors

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

The details on the Company's Familiarisation Programme for IDs can be accessed at : www.hflgoa.com

3. Audit Committee

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

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

The Company Secretary 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.

Four meetings of the Committee were held during the financial year ended 31st March, 2018 on 22nd May, 2017, 11th August, 2017, 28th November, 2017 and 14th February, 2018. 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
Ms. Honey Vazirani	ID	3
Mr. Ganesh T. Argekar *	ED	1
Mr. Rajesh S. Dempo **	NED	3
Adv. Sudin M. Usgaonkar **	ID	3

ID – Independent Director; NED – Non Executive Director, ED – Executive Director,
* Inducted into the Committee by the Board at its meeting held on 28.11.2017
** Ceased to be the members of Audit committee, as decided by the Board, at its meeting held on 28.11.2017

4. Nomination and Remuneration Committee

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

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

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

One meeting of the Committee was held during the financial year ended 31st March, 2018 on 22nd May, 2017.

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

Names of Members	Category	No. of meetings attended
Adv. Sudin M. Usgaonkar - Chairman	ID	1
Mr. Shashi K. Kalathil	ID	1
Mrs. Pallavi S. Dempo*	NED	1
Ms. Honey Vazirani	ID	-

ID – Independent Director; NED – Non Executive Director
* Ceased with effect from 22.05.2017

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.hflgoa.com

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

5.1 Details of the composition of the Share Transfer, Investors' Grievance and Stakeholders Relationship Committee, meetings and attendance of the members are as follows:

The Share Transfer, Investors' Grievance and Stakeholders Relationship Committee of the Company is headed by a NED.

Four meetings of the Committee were held during the financial year ended 31st March, 2018, on 22nd May, 2017, 11th August, 2017, 28th November, 2017 and 13th February, 2018.

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

Names of Members	Category	No. of meetings attended
Mr. Shrinivas V. Dempo - Chairman	NED	4
Adv. Sudin M. Usgaonkar	ID	4
Mr. Rajesh S. Dempo	NED	3
Mrs. Pallavi S. Dempo*	NED	1

ID – Independent Director; NED – Non-Executive Director
* Ceased with effect from 22.05.2017

5.2 Terms of reference

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

5.3 Details of Shareholders' complaints

During the year under review, the Company has not received any complaints. No complaints remained pending as on 31st March, 2018.

5.4 Compliance Officer

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

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

6. General Meetings and Postal Ballot

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

Financial Year Ended	Date & Time	Venue
31st March, 2015	12th August, 2015 at 10:30 a.m.	Dempo House, Campal, Panaji, Goa 403001
31st March, 2016	10th August, 2016 at 10:30 am.	
31st March, 2017	27th September, 2017 at 10:30 am.	

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

AGM held on	Special Resolution passed	Summary
12th August, 2015	No	--
10th August, 2016	No	--
27th September, 2017	Yes	1. Appointment of Mr. Sameer R. Kothari as Managing Director 2. Re-appointment of Mr. Ganesh T. Argekar, as Whole-time Director, designated as Executive Director, and payment of remuneration.

6.2 Postal Ballot

All resolutions moved at the last AGM were passed by means of electronic and physical voting by the requisite majority. There were no resolutions passed by Postal Ballot by the Company during the year under review.

7. Means of Communication

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

All price sensitive information and matters which are material and relevant to shareholders are intimated to the Stock Exchange where the securities of the Company are listed.

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

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

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

8. Disclosures

8.1 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.hflgoa.com

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

8.2 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.

8.3 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.

8.4 Policy for Determining Material Subsidiaries

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

8.5 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.

8.6 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.hflgoa.com. Requisite annual affirmations of compliance with the code have been made by the Directors and Senior Management of the Company.

The declaration of the Managing Director is given below:

I, Sameer R. Kothari, Managing Director of Hindustan Foods Limited, declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year ended 31st March, 2018.

Panaji-Goa.	**SAMEER R. KOTHARI**
24th May, 2018	Managing Director

8.7 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.

8.8 Whistle Blower Policy

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

8.9 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.

8.10 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.

8.11 Practising Company Secretary Certificate on Corporate Governance

As required by the Listing Regulations, the compliance certificate from the Practising Company Secretary regarding compliance of conditions of corporate governance is annexed to the directors' report.

9 General Shareholder Information:

9.1 Annual General Meeting

Date and Time	:	Friday, 21st September, 2018 at 10.30 a.m.
Venue	:	Dempo House, Campal, Panaji, Goa - 403001.

9.2 Financial Year Dates (2018-19)
(Tentative and subject to change)

Results for quarter ending 30th June, 2018	By 14th August, 2018
Results for quarter ending 30th September, 2018	By 14th November, 2018
Results for quarter ending 31st December, 2018	By 14th February, 2019
Results for quarter ending 31st March, 2019	By 14th May, 2019
Annual General Meeting for the year ending 31st March, 2019	By September, 2019

9.3 Book Closure Date

The Company's Share Transfer Books and Register of Members of equity shares shall remain closed from Saturday, the **15th September, 2018** to Friday , the **21st September, 2018** (both days inclusive).

9.4 Listing of Equity Shares

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

The address of BSE is as follows:

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

The Listing fees for the year 2017-18 have been paid to BSE.

9.5 Stock Codes

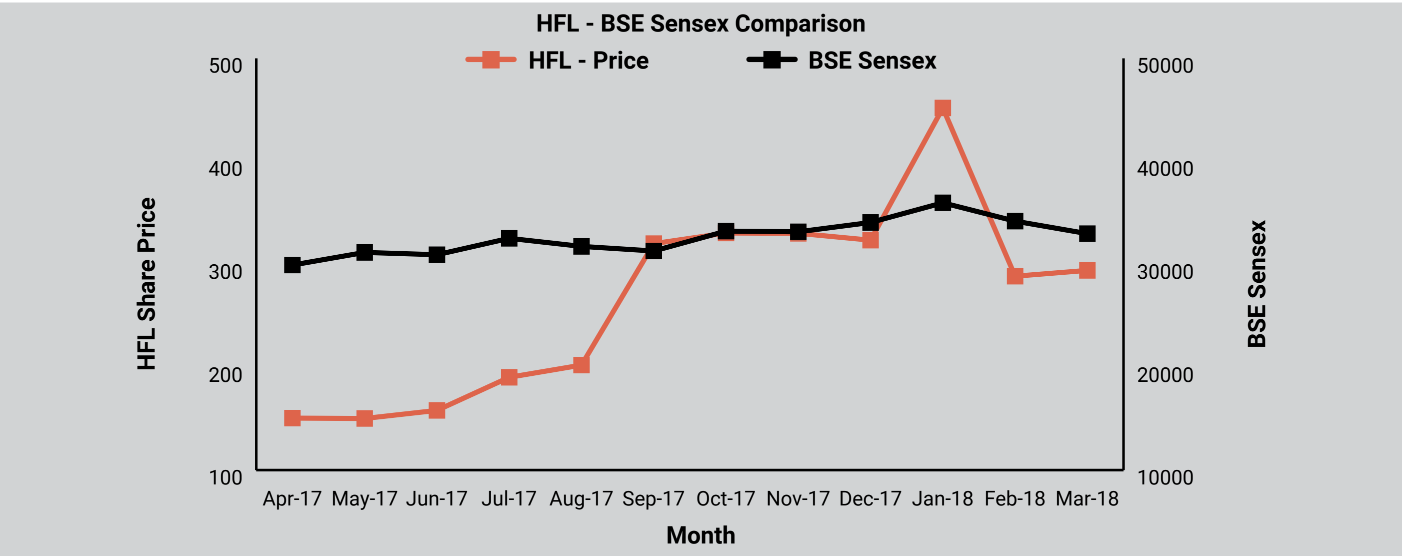
Name of Stock Exchange	Scrip Code	Demat ISIN Number in NSDL & CDSL
BSE Limited	519126	INE254N01018

9.6 Market Price Data (In Rs.)

Month	BSE Limited (BSE)		
	High	Low	Volume
April 2017	181.00	144.10	17,78,387
May 2017	176.40	148.20	17,03,364
June 2017	184.50	142.00	16,23,007
July 2017	210.00	150.00	55,62,264
August 2017	213.90	151.40	40,66,970
September 2017	337.25	192.00	2,00,84,188
October 2017	347.25	272.00	1,09,20,424
November 2017	355.95	312.30	67,66,420
December 2017	360.00	300.05	62,08,633
January 2018	499.95	334.00	3,20,32,838
February 2018	476.00	269.00	8,32,49,892
March 2018	315.90	252.80	4,81,72,684

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

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



9.8 Registrar and Share Transfer Agent

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

9.9 Share Transfer System

Share Transfers in physical form can be lodged with the Company's Registrar and Share Transfer Agents. The Board of Directors have delegated powers to the Registrar and Share Transfer Agents for effecting share transfers, splits, consolidation, sub-division, issue of duplicate share certificates, re-materialization and dematerialization etc., as and when such requests are received. Shares held in dematerialized form are traded electronically in the Depositories. As at 31st March, 2018 no equity shares were pending for transfer.

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

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

9.10 Distribution of Shareholding

Distribution Schedule as on 31st March, 2018

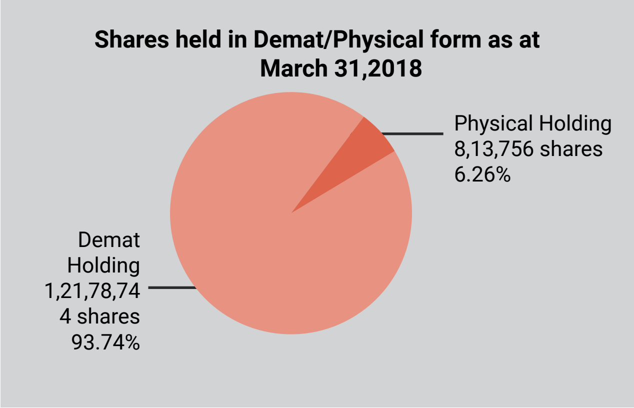
No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	6,358	93.6377	8,92,401	6.8686
501 to 1000	195	2.8719	1,49,445	1.1502
1001 to 2000	95	1.3991	1,48,412	1.1423
2001 to 3000	47	0.6922	1,15,865	0.8918
3001 to 4000	14	0.2062	49,526	0.3812
4001 to 5000	15	0.2209	73,190	0.5633
5001 to 10000	31	0.4566	2,48,322	1.9113
10001 and above	35	0.5155	1,13,15,339	87.0913
TOTAL	**6,790**	**100.0000**	**1,29,92,500**	**100.0000**

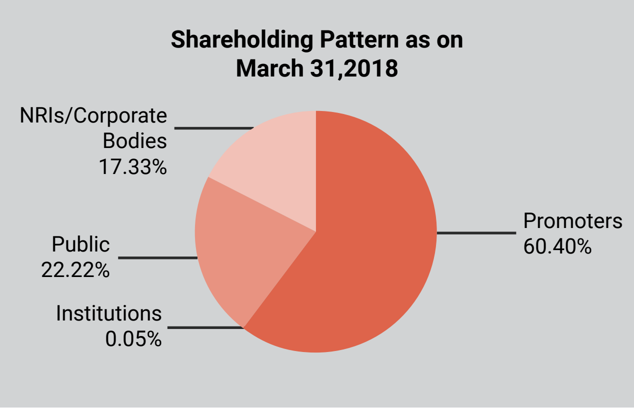
Distribution of Shareholding (Categorywise) as on 31st March, 2018

Category	No. of Shareholders	No of Shares Held	% of Shareholding
Promoters, Directors, their relatives & Associates	3	78,97,794	60.7873
Financial Institutions / Banks	2	7,200	0.0554
Bodies Corporate	55	21,55,446	16.5899
Non-Resident Indians (NRI's)	309	95,879	0.7380
Resident Individuals / Trusts	6,331	27,20,747	20.9409
Clearing Members	38	37,246	0.2867
HUF	52	78,188	0.6018
TOTAL	**6,790**	**1,29,92,500**	**100.0000**

9.11 Dematerialisation of shares and liquidity

As on 31st March, 2018, 93.74% of the Company's paid-up capital representing 1,21,78,744 shares were held in dematerialized form as compared to 93.24% of the Company's paid-up capital representing 1,21,14,844 shares as on 31st March, 2017.





9.12 Outstanding GCRs/ADRs/Warrants or any Convertible instruments

- Nil –

9.13 Plant Location

i) Usgaon, Ponda, Goa 403407
ii) R S No:254/01-13, Gorimedu, Poothurai Revenue Village, Villapuram Dist., Tamil Nadu 605111
iii) Sidco Industrial Area, Phase 2, District Samba, Jammu, Jammu and Kashmir - 184121

9.14 Address for correspondence

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

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

Investor complaints, if any, may be addressed to -

Mrs. Beena M. Mahambrey, Company Secretary
Hindustan Foods Limited
Dempo House, Campal, Panaji, Goa-403001.
Tel.: (0832) 2441381 Fax: (0832) 2225098
Email: hflinvestorrelations@dempos.com

9.15 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 the Company. The 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 the Company are posted on the Company's website, these are not sent individually to the shareholders of the 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 the Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company.

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

There is no audit qualification in the Company's Financial Statements for the financial year ended 31st March, 2018.

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

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

(e) Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

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

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

(a) We have reviewed financial statement and the cash flow statement of the company for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief:

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

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

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

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

(d) We have indicated to the auditors and the Audit Committee that there is no:

  (i) Significant changes in internal control over financial reporting during the year;

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

  (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the manage ment or an employee having a significant role in the Company's internal control system over financial reporting.

SAMEER R. KOTHARI
Managing Director
DIN: 01361343

KEDARNATH SWAIN
Chief Financial Officer

Place: Panaji, Goa.
Date: 24th May, 2018

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members
Hindustan Foods Limited

I have examined the compliance of conditions of Corporate Governance by **HINDUSTAN FOODS LIMITED** (the Company), for the financial year ended on **31st March, 2018**, as stipulated under the relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

Date: 13th August, 2018
Place: Panaji - Goa

Secretarial Audit Report

FORM MR- 3
PURSUANT TO SECTION 204 (1) OF THE COMPANIES ACT, 2013 AND RULE NO. 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018.

To,
The Members,
Hindustan Foods Limited
Dempo House, Campal,
Panaji – Goa, 403001

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

Based on my verification of the HINDUSTAN FOODS LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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, 2015;

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

   (d) The Securities and Exchange Board of India (Employ ee 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:

The Company has ventured in the Footwear Business and has plants at Pondicherry and Maharashtra. To the best of my knowledge and belief 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:

1. The Tea Board Guidelines and Orders;
2. The Tea Act, 1953 and Tea Warehouse (Licensing) Order 1989,

D. Pest repellents and other related items:

The Company has ventured into the business of manufacture of pest repellents and has acquired the Unit from Reckitt Benckiser (India) Pvt. Ltd. situated at Jammu and Kashmir.

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 / Executive 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 further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws, Service tax and others detailed under Tax Legislations, I have relied on the representations made by the Company, its Officers and Reports issued by the Statutory Auditors.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015.

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

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

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

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

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

I further report that during the audit period the Company has ventured in the Footwear Industry, Tea Business and pest control products other than this there were no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

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

Date: 13th August, 2018
Place: Panaji - Goa

Financial Statements

Independent Auditor's Report

To the Members of Hindustan Foods Limited

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of Hindustan Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

OTHER MATTERS

a) The Indian GAAP financial statements of the Company for the year ended March 31, 2017, were audited by another auditor whose report dated ¬¬¬May 22, 2017 expressed an unmodified opinion on those statements.

b) The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 includ ed in these Ind AS financial statements, are based on the previously issued statutory financial statements pre pared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor au ditor whose report for the year ended March 31, 2016 and March 31, 2017 dated May 26, 2016 and May 22, 2017 respectively expressed an unmodified audit opin ion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and expla nations 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 Cash Flow and the Statement of Chang es in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Compa nies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is dis qualified as on March 31, 2018 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Com panies (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 Protec tion Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **MSKA & Associates**
(Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.105047W

AMRISH ANUP VAIDYA
Partner
Membership number: 101739

Date: May 24, 2018
Place: Mumbai

Annexure A to the Independent Auditor's Report –

Of even date on the 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]

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 over financial reporting of Hindustan Foods Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS 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 over financial reporting 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
(Formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.105047W

AMRISH ANUP VAIDYA
Partner
Membership number: 101739

Date: May 24, 2018
Place: Mumbai

Annexure B to the Independent Auditor's Report –

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Hindustan Foods Limited on the financial statements for the year ended March 31, 2018)

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

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

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

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties* covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has 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, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were applicable to it were in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable.

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

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution and bank. The Company does not have any outstanding debentures during the year.

ix. In our opinion, 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 initial public offer or further public offer (including debt instruments) during the year.

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

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

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

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give 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 of 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 3 (xvi) of the Order are not applicable to the Company.

For **MSKA & Associates**
(Formerly known as MSKA & Associates)
Chartered Accountants
Firm Registration No.105047W

AMRISH ANUP VAIDYA
Partner
Membership No.: 101739

Place: Mumbai

Balance Sheet

As at 31st March, 2018

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

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	6 (a)	3,892.24	942.23	865.30
Capital work-in-progress		303.22	331.60	224.65
Intangible assets	6 (b)	10.91	-	-
Financial assets				
Loans	7	24.04	27.14	0.76
Other non current financial assets	8	13.56	31.75	-
Deferred tax asset (net)	32	23.73	103.44	81.15
Non-current tax assets	9	59.93	-	17.53
Other non-current assets	10	270.51	338.13	-
Total non-current assets		**4,598.14**	**1,774.29**	**1,189.39**
Current assets				
Inventories	11	2,436.30	591.22	150.06
Financial assets				
Trade receivables	12	2,905.93	681.19	363.81
Cash and cash equivalents	13	650.16	471.65	0.50
Bank balances other than cash and cash equivalent	14	10.56	1,144.28	12.99
Other current financial assets	8	450.20	95.28	3.63
Other current assets	10	703.67	266.32	97.22
Total current assets		**7,156.82**	**3,249.94**	**628.21**
Total assets		**11,754.96**	**5,024.23**	**1,817.60**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	1,299.25	1,299.25	500.00
Other equity	16	2,525.13	1,900.35	(511.13)
Total equity		**3,824.38**	**3,199.60**	**(11.13)**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	17	2,938.65	514.29	1,085.96
Other non current financial liabilities	18	60.81	13.27	119.04
Provisions	19	44.58	34.61	10.68
Total non-current liabilities		**3,044.04**	**562.17**	**1,215.68**
Current liabilities				
Financial liabilities				
Borrowings	17	313.30	-	62.79
Trade payables	20	4,152.83	1,091.66	415.10
Other current financial liabilities	18	117.40	12.68	83.70
Other current liabilities	21	144.56	147.92	51.46
Provisions	19	16.53	9.42	-
Current income tax liabilities (net)	22	141.92	0.78	-
Total current liabilities		**4,886.54**	**1,262.46**	**613.05**
Total liabilities		**7,930.58**	**1,824.63**	**1,828.73**
Total equity and liabilities		**11,754.96**	**5,024.23**	**1,817.60**
Summary of significant accounting policies	2			

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

As per our report of even date
For MSKA & Associates
(formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date : 24 May 2018

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139GA1984PLC000601

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Kedarnath Swain
Chief Financial Officer

Beena M. Mahambrey
Company Secretary
Membership No: ACS18806

Place : Mumbai
Date : 24 May 2018

Statement of Profit & Loss

As at 31st March, 2018

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

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
INCOME			
Revenue from operations	23	13,885.50	3,868.52
Other income	24	112.78	21.55
Total income		**13,998.28**	**3,890.07**
Expenses			
Cost of material consumed	25	8,194.68	2,266.05
Purchase of stock-in-trade		55.93	68.66
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(406.31)	(72.02)
Employee benefits expense	27	795.79	321.77
Finance costs	28	131.25	94.66
Depreciation and amortization expense	29	121.68	136.24
Manufacturing and operating costs	30	3,179.33	685.31
Other expenses	31	1,060.60	306.46
Total expenses		**13,132.95**	**3,807.13**
Profit before tax		**865.33**	**82.94**
Income tax expense			
Current tax- Minimum Alternate Tax (MAT)	32	157.12	30.00
MAT credit entitlement	32	(101.82)	-
Deferred tax (excluding MAT credit entitlement)	32	213.39	(13.62)
MAT credit entitlement for earlier year		(30.89)	-
Total income tax expense		**237.80**	**16.38**
Profit for the year		**627.53**	**66.56**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		(3.71)	(26.20)
Income tax effect on above		0.97	8.66
Other comprehensive income for the year		**(2.74)**	**(17.54)**
Total comprehensive income for the year		**624.79**	**49.02**
Earnings per share (face value Rs 10 each)			
Basic earnings per share (INR)	33	4.81	0.65
Diluted earnings per share (INR)		4.81	0.65

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For MSKA & Associates
(formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date : 24 May 2018

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139GA1984PLC000601

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Kedarnath Swain
Chief Financial Officer

Beena M. Mahambrey
Company Secretary
Membership No: ACS18806

Place : Mumbai
Date : 24 May 2018

Statement of Cash Flows

As at 31st March, 2018

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	865.33	82.94
Adjustments for:		
Depreciation and amortization expenses	121.68	136.24
Finance cost	131.25	94.66
Interest income	(56.16)	(21.48)
Bad debts written-off	0.11	-
"Re-measurement gains on defined benefit plans reclassified to OCI "	(3.71)	(26.20)
Unrealised foreign exchange translation (gain)/loss	116.74	-
Operating loss before working capital changes	**1,175.24**	**266.16**
B CHANGES IN WORKING CAPITAL		
Decrease in inventories	(1,102.60)	(441.16)
Decrease in trade receivables	(2,338.21)	(317.38)
Decrease in other assets	(369.73)	(507.22)
Decrease in financial assets	(333.62)	(149.79)
Increase in trade payables	2,590.93	676.56
Decrease/ (increase) in other liabilities	(3.36)	96.46
Decrease/ (increase) in financial liabilities	121.84	(176.80)
Decrease/ (Increase) in provisions	(164.26)	33.33
Cash generated used in operations	**(423.77)**	**(519.84)**
Income tax paid	(75.92)	(11.68)
Net cash flows used in operating activities (A)	**(499.69)**	**(531.52)**
C CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment and intangible assets (net) Income tax expense	(324.81)	(320.12)
Bank balances other than cash and cash equivalent	1,133.72	(1,131.29)
Payment for acquisition of business (note 35)	(2,789.88)	-
Interest received	56.16	21.48
Net cash flow from investing activities (B)	**(1,924.81)**	**(1,429.93)**
D CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	-	3,161.71
Proceeds from long-term borrowings (net)	2,420.23	(571.66)
Proceeds from short-term borrowings (net)	309.93	(62.79)
Interest paid	(127.14)	(94.66)
Net cash flow from financing activities (C)	**2,603.02**	**2,432.60**

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

	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
E	**NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**178.52**	**471.15**
	Cash and cash equivalents at the beginning of the year	471.65	0.50
	Cash and cash equivalents at the end of the year	**650.16**	**471.65**
F	**CASH AND CASH EQUIVALENTS COMPRISE (REFER NOTE 12)**		
	Balances with banks		
	On current accounts	576.35	299.03
	Fixed deposits with maturity of less than 3 months	71.41	171.34
	Cash on hand	2.40	1.28
	Total cash and bank balances at end of the year	**650.16**	**471.65**

AMENDMENT TO IND AS 7

The amendments to Ind AS 7 Cash flow statements required entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of reconciliation between opening and closing balances of Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1 April 2017 and the required disclosure is made below.

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

	"As at 31 March 2017"	Cash flow	"Non cash adjustment Accrual of interest / unrealised forex loss"	"As at 31 March 2018"
Long term borrowings	514.29	2,420.23	4.13	2,938.65
Short term borrowings	-	309.93	3.37	313.30

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date
For MSKA & Associates
(formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date : 24 May 2018

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139GA1984PLC000601

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Kedarnath Swain
Chief Financial Officer

Beena M. Mahambrey
Company Secretary
Membership No: ACS18806

Place : Mumbai
Date : 24 May 2018

Statement of Changes in Equity

As at 31st March, 2018

(A) EQUITY SHARE CAPITAL

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

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity shares of Rs. 10/- each issued, subscribed and fully paid				
Opening	12,992,500	1,299.25	5,000,000	500.00
Add: issued during the year	-	-	7,992,500	799.25
Closing	**12,992,500**	**1,299.25**	**12,992,500**	**1,299.25**

(B) OTHER EQUITY

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

	Equity component of re-deemable non cumulative non convertible preference shares	Securities premium reserve	Capital reserve	Retained earnings	Total
Balance as at 1 April 2016	**86.29**	**-**	**0.05**	**(597.47)**	**(511.13)**
Loss for the year	-	-	-	66.56	66.56
Other comprehensive income / (loss)	-	-	-	(17.54)	(17.54)
Total comprehensive income for the year	**-**	**-**	**-**	**49.02**	**49.02**
Transactions with owners in their capacity as owners					
Securities premium on share issue	-	2,362.46	-	-	2,362.46
Balance as at 31 March 2017	**86.29**	**2,362.46**	**0.05**	**(548.45)**	**1,900.35**
Balance as at 1 April 2017	**86.29**	**2,362.46**	**0.05**	**(548.45)**	**1,900.35**
Profit for the year	-	-	-	627.53	627.53
Other comprehensive income / (loss)	-	-	-	(2.74)	(2.74)
Total comprehensive income for the year	**-**	**-**	**-**	**624.79**	**624.79**
Balance as at 31 March 2018	**86.29**	**2,362.46**	**0.05**	**76.34**	**2,525.13**

See accompanying notes to the financial statements

As per our report of even date
For MSKA & Associates
(formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date : 24 May 2018

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139GA1984PLC000601

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Kedarnath Swain
Chief Financial Officer

Beena M. Mahambrey
Company Secretary
Membership No: ACS18806

Place : Mumbai
Date : 24 May 2018

Notes forming part of the Financial Statements

As at 31st March, 2018

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. Its registered and principal office of business is located at Dempo House Campal, Panaji- Goa 403001. The Company is primarily engaged in the business of manufacturing Cereal Based Foods.

These financial statements were authorised for issue by the Board of Directors on 24 May, 2018.

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 up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 are the first set of financial statements prepared in accordance with Ind AS. Refer note 5 for an explanation of how the Company has adopted Ind AS."

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) Basis of measurement

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

(c) Current / non current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

(d) Use of estimates

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

(e) Rounding off of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.

2.2 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to 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 using the straight line method. The estimated useful lives of assets are as follows:

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

* Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.
Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction 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, as appropriate.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

2.3 Intangible assets

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

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

Amortisation method and periods

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

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

Intangible assets	**Estimated useful life**
Computer Software	6 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its all intangible assets recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

2.4 Impairment of non-financial assets

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

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

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

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

2.5 Foreign currency transactions

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2.6 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

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

2.7 Revenue Recognition

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of indirect taxes, trade allowances, rebates and amounts collected on behalf of third parties and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

In respect of above, the amounts received in advance are reflected in the Balance sheet under “Other Current Liabilities” as “Advance from customers”.

Revenue from sale of goods

“Revenue from sale of goods is recognized when all the following conditions have been satisfied:

a) The company has transferred to the buyer the significant risks and rewards of the ownership of the goods;

b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.”

Revenue from sale of services

Income from services are recognized as and when the services are rendered. The Company collects goods and service tax/ service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest income

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.

2.8 Taxes

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

(a) Current income tax

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

(b) Deferred tax

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

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

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

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

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

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

2.9 Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

2.10 Leases

As a lessee

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

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 realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

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

Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

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

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

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

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

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

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

2.14 Cash and cash equivalents

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

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

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 amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

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

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

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

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

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

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

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

(iii) Impairment of financial assets

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

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

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

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

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

(iv) Derecognition of financial assets

A financial asset is derecognized only when

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

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

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

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

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

(ii) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

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

(iii) Non cumulative redeemable non cumulative non convertible preference shares

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

(iv) Derecognition

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

(c) Offsetting financial instruments

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

2.17 Derivative financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognized in the statement of profit and loss, under financial income or financial cost, in the period when they arise.

2.18 Employee benefits

(a) Short-term obligations

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

(b) Other long-term employee benefit obligations

(**i) Defined contribution plan**

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

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

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

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

2.19 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.

2.20 Earnings per share

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

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

2.21 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 regularly monitors and reviews the operating result of the whole Company as one segment of manufacturing of technical textile. Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

2.22 Dividends

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Estimates and assumptions

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

(a) Taxes

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

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

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

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 27.

4 STANDARDS (INCLUDING AMENDMENTS) ISSUED BUT NOT YET EFFECTIVE

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

Amendments to Ind AS 7, Statement of Cash Flows and Ind AS 102, Share-based Payment

On 17th March 2017, MCA has notified amendments to Companies (Indian Accounting Standards) Rules, 2015 to keep Ind AS consistent with the amendments made to International Financial Reporting Standards (IFRS) in order to maintain convergence. The amendment relates to Ind AS 7, Statement of Cash Flows, and Ind AS 102, Share-based Payment and are effective from 1 April 2017. Key amendments are as follows

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of this amendment will not have a material effect on its financial statements.

(b) Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of this amendment will not have a material effect on its financial statements.

5 FIRST-TIME ADOPTION OF IND-AS

These financial statements are the first set of Ind AS financial statements prepared by the Company. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2018, together with the comparative year data as at and for the year ended 31 March 2017, as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

5.1 Exemptions availed on first time adoption of Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

(a) Deemed Cost

"

The Group has opted para D7 AA and accordingly considered the carrying value of property, plant and equipment's and Intangible assets as deemed cost as at transition date.

5.2 Mandatory Exemption on first-time adoption of Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 and 31 March 2017 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

(i) Impairment of financial assets based on expected credit loss model.

(ii) Fair valuation of compound instrument.

(b) Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

(c) Classification and measurement of financial assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

5.3 Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS required under Ind AS 101:

(a) Reconciliation of Equity as at 1 April 2016 and as at 31 March 2017

(b) Reconciliation of total comprehensive income for the year ended 31 March 2017

The presentation requirements under previous GAAP differs from Ind AS, and hence, previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP/ Indian GAAP information is derived from the Financial Statements of the Company prepared in accordance with previous GAAP.

(a) Reconciliation of equity as at date of transition 1 April 2016

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

Particulars	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			-
Property, plant and equipment	865.30	-	865.30
Capital work-in-progress	224.65	-	224.65
Financial assets		-	-
Loans	0.76	-	0.76
Deferred tax asset (net)	149.33	(68.18)	81.15
Non-current tax assets	17.53	-	17.53
Other non-current assets	47.99	(47.99)	-
Total non-current assets	**1,305.56**	**(116.17)**	**1,189.39**
CURRENT ASSETS			
Inventories	150.06	-	150.06
Financial assets			
Trade receivables	363.81	-	363.81
Cash and cash equivalents	0.50	-	0.50
Bank balances other than above	12.99	-	12.99
Other financial assets	3.63	-	3.63
Other current assets	97.22	-	97.22
Total current assets	**628.21**	**-**	**628.21**
Total assets	**1,933.77**	**(116.17)**	**1,817.60**
EQUITY AND LIABILITIES			
Equity			-
Equity share capital	660.00	(160.00)	500.00
Other equity	(512.86)	1.73	(511.13)
Total equity	147.14	(158.27)	(11.13)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	1,043.85	42.11	1,085.96
Other financial liabilities	119.04	-	119.04
Employee benefit obligations	10.68	-	10.68
Total non-current liabilities	**1,173.57**	**42.11**	**1,215.68**
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	62.79	-	62.79
Trade payables	415.10	-	415.10
Other financial liabilities	83.70	-	83.70
Other current liabilities	51.46	-	51.46
Total current liabilities	**613.05**	**-**	**613.05**
Total liabilities	**1,786.63**	**42.10**	**1,828.73**
Total equity and liabilities	**1,933.77**	**(116.17)**	**1,817.60**

(b) Reconciliation of equity as at 31 March 2017

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

Particulars	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	942.23	-	942.23
Capital work-in-progress	331.60	-	331.60
Financial assets	-	-	-
Loans	185.34	(158.20)	27.14
Other financial assets	31.75	-	31.75
Deferred tax asset (net)	146.69	(43.25)	103.44
Other non-current assets	338.13	-	338.13
Total non-current assets	**1,975.74**	**(201.45)**	**1,774.29**
CURRENT ASSETS			
Inventories	591.22	-	591.22
Financial assets			
Trade receivables	681.19	-	681.19
Cash and cash equivalents	471.65	-	471.65
Bank balances other than above	1,144.28	-	1,144.28
Loans		-	
Other financial assets	95.28	-	95.28
Other current assets	266.32	-	266.32
Total current assets	3,249.94	-	3,249.94
Total assets	**5,225.68**	**(201.45)**	**5,024.23**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,459.25	(160.00)	1,299.25
Other equity	2,019.23	(118.88)	1,900.35
Total equity	**3,478.48**	**(278.88)**	**3,199.60**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	468.40	45.90	514.29
Other financial liabilities	13.27	-	13.27
Provisions	12.49	22.12	34.61
Total non-current liabilities	**494.16**	**68.02**	**562.17**
CURRENT LIABILITIES			
Financial liabilities			
Trade payables	1,091.66	-	1,091.66
Other financial liabilities	12.68	-	12.68
Other current liabilities	147.92	-	147.92
Provisions	-	9.42	9.42
Current tax liabilities (net)	0.78	-	0.78
Total current liabilities	**1,253.04**	**9.42**	**1,262.46**
Total liabilities	**1,747.20**	**77.44**	**1,824.63**
Total equity and liabilities	**5,225.68**	**(201.45)**	**5,024.23**

(c) **Reconciliation of profit or loss for the year ended 31 March 2017**

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

Particulars	Regrouped Indian GAAP	Adjustments	Ind AS
INCOME			
Revenue from operations	3,786.41	82.10	3,868.52
Other income	21.55	-	21.55
Total income	**3,807.96**	**82.10**	**3,890.07**
EXPENSES			
Cost of material consumed	2,304.99	(38.95)	2,266.05
Purchase of Stock-in-trade		68.66	68.66
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(72.02)	-	(72.02)
Employee benefit expense	405.66	(83.88)	321.77
Finance costs	93.86	0.80	94.66
Depreciation and amortization expense	136.24	-	136.24
Manufacturing and operating costs		685.31	685.31
Other expenses	772.26	(465.80)	306.46
Total expenses	**3,640.99**	**166.14**	**3,807.13**
PROFIT /(LOSS) BEFORE TAX	**166.97**	**(84.04)**	**82.94**
Tax expense			
Current tax	30.00	-	30.00
Deferred tax	2.64	(16.26)	(13.62)
Total income tax expense	**32.64**	**(16.26)**	**16.38**
LOSS FOR THE YEAR	**134.33**	**(67.77)**	**66.56**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(26.20)	(26.20)
Income tax effect	-	8.66	8.66
Other comprehensive income for the year	-	(17.54)	(17.54)
Total other comprehensive income for the year	**134.33**	**(85.31)**	**49.02**

(a) Reconciliation of total equity as at 31 March 2017 and 1 April 2016

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

	Notes to first-time adoption	As at 31 March 2017	As at 1 April 2016
Shareholder's equity as per Indian GAAP audited financial statements (including preference share capital)		3,478.48	147.14
ADJUSTMENT			
Liability Component of redeemable non cumulative non convertible preference shares at amortised cost	c(i)	(45.90)	(42.11)
Unamortised product launch expenses written off	c(ii)	(122.91)	(47.99)
Unamortised share issue expenses written off	c(iii)	(35.29)	-
Gratuity expenses	c(iv)	(5.33)	-
Re-measurement gains on defined benefit plans reclassified to OCI	c(iv)	(26.20)	-
Deferred tax on above adjustments	c(v)	(43.25)	(68.18)
Total Adjustment		**(278.88)**	**(90.10)**
Shareholder's equity as per Ind AS (including equity component of non cumulative non convertible redeemable preference shares)		**3,199.60**	**57.04**

(b) Reconciliation of total comprehensive income for the year ended 31 March 2017

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

	Notes to first-time adoption	As at 31 March 2017
Total Net Profit after tax as per previous GAAP (A)		**134.33**
ADJUSTMENTS		
Interest on redeemable non cumulative non convertible preference shares	c(i)	(3.79)
Product launch expenses	c(ii)	(74.91)
Gratuity expenses	c(iv)	(5.33)
Deferred tax on above adjustments	c(v)	16.25
Total Ind AS adjustment (B)		**(67.78)**
Profit after tax as per Ind AS (C = A+ B)		**66.56**
Other Comprehensive Income (OCI)		
Re-measurement gains/ (losses) on defined benefit plans	c(iv)	(26.20)
Deferred Tax on above adjustment	c(v)	8.66
Total (D)		**(17.54)**
Total Comprehensive income under Ind AS (C-D)		**49.02**

(c) Notes to first-time adoption

(i) 9% Redeemable non cumulative non convertible preference shares at amortised cost

The Company has issued 9% redeemable non cumulative non convertible preference shares, redeemable 19 years after the date of issue. Under Indian GAAP, the preference shares are considered as a part of Share Capital under Shareholder's equity.

In accordance with Ind AS, the redeemable non cumulative non convertible preference shares are recognised as compound financial instrument and split method of accounting is adopted to measure it as equity component (representing dividend which is payable at discretion, since non cumulative) and liability component (redemption of principal at maturity). On initial recognition, the equity component is Rs. 86.29 lakhs (net of deferred tax). Liability component is initially measured at fair value and subsequently measured at amortised cost.

Subsequent interest accretion will be recognised as interest expense as part of finance cost in Statement of Profit or loss at effective interest rate (EIR). Dividend actually paid in respect of non cumulative preference shares will be considered as dividend toward equity portion and routed through statement of equity. The Company has not declared any dividend on redeemable non cumulative non convertible preference shares till 31 March, 2017.

Consequent to the above, impact on transition to Ind AS is summarised below:

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

Increase / (Decrease) in equity	31 March 2017	1 April 2016
Liability component on initial recognition of redeemable non cumulative non convertible preference shares reclassified to borrowings and interest accrued thereon	(45.90)	(42.11)
Increase / (Decrease) in retained earnings	45.90	42.11
Statement of Profit and Loss impact:		
Increase in finance cost on account of interest on redeemable non cumulative non convertible preference shares recorded using EIR	3.79	NA

Correspondingly, there has an increase in borrowings and consequent reduction in share capital.

(ii) Product launch expenses

Under Indian GAAP, product launch expenditure incurred for new products that are yet to be launched are capitalised and amortised over a period of 5 years by the Company.

Under Ind AS, costs of introducing a new product or service (including costs of advertising and promotional activities) does not meet the recognition criteria specified under Ind AS 38 " Intangible assets", hence these expenditures are expensed out as and when incurred.

Consequent to the above, impact on transition to Ind AS is summarised below:

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

Increase / (Decrease) in retained earnings	31 March 2017	1 April 2016
Decrease in retained earnings with corresponding decrease in other non current assets due to product launch expense written off	(122.91)	(47.99)
Statement of Profit and Loss impact:		
Increase in expenses on account of product launch expenses incurred during the year	(74.92)	NA

(iii) Share issue expenses

Under Indian GAAP, share issue expense incurred toward allotment of equity shares are deferred and amortised over a period of 5 years. Under Ind AS, transaction cost (i.e. share issue expense) incurred for equity transaction shall be accounted for as a deduction from equity. Accordingly the share issue expenses incurred have been charged to the security premium reserve for the equity shares issued during the year ended 31 March 2017.

Consequent to the above, impact on transition to Ind AS is summarised below:

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

Increase / (Decrease) in retained earnings	31 March 2017	1 April 2016
Decrease in security premium reserve with corresponding decrease in other non current assets due to share issue expense written off	(35.29)	NA

(iv) Defined benefit liabilities

Under Ind AS, cost of providing defined benefit plan (i.e. gratuity) is determined using actuarial valuation. Remeasurement gain and losses are recognised immediately in other comprehensive income.

Consequent to this under Ind AS employee benefit cost has been increased by Rs. 5.33 lakhs and other comprehensive income is decreased by 26.20 lakhs for the year ended 31 March 2017. Retained earnings as on 31 March 2017 has decreased by Rs. 31.53 lakhs

(v) Deferred tax

In accordance with Ind AS 12, "Income Taxes", the Company on transition to Ind AS has recognised deferred tax on temporary differences, i.e. based on balance sheet approach as compared to the earlier approach of recognising deferred taxes on timing differences , i.e. profit and loss approach. The tax impacts as above primarily represent deferred tax consequences arising out of Ind AS re-measurement changes.

Consequent to the above, impact on transition to Ind AS is summarised below:

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

Increase / (Decrease) in retained earnings	31 March 2017	1 April 2016
Deferred tax assets/(liabilities) on Ind AS adjustments (net)	(43.25)	(68.18)
Statement of Profit and Loss impact:		
Deferred tax expenses/(credit) on Ind AS adjustments (net)	(24.92)	NA

(vi) Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS adjustments

(vii) Statement of cash flows

No material impact on transition from Indian GAAP to Ind AS on the statement of cash flows.

6 (A) PROPERTY, PLANT AND EQUIPMENT

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

	Gross Block					Depreciation				Net Block	
	As at 1 April 2017	Additions/ Adjustments	Acquisition through business transfer (refer note 35)	Deductions/ Adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Owned assets											
Freehold land	5.57	-	-	-	5.57	-	-	-	-	5.57	5.57
Leasehold land	-	-	540.42	-	540.42		1.60	-	1.60	538.82	-
Buildings	133.46	103.08	1,598.11	-	1,834.65	69.82	24.04	-	93.86	1,740.79	63.64
Plant and machinery	918.14	209.98	590.89	-	1,719.01	63.24	89.89	-	153.13	1,565.88	854.90
Furniture and fixtures	18.77	3.41	-	-	22.17	3.03	4.18	-	7.21	14.97	15.74
Computers	1.77	20.14	-	-	21.91	0.14	1.66	-	1.80	20.11	1.62
Vehicles	0.21	4.96	-	-	5.17	0.01	0.28	-	0.29	4.88	0.20
Office equipment's	0.56	0.71	-	-	1.26	-	0.04	-	0.04	1.23	0.56
Total	**1,078.48**	**342.27**	**2,729.42**	**-**	**4,150.16**	**136.24**	**121.68**	**-**	**257.92**	**3,892.24**	**942.23**
Capital work in progress	**331.60**	**-**	**-**	**28.38**	**303.22**	**-**	**-**	**-**	**-**	**303.22**	**331.60**

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

	Gross Block					Depreciation				Net Block	
	As at 1 April 2016	Additions/ Adjustments	Acquisition through business transfer	Deductions/ Adjustments	As at 31 March 2017	As at 1 April 2016	For the year	Deductions/ Adjustments	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Owned assets											
Freehold land	5.57	-	-	-	5.57	-	-	-	-	5.57	5.57
Buildings	133.23	0.23	-	-	133.46	-	69.82	-	69.82	63.64	133.23
Plant and machinery	713.08	205.06	-	-	918.14	-	63.24	-	63.24	854.90	713.08
Furniture and fixtures	13.39	5.38	-	-	18.77	-	3.03	-	3.03	15.74	13.39
Computers	0.03	1.74	-	-	1.77	-	0.14	-	0.14	1.62	0.03
Vehicles	-	0.21	-	-	0.21	-	0.01	-	0.01	0.20	-
Office equipment's	-	0.56	-	-	0.56	-	-	-	-	0.56	-
Total	**865.30**	**213.18**	**-**	**-**	**1,078.48**	**-**	**136.24**	**-**	**136.24**	**942.23**	**865.30**
Capital work in progress	**224.64**	**106.96**	**-**	**-**	**331.60**	**-**	**-**	**-**	**-**	**331.60**	**224.64**

6 (B)* INTANGIBLE ASSETS

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

	Gross Block				Depreciation				Net Block		
	As at 1 April 2017	Additions/ Adjust-ments		Deduc-tions/ Ad-justments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjust-ments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Other intangible assets											
Computer software *	-	10.91		-	10.91	-	-	-	-	10.91	-
Total	**-**	**10.91**		**-**	**10.91**	**-**	**-**	**-**	**-**	**10.91**	**-**

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

7 NON-CURRENT FINANCIAL ASSETS - LOANS

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Unsecured, considered good			
Security deposits	24.04	27.14	0.76
	24.04	**27.14**	**0.76**

8 OTHER FINANCIAL ASSETS

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

Particulars	31 March 2018		31 March 2017		1 April 2016	
	Non- current	Current	Non- current	Current	Non- current	Current
In fixed deposit accounts with maturity for more than 12 months from balance sheet date.	13.56	-	31.75	-	-	-
Export incentive receivable	-	447.90	-	91.14	-	-
Interest accrued on deposits	-	2.30	-	4.14	-	3.63
Total other financial assets	**13.56**	**450.20**	**31.75**	**95.28**	**-**	**3.63**

9 NON-CURRENT TAX ASSETS

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Advance income tax (net)	59.93	-	17.53
Total non-current tax assets	**59.93**	**-**	**17.53**

10 OTHER ASSETS

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

Particulars	31 March 2018		31 March 2017		1 April 2016	
	Non- current	Current	Non- current	Current	Non- current	Current
Capital advance	270.51	-	338.13	-	-	-
Balance with government authorities (other than income tax)	-	580.21	-	194.45	-	92.31
Prepaid expenses	-	29.09	-	4.25	-	1.37
Advances to suppliers	-	88.48	-	66.83	-	2.60
Advance to employees	-	0.87	-	0.79	-	0.94
Advance to others	-	5.02		-	-	-
Total other assets	**270.51**	**703.67**	**338.13**	**266.32**	**-**	**97.22**

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

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Raw material in stock	1,428.61	392.94	39.55
Work in progress in stock	170.55	150.50	78.48
Finished goods in stock	381.67	-	-
Stock in trade	4.59	-	-
Packing material	417.88	41.74	4.34
Store and spares parts including packing material	33.00	6.04	27.69
Total inventories	**2,436.30**	**591.22**	**150.06**

12 TRADE RECEIVABLE

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Unsecured			
- Considered good	2,905.93	681.19	363.81
- Considered doubtful	-	-	-
Total trade receivables	**2,905.93**	**681.19**	**363.81**

13 CASH AND BANK BALANCES

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Cash and cash equivalents			
Balances with banks			
- On current accounts	576.35	299.03	0.29
- Fixed deposits with maturity of less than 3 months from the balance sheet date	71.41	171.34	-
Cash on hand	2.40	1.28	0.21
Total cash and cash equivalents	**650.16**	**471.65**	**0.50**

14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT

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

Particulars	31 March 2018	31 March 2017	1 April 2016
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date *	10.56	1,144.28	12.99
Total bank balances other than cash and cash equivalent	**10.56**	**1,144.28**	**12.99**

* Note: Deposit of Rs. 10.56 lacs has been kept as lien with Goa electricity board

15 EQUITY SHARE CAPITAL

The Company has only one class of equity share capital having a par value of INR 10 per share, referred to herein as equity shares

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

Particulars	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
	No. of shares	No. of shares	No. of shares	Amount	Amount	Amount
Authorized						
Equity shares of Rs.10 each	130.00	130.00	50.00	1,300.00	1,300.00	500.00
	130.00	**130.00**	**50.00**	**1,300.00**	**1,300.00**	**500.00**
Issued, subscribed and paid up						
Equity shares of Rs.10 each	129.93	129.93	50.00	1,299.25	1,299.25	500.00
Total other assets	**129.93**	**129.93**	**50.00**	**1,299.25**	**1,299.25**	**500.00**

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

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

Particulars	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	129.93	1,299.25	50.00	500.00	50.00	500.00
Add: Issued during the year	-	-	79.93	799.25	-	-
Outstanding at the end of the year	**129.93**	**1,299.25**	**129.93**	**1,299.25**	**50.00**	**500.00**

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has only one class of equity shares having par value of Rs.10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2017: Nil).

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

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

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

Name of the shareholder	31 March 2018		31 March 2017		1 April 2016	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class	Number of shares	% of holding in the class
M/s. Vanity Case (India) Private Limited	78.47	60%	78.47	60%	37.22	74%
M/s. Sixth Sense India Opportunities - 1	20.00	15%	20.00	15%	-	-

(d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

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

16 OTHER EQUITY

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Capital reserve	0.05	0.05	0.05
Securities premium reserve	2,362.46	2,362.46	0.00
Equity component of redeemable non cumulative non convertible preference shares	86.29	86.29	86.29
Profit/(loss) in the Statement of Profit and Loss	76.34	(548.45)	(597.47)
	2,525.13	**1,900.35**	**(511.13)**

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

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

	31 March 2018	1 April 2017
(A) Capital reserve	**0.05**	**0.05**
(B) Securities premium reserve		
Opening balance		
Add : Securities premium credited on share issue	2,362.46	-
Closing balance	-	2,362.46
	2,362.46	**2,362.46**
(C) Equity component of redeemable non cumulative non convertible preference shares	**86.29**	**86.29**
(D) Surplus/(deficit) in the Statement of Profit and Loss		
Opening balance	(548.45)	(597.47)
Add: Net profit for the current year	627.53	66.56
Item of OCI for the year, net of tax	(2.74)	(17.54)
Less: Re-measurement (gain)/loss on post employment benefit obligation		
Closing balance	**76.34**	**(548.45)**
Total other equity	**2,525.13**	**1,900.35**

17 BORROWINGS

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

Particulars	31 March 2018		31 March 2017		1 April 2016	
	Non- current	Current	Non- current	Current	Non- current	Current
Secured						
Borrowings from banks	2,420.22	313.30	-	-	-	62.79
Borrowings from others	468.40	-	468.39	-	1,043.85	-
Unsecured						
9% redeemable non cumulative non convertible preference shares	50.03	-	45.90	-	42.11	-
Total non-current borrowings	**2,938.65**	**313.30**	**514.29**	**-**	**1,085.96**	**62.79**

a. Terms of borrowing are as under

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

Name of Bank	Rate of interest	31 March 2018	31 March 2017	1 April 2016	Repayment terms
Non current, secured borrowings					
V. S. Dempo Holdings Pvt. Ltd- Term Loan	9.00%	468.40	468.39	781.35	No repayment term specified
Yes Bank Ltd	(MCLR + 1.5%) 10.35%	2,420.22	-	-	Repayable in quarterly installments
Motown Trading Pvt. Ltd - GAMA loan	-	-	-	160.00	Fully repaid as at 31 March 2018
Vanity Case India pvt. Ltd	-	-	-	102.50	Fully repaid as at 31 March 2018
Non current, unsecured borrowings					
Redeemable non cumulative non convertible preference shares*	9.00%	50.03	45.90	42.11	Redeemable not later than 19 years from the date of issue (27 September 2012)
		2,938.65	**514.29**	**1,085.96**	
Current, secured borrowings					
Bank of Maharashtra (Cash credit)	CDR Rate+1.30%	10.31	-	62.79	Repayable on demand
Yes Bank Loan A/c (Packing credit loan)	5.25%	302.99	-	-	Repayable within 120 days from the date of sanction
		313.30	**-**	**62.79**	

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

b. Nature of security :

i. Loan from M/s. V S Dempo Holdings Private Limited is secured by charge on Fixed Assets of the Company.

ii. Term Loan from Yes Bank has been secured by charge on the current and future Fixed Assets of the Company

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

iv. Packing credit loan from Yes Bank is secured against charge on the fixed assets 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 period

18 OTHER FINANCIAL LIABILITIES

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

Particulars	31 March 2018		31 March 2017		1 April 2016	
	Non- current	Current	Non- current	Current	Non- current	Current
Capital creditor	29.33	-	13.27	-	119.04	-
Accrued interest on loans	-	61.95	-	2.64	-	77.78
Security deposit received	-	1.00	-	-	-	-
Employee related payable	-	54.45	-	10.04	-	5.92
Finance lease obligation	31.48		-		-	-
Total Other financial liabilities	**60.81**	**117.40**	**13.27**	**12.68**	**119.04**	**83.70**

19 PROVISIONS

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

Particulars	31 March 2018		31 March 2017		1 April 2016	
	Non- current	Current	Non- current	Current	Non- current	Current
Provision for employee benefits (refer note 34)						
- Provision for gratuity (funded)	31.19	14.25	22.12	9.42	-	-
- Leave encashment (unfunded)	13.39	2.28	12.49	-	10.68	-
Total provisions	**44.58**	**16.53**	**34.61**	**9.42**	**10.68**	**-**

20 TRADE PAYABLES

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	4,152.83	1,091.66	415.10
Total trade payables	**4,152.83**	**1,091.66**	**415.10**

Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

21 OTHER CURRENT LIABILITIES

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Statutory due payable	43.80	27.33	3.23
Advance from customer	93.67	98.36	37.70
Other payables	7.09	22.23	10.53
Total trade payables	**144.56**	**147.92**	**51.46**

22 CURRENT INCOME TAX LIABILITIES

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

Particulars	31 March 2018	31 March 2017	1 April 2016
- Current tax payable	141.92	0.78	-
Total current income tax liabilities	**141.92**	**0.78**	**-**

23 REVENUE FROM OPERATIONS

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

	31 March 2018	31 March 2017
Sale of products:		
- Finished goods	12,621.02	3,227.42
- Trading	36.95	21.98
Sale of services	416.39	494.16
Other operating revenue	811.14	124.96
Total revenue from operations	**13,885.50**	**3,868.52**
Details of other operating revenue		
Duty drawback	489.85	87.38
Export incentive	271.13	31.36
Others	50.16	6.22
Total other operating revenue	**811.14**	**124.96**

24 OTHER INCOME

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

	31 March 2018	31 March 2017
Interest income on fixed deposits	56.16	21.48
Miscellaneous income	0.07	0.07
Foreign exchange fluctuation (net)	56.55	-
Total revenue from operations	**112.78**	**21.55**

25 COST OF MATERIAL CONSUMED

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

	31 March 2018	31 March 2017
Cost of raw material consumed		
Inventory at the beginning of the year	392.94	39.55
Add: Purchases	7,045.86	2,368.06
Add: Acquisition through business transfer (refer note 35)	742.47	-
Less: Inventory at the end of the year	1,428.61	392.94
Cost of raw material consumed	**6,752.66**	**2,014.67**
Cost of Packaging material consumed		
Inventory at the beginning of the year	41.73	27.69
Add : Purchases	1,818.17	265.43
Less : Inventory at the end of the year	417.88	41.74
Cost of Packaging material consumed	**1,442.02**	**251.38**
Total cost of materials consumed	**8,194.68**	**2,266.05**

26 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

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

	31 March 2018	31 March 2017
Inventories at the beginning of the year		
- Finished goods	43.03	-
- Stock in trade	5.16	-
- Work-in-progress	102.31	78.48
	150.50	**78.48**
Less: Inventories at the end of the year		
- Finished goods	381.67	43.03
- Stock in trade	4.59	5.16
- Work-in-progress	170.55	102.31
	556.81	**150.50**
Net decrease/ (increase)	**(406.31)**	**(72.02)**

27 EMPLOYEE BENEFITS EXPENSE

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

	31 March 2018	31 March 2017
Salaries, wages, bonus and other allowances	682.69	262.88
Contribution to funds	40.18	20.04
Gratuity expense	13.17	8.14
Staff welfare expenses	59.75	30.71
Total employee benefits expense	**795.79**	**321.77**

28 FINANCE COSTS

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

	31 March 2018	31 March 2017
Interest on borrowing	127.12	90.87
Interest on redeemable non cumulative non convertible preference shares	4.13	3.79
Total finance costs	**131.25**	**94.66**

29 DEPRECIATION AND AMORTIZATION EXPENSE

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

	31 March 2018	31 March 2017
Depreciation (refer note 6)	121.68	136.24
Amortization (refer note 6)	-	-
Total depreciation and amortization expense	**121.68**	**136.24**

30 MANUFACTURING AND OPERATING COSTS

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

	31 March 2018	31 March 2017
Job work expenses	1,992.59	346.34
Power, fuel & electricity	341.50	134.12
Repairs and maintenance - plant & machinery	83.98	46.23
Repairs and maintenance - building	12.68	-
Repairs and maintenance - others	63.23	21.60
Contract labour charges	685.35	137.02
Total manufacturing and operating costs	**3,179.33**	**685.31**

31 OTHER EXPENSES

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

	31 March 2018	31 March 2017
Stores and spares consumed	42.38	7.43
Insurance	9.49	2.63
Rent	121.20	13.61
Rates and taxes	25.26	13.56
Excise duty	19.68	82.10
Carriage and freight	353.99	30.40
Travel and conveyance	80.21	29.22
Postage and courier	22.61	9.82
Printing & stationery	18.16	6.12
Legal and professional charges	118.45	16.79
Advertisement	0.45	5.08
Selling expenses	2.24	0.00
Commission	100.31	15.65
Business promotion	15.13	-
Foreign exchange fluctuation (net)	-	18.19
Miscellaneous expenses	25.38	22.59
Security charges	81.55	24.96
Bank charges	12.04	0.73
Donation	0.31	0.05
Audit expenses	6.50	1.62
Bad debts	0.11	-
Director's sitting fees	5.15	5.91
Total other expenses	**1,060.60**	**306.46**

*Note : The following is the break-up of Auditors remuneration

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

	31 March 2018	31 March 2017
As auditor:		
Statutory audit	4.00	0.45
In other capacity:		
Tax audit	1.00	0.05
Limited Review fees	1.50	
Other matters	-	0.30
Reimbursement of expenses	-	0.82
Total	**6.50**	**1.62**

32 INCOME TAX

(A) Deferred tax relates to the following:

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

	31 March 2018	31 March 2017	1 April 2016
Deferred tax assets			
On provision for employee benefits	15.89	10.98	0.29
On unabsorbed depreciation and losses			
Business losses	-	165.43	158.72
Unabsorbed depreciation	-	3.86	5.15
	15.89	**180.27**	**164.16**
Deferred tax liabilities			
On property, plant and equipment	91.50	39.10	44.03
On non redeemable non cumulative non convertible preference shares	28.59	37.73	38.98
On unamortised processing cost	4.79	-	-
	124.88	**76.83**	**83.01**
Deferred tax liabilities net	(108.99)	103.44	81.15
Minimum Alternative Tax (MAT) entitlements	132.72	-	-
Deferred tax asset, net	**23.73**	**103.44**	**81.15**

(B) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss

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

	31 March 2018	31 March 2017
Deferred tax liabilities net	23.73	103.44
Less: Opening deferred tax liabilities	(103.44)	(81.15)
Deferred tax expense for the year	**(79.71)**	**22.29**
Tax liability recognized in Statement of Profit and Loss	(80.68)	13.62
Tax liability recognized in OCI		
On re-measurements gain/(losses) of post-employment benefit obligations	0.97	8.66
Total deferred tax expenses recognised in the statement of profit and loss	**(79.71)**	**22.28**

(C) Income tax expense

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

	31 March 2018	31 March 2017
Current tax- Minimum Alternate Tax (MAT)	157.12	30.00
Deferred tax (excluding MAT credit entitlement)	213.39	(13.62)
MAT credit entitlement	(101.82)	-
MAT credit entitlement for earlier year	(30.89)	-
Total income tax expense	**237.80**	**16.38**

D) Reconciliation of tax charge

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

	31 March 2018	31 March 2017
Profit before tax	865.33	82.94
Enacted income tax rate in India applicable to the Company	26.00%	33.06%
Income tax expense at tax rates applicable	224.99	27.42
Tax effects of:		
- Permanent differences and others	12.81	(11.04)
Income tax expense	237.80	16.38
Effective tax rate	**27.48%**	**19.75%**

33 EARNINGS/ LOSS PER SHARE

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

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

	31 March 2018	31 March 2017
Profit attributable to equity holders	624.79	49.02
Add: Impact of dilutive potential equity shares	-	-
Profit attributable to equity holders adjusted for the effect of dilution	**624.79**	**49.02**
Weighted average number of equity shares for basic and diluted EPS	129.93	75.18
Basic profit per share (INR)	4.81	0.65
Diluted profit per share (INR)	4.81	0.65

34 CONTINGENT LIABILITIES

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

	31 March 2018	31 March 2017	1 April 2016
Claim for expired goods	7.13	-	-
	7.13	**-**	**-**
Capital Commitments			
Civil works for the project	670.76	-	-
Pre engineered building structure	220.70	-	-
Design engineering and project management	6.10	-	-
Automated VFFS machine model	307.98	-	-
Architectural services for the proposed building	5.36	-	-
Leather Factory takeover	125.00	-	-
Capital expenses for Leather Factory	5.60	-	-
	1,341.50	**-**	**-**

35 EMPLOYEE BENEFITS

The Company has the following Employee Benefit plans:

(A) Defined contribution plans

Employers' Contribution to Provident Fund and Employee State Insurance (refer note 27)

(B) Defined benefit plans

a) Gratuity payable to employees

b) Compensated absences for Employees

i) Actuarial assumptions

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

	31 March 2018	31 March 2017
Discount rate (per annum)	7.30%	6.90%
Rate of increase in Salary	7.00%	7.00%
Expected average remaining working lives of employees (years)	18.41	16.74
Attrition rate	2% - 10%	2% - 10%

ii) Changes in the present value of defined benefit obligation

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

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	69.64	32.94
Current service cost	9.42	8.24
Past service cost	1.90	0.00
Interest cost	4.52	2.27
Benefits paid	(3.82)	-
Actuarial (gain)/ loss on obligations	3.64	26.19
Present value of obligation at the end of the year	**85.30**	**69.64**

iii) Change in fair value of plan assets

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

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2018	31 March 2017
Opening fair value of plan assets	38.11	32.94
Interest income	2.67	2.37
Contributions by employer	2.96	2.82
Benefits paid	(3.82)	-
Actuarial (losses)/ gains	(0.07)	(0.01)
Closing fair value of plan assets	**39.85**	**38.12**

iv) Expense recognized in the Statement of Other Comprehensive income

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

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2018	31 March 2017
Actuarial (gain) / loss on obligations	3.64	26.19
Actuarial gain /(loss) for the year on asset	0.07	0.01
Total expenses recognized in the Statement of Other Comprehensive Income	**3.71**	**26.20**

v) Assets and liabilities recognized in the Balance Sheet:

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

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2018	31 March 2017
Present value of funded obligation	85.30	69.64
Less: Fair Value of plan assets	(39.85)	(38.12)
Net asset / (liability) recognized in Balance Sheet*	**45.45**	**31.52**

*Included in provision for employee benefits (refer note 18)

vi) Expected contribution to the fund in the next year

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

	31 March 2018	31 March 2017
Gratuity	14.25	9.42

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

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

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2018	31 March 2017
Discount rate		
0.5% increase	83.12	67.90
0.5% decrease	87.60	71.46
Rate of increase in salary		
0.5% increase	87.45	71.45
0.5% decrease	83.21	67.90
Withdrawal rate		
110% change	85.20	69.56
90% change	85.41	69.72

viii) Maturity profile of defined benefit obligation

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

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2018	31 March 2017
Apr 2017- Mar 2018	-	8.18
Apr 2018- Mar 2019	16.32	11.85
Apr 2019- Mar 2020	10.81	8.80
Apr 2020- Mar 2021	12.51	12.38
Apr 2021- Mar 2022	10.88	8.62
Apr 2022 onwards	45.87	34.74

36 ACQUISITION DURING THE YEAR

On 27 December 2017 the Company has acquired a plant located at Jammu manufacturing Pest control products on Slump sales basis from Reckitt Benckiser India Pvt Ltd. This facility is capable of manufacturing diverse range of pest control products such as mosquito coils, vaporizers, aerosols etc.

The Company has signed a long term agreement with Reckitt Benckiser India Pvt. Ltd. to supply pest control products under the brand of Mortein. This expansion not only helped company to enlarge its operations but also enabled the Company to enter into entirely new product category and acquire a new customer.

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

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

Descriptions	Year ended 31 March 2018
Purchase consideration (A)	
Cash	2,789.88
Purchase consideration (A)	**2,789.88**
Net assets acquired	
Property, plant and equipment's	2,729.42
Inventory	742.47
Total assets acquired	3,471.89
Less: total liabilities assumed	
Trade payables	(470.23)
Provisions	(181.35)
Finance lease obligation	(30.42)
Net assets acquired (B)	**2,789.88**
Goodwill / (Bargain purchase gain) (A - B)	**0**

(b) Fair valuation of Property, plant and equipment's:

The fair valuation is based on current prices in the active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in Jammu area.

This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy."

(c) Revenue and profit contribution:

The acquired business contributed for the revenue and profit for the year ended 31 March 2018 as follows: Revenue: Rs. 3,549.90 lakhs and Loss : Rs. 123.37 lakhs"

If the acquisition had occurred on 1 April 2017, proforma revenue and profit for the year ended 31 March 2018 would have approximately been within the range of Rs. 13,000 to 14,000 lakhs and Rs. 300 to 400 lakhs respectively .

There were no acquisition in the year ending March 31, 2017

(d) Purchase consideration - cash outflow

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

Descriptions	Year ended 31 March 2018
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	2,789.88
Less: Cash balance acquired	-
Net outflow of cash- investing activities	**2,789.88**

(e) Acquisition related cost

Acquisition cost of Rs. 56 lakhs are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

37 LEASES

(A) Operating leases where Company is a lessee:

The Company does not have any non cancellable operating lease agreements for period ended 31 March 2018, 31 March 2017 and 1 April 2016.

(B) Finance lease where Company is a lessee:

The Company has finance leases for Land, which the Company has acquired through business transfer as on 27 December 2017. Future minimum lease payments under finance leases with the present value of the net minimum lease payments are, as follows:

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

	31 March 2018	
	Minimum Lease payments	Present value of MLP
Within one year		
After one year but not more than five years	1,344.90	22.53
More than five years	13.20	8.96
Total minimum lease payments	**1,358.10**	**31.49**
Less: amounts representing finance charge	(1,326.61)	
Present value of minimum lease payments	**31.49**	**31.49**

The lease agreement for the land includes fixed lease payments for 90 year lease term. The agreement is non-cancellable and does not contain any further restrictions.

38 RELATED PARTY DISCLOSURES:

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

Holding company
M/s. Vanity Case (India) Pvt. Ltd.

Entity under common control
V.S. Dempo Holdings Pvt. Ltd.
Avalon Cosmetics Pvt Limited
Motown Trading Pvt Limited

Employee Benefit Trust
Hindustan Foods Management staff superannuation fund trust

Key Management Personnel (KMP)

Shrinivas Dempo	Chairman
Sameer Kothari	Managing Director
Ganesh Argekar	Executive Director
Kedar Swain	Chief Financial Officer
Beena Mahambrey	Company Secretary
Nikhil Vora	Non executive Director
Rajesh Dempo	Non executive Director
Honey Vazirani	Independent Woman Director
Sudin M S Usgaonkar	Independent Director
Shashi Kalathil	Independent Director

(B) Details of transactions with related party in the ordinary course of business for the year ended:

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

		31 March 2018	31 March 2017
(i)	**M/s. Vanity Case (India) Pvt. Ltd.**		
	Interest Paid	-	7.19
	Loans repaid	-	1,025.00
(ii)	**Avalon Cosmetics Pvt Limited**		
	Advance Given of Purchase of land	100.00	-
(iii)	**Motown Trading Pvt Limited**		
	Sale of leather goods	51.20	-
(iv)	**V.S. Dempo Holdings Pvt. Ltd.**		
	Interest on liability component of redeemable non cumulative non convertible preference shares	4.13	3.79
(v)	**Sitting fees**		
	Shrinivas V. Dempo	0.79	0.79
	Pallavi S. Dempo	0.02	1.10
	Sudin M. Usgoankar	0.55	1.03
	Sakshi K. Kalathil	0.82	0.97
	Rajesh S. Dempo	0.83	1.13
	Sameer R. Kothari	0.75	-
	Honey Vazirani	0.65	-
	Nikhil K Vora	0.75	-
	Ganesh Argekar	-	0.90

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

		31 March 2018	31 March 2017
(vi)	**Compensation of key management personnel**		
	Ganesh Argekar	12.00	-
	Kedar Swain	9.69	8.24
	Beena Mahambrey	11.23	10.87

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

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

		31 March 2018	31 March 2017	1 April 2016
(i)	**M/s. Vanity Case (India) Pvt. Ltd.**			
	Borrowings	-	-	102.50
	Other Payables	-	-	6.89
(ii)	**V.S. Dempo Holdings Pvt. Ltd.**			
	Liability component of redeemable non cumulative non convertible preference shares	50.03	45.90	42.11
	Long Term borrowings	468.40	468.40	781.35
	Interest accrued but not due	40.59	-	-

(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for borrowings and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil, 1 April 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 SEGMENT REPORTING

The Company's operations predominantly relate to providing third party manufacturing services. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence 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:

	31 March 2018
Customer 1	1,821.99
Customer 2	3,634.68
Customer 3	2,216.73
Customer 4	2,741.20
	10,414.61

The amount of its revenue from external customers, broken down by location of its customers is shown in the table below:

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

Revenue from external customers	31 March 2018	31 March 2017
India	7,221.55	2,770.93
Germany	2,741.20	412.19
France	2,216.73	417.32
Other countries	894.88	143.13
	13,074.36	**3,743.57**

The amount of non-current assets other than financial instruments and deferred tax assets, broken down by location of the asset is shown in the table below:

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

Non current assets	31 March 2018	31 March 2017
Within India	4,537	1,612
Outside India	-	-

40 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 amortized cost using effective interest rate (EIR) of non-current financial assets/liabilities are not significantly different from the carrying amount and therefore the impact of fair value is not considered for above disclosure.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The carrying value and fair value of financial instruments by categories as at March 31, 2018 were as follows:

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

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Security Deposits	7	24.04	-	-	-	24.04
Non current other financial assets	8	13.56				13.56
Current other financial assets	8	450.20	-	-	-	450.20
Trade receivable	12	2,905.93	-	-	-	2,905.93
Cash and cash equivalents	13	650.16	-	-	-	650.16
Bank balances other than cash and cash equivalents	14	10.56	-	-	-	10.56
		4,054.45				**4,054.45**
Financial liabilities						
Non current Borrowings	17	2,938.65	-	-	-	2,938.65
Current Borrowings	17	313.30				313.30
Non current other financial liabilities	18	60.81	-	-	-	60.81
Current other financial liabil-ities	18	117.40	-	-	-	117.40
Trade payables	20	4,152.83	-	-	-	4,152.83
		7,582.99	**-**	**-**	**-**	**7,582.99**

The carrying value and fair value of financial instruments by categories as at March 31, 2017 were as follows

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

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Security Deposits	7	27.14	-	-	-	27.14
Non current other financial assets	8	31.75				31.75
Current other financial assets	8	95.28	-	-	-	95.28
Trade receivable	12	681.19	-	-	-	681.19
Cash and cash equivalents	13	471.65	-	-	-	471.65
Bank balances other than cash and cash equivalents	14	1,144.28	-	-	-	1,144.28
		2,451.29				**2,451.29**
Financial liabilities						
Non current Borrowings	17	514.29	-	-	-	514.29
Current Borrowings	17	-				-
Non current other financial liabilities	18	13.27	-	-	-	13.27
Current other financial liabil-ities	18	12.68	-	-	-	12.68
Trade payables	20	1,091.66	-	-	-	1,091.66
		1,631.90	**-**	**-**	**-**	**1,631.90**

The carrying value and fair value of financial instruments by categories as at 1 April 2016 were as follows:

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

Particulars	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI	Total fair value	Total carrying value
Financial assets						
Security Deposits	7	0.76	-	-	-	0.76
Current other financial assets	8	3.63	-	-	-	3.63
Trade receivable	12	363.81	-	-	-	363.81
Cash and cash equivalents	13	0.50	-	-	-	0.50
Bank balances other than cash and cash equivalents	14	12.99	-	-	-	12.99
		381.69				**381.69**
Financial liabilities						
Non current Borrowings	17	1,085.96	-	-	-	1,085.96
Current Borrowings	17	62.79				62.79
Non current other financial liabilities	18	119.04	-	-	-	119.04
Current other financial liabil-ities	18	83.70	-	-	-	83.70
Trade payables	20	415.10	-	-	-	415.10
		1,766.59	**-**	**-**	**-**	**1,766.59**

41 FAIR VALUE HIERARCHY

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

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

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

Fair value measurement hierarchy of assets	31 March 2018	31 March 2017	1 April 2016
Level 3			
Financial assets measured at amortized cost			
Security Deposits	24.04	27.14	0.76
Non current other financial assets	13.56	31.75	-
Current other financial assets	450.20	95.28	3.63
Trade receivable	2,905.93	681.19	363.81
Cash and cash equivalents	650.16	471.65	0.50
Bank balances other than cash and cash equivalents	10.56	1,144.28	12.99
	4,054.45	**2,451.29**	**381.69**

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

Fair value measurement hierarchy for liabilities	31 March 2018	31 March 2017	1 April 2016
Level 3			
Financial liabilities measured at amortized cost			
Non current Borrowings	2,938.65	514.29	1,085.96
Current Borrowings	313.30	-	62.79
Non current other financial liabilities	60.81	13.27	119.04
Current other financial liabilities	117.40	12.68	83.70
Trade payables	4,152.83	1,091.66	415.10
	7,582.99	**1,631.90**	**1,766.59**

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.

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(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:

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

Exposure to interest risk	Increase/ decrease in basis points	Effect on profit before tax
2018		
INR	+50	-13.67
INR	-50	13.67

There are no floating rate borrowingss outstanding as on 31 March 2017

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table shows foreign currency exposures receivable and payable at the end of the reporting period

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

		31 March 2018		31 March 2017	
		Foreign currency in lakhs	Rs. in lakhs	Foreign currency in lakhs	Rs. in lakhs
Debtors	EURO	6.39	515.52	2.98	213.47
	GBP	0.83	76.31	0.74	62.40
Cash & cash equivalents	EURO	2.38	192.24	-	-
Borrowings	EURO	3.76	302.99	-	-

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EURO and GBP exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Effect on profit- total gain / (loss)

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

	5% increase in exchange rate		5% decrease in exchange rate	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Debtors	29.59	13.79	(29.59)	(13.79)
Cash & cash equivalents	9.61	0.00	(9.61)	0.00
Borrowings	(15.15)	0.00	15.15	0.00
	24.05	**13.79**	**(24.05)**	**(13.79)**

(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:

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

	31 March 2018	31 March 2017	1 April 2016
Not due	1,914.02	299.65	234.10
0-3 months	983.21	372.56	121.48
3-6 months	1.35	0.80	4.52
6 months to 12 months	7.36	8.18	3.71
beyond 12 months	-	-	-
	2,905.94	**681.19**	**363.81**

(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 nsuring, 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 verseen by senior management who monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities:

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

	Less than 1 year	More than 1 years	Total
31 March 2018			
Long-term borrowings	-	2,938.64	2,938.64
Short term borrowings	313.30	-	313.30
Trade payables	4,152.83	-	4,152.83
Other financial liability	117.40	60.81	178.20
	4,583.52	**2,999.45**	**7,582.97**

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

	Less than 1 year	More than 1 years	Total
31 March 2017			
Long-term borrowings	-	514.29	514.29
Short term borrowings	-	-	-
Trade payables	1,091.66	-	1,091.66
Other financial liability	12.68	13.27	25.94
	1,104.34	**527.56**	**1,631.89**

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

	Less than 1 year	More than 1 years	Total
1 April 2016			
Long-term borrowings	-	1,085.96	1,085.96
Short term borrowings	62.79		62.79
Trade payables	415.10	-	415.10
Other financial liability	83.70	119.04	202.75
	561.60	**1,205.00**	**1,766.60**

43 CORPORATE SOCIAL RESPONSIBILITY

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

	31 March 2018	31 March 2017
Gross amount required to be spent :	2.19	-

Amount spent during the year	31 March 2018		31 March 2017	
	Yet to be paid in cash	Total	Yet to be paid in cash	Total
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	-	-	-	-
	-	**-**	**-**	**-**
Less: Amount capitalized as CSR assets	-	-	-	-
	-	**-**	**-**	**-**

44 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, equity component of redeemable non cumulative non convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents borrowings from bank & others and liability component of redeemable non cumulative non convertible preference shares. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March 2018	31 March 2017	1 April 2016
Total equity	(i)	3,824.38	3,199.60	(11.13)
Total non current borrowings (including liability portion of redeemable non cumulative non convertible preference shares)		2,938.65	514.29	1,085.96
Less: cash and cash equivalents		(650.16)	(471.65)	(0.50)
Total debt	(ii)	2,288.49	42.64	1,085.46
Overall financing	(iii) = (i) + (ii)	6,112.87	3,242.24	1,074.33
Gearing ratio	(ii)/ (iii)	0.37	0.01	1.01

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018, 31 March 2017 and 1 April 2016.

45 SUBSEQUENT EVENTS

The Company has propose to increase the Authorised Share Capital of the Company from Rs 15 Crores to Rs 21.50 Crores and consequent amendments to Memorandum of Association and Articles of Association of the Company.The Company has proposed preferential issue of a maximum of 5,00,000 Equity Shares of face value of Rs. 10/- each to Promoter/Promoter Group at a price being not lower than the minimum price calculated in accordance with Regulation 76A of SEBI (ICDR) Regulations.

The Company to consider and approve the scheme of arrangement under Section 230-232 of the Companies Act 2013 ('Scheme') for demerger of Contract Manufacturing (Hyderabad) Business of Avalon Cosmetics Private Limited, having its registered office at Mumbai into Hindustan Foods Limited. The Scheme is subject to necessary statutory and regulatory approvals including the approval of National Company Law Tribunal.

46 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED/ RECLASSIFIED TO CONFIRM PRESENTATION AS PER IND AS AS REQUIRED BY SCHEDULE III OF THE ACT.

As per our report of even date
For MSKA & Associates
(formerly known as MZSK & Associates)
Chartered Accountants
Firm Registration No.:105047W

Amrish Anup Vaidya
Partner
Membership No: 101739
Place : Mumbai
Date : 24 May 2018

For and on behalf of the Board of Directors of
Hindustan Foods Limited
CIN: L15139GA1984PLC000601

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Kedarnath Swain
Chief Financial Officer

Beena M. Mahambrey
Company Secretary
Membership No: ACS18806

Place : Mumbai
Date : 24 May 2018

HINDUSTAN FOODS LIMITED

Hindustan Foods Limited
Registered Office
Dempo House, Campal, Panaji, Goa. 403001.
Tel. No. (91) (0832) 2441300 | Fax : (91) (0832) 2225098
Email : hfl@dempos.com
CIN: L15139GA1984PLC000601

Conceptualised, designed and developed by **Valorem Advisors** - www.valoremadvisors.com

ATTENDANCE SLIP

HINDUSTAN FOODS LIMITED

(CIN: L15139GA1984PLC000601)
Registered Office: Dempo House, Campal, Panaji-Goa 403001
Email: hflinvestorrelations@dempos.com Website: www.hflgoa.com
Phone: 0832-2441300, Fax: 0832-2225098

THIRTY-THIRD ANNUAL GENERAL MEETING
Friday, 21st September, 2018 at 10:30 a.m.

Serial No. :

Registered Folio No./DP ID/Client ID **Name and address of the Member**	

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company at the Registered Office of the Company at Dempo House, Campal, Panaji-Goa 403001 on **Friday,** the **21st September, 2018** at **10.30 a.m.**

____________________________ ____________________________

Member's/Proxy's in Block Letters Member's/ Proxy's Signature

Note: Please complete the Folio No. / DP ID-Client No. and name, sign this Attendance Slip and hand over at the Meeting Hall.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.

PROXY FORM

HINDUSTAN FOODS LIMITED

(CIN: L15139GA1984PLC000601)
Registered Office: Dempo House, Campal, Panaji-Goa 403001
Email: hflinvestorrelations@dempos.com Website: www.hflgoa.com
Phone: 0832-2441300, Fax: 0832-2225098
THIRTY-THIRD ANNUAL GENERAL MEETING
Friday, 21st September, 2018 at 10:30 a.m.

Name of the Member:
Folio No. / DP ID/Client ID:
Email ID:

I/We,being the member(s) of ....shares of the above named Company, hereby appoint

(1) Name:..Address:..
E.mail ID:..Signature:.. or failing him

(2) Name:..Address:..
E.mail ID:.. Signature:.. or failing him

(3) Name:..Address:..
E.mail ID:.. Signature:...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **33rd Annual General Meeting** of the Company, to be held on **Friday,** the **21st September, 2018 at 10.30** a.m. at the Registered Office of the Company at Dempo House, Campal, Panaji, Goa 403001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	**Resolutions**	**Optional***	
Ordinary Business		**For**	**Against**
1.	Adoption of Audited Financial Statements, Directors' Report & Auditors' Report for the financial year ended 31st March, 2018		
2.	Re-appointment of Mr. Nikhil Vora (DIN: 05014606) as Director, who retires by rotation.		

Affix Rs. 1/- Revenue Stamp

Signed this.........................day of ...., 2018

Signature of Shareholder ………………………………………………Signature of Proxy holder(s)……………………………………………

Notes:
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
*2. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. For the Resolutions and Notes, please refer to the Notice of the 33rd Annual General Meeting.

VOTING THROUGH ELECTRONIC MEANS

EVEN (Remote E-voting Event Number)	**USER ID**	**PASSWORD / PIN**