

Leap year!

Hindustan Foods Limited
32nd Annual Report 2016-17



Contents

Corporate identity	04
Product mix	06
Manufacturing facilities	08
Business model	10
Managing Director's Overview	14
Management discussion and analysis	18
Corporate information	24
Notice	25
Directors' report	36
Report on Corporate Governance	49
Financial statements	64




At Hindustan Foods, 'leap year' is a state of mind

- A state of mind to outperform competitors
- A state of mind to emerge as the benchmark in manufacturing efficiency
- A state of mind to achieve what has not been achieved in the industry
- A state of mind to achieve what others consider impossible

This is how our state of mind is translating into an attractive growth aspiration

- To become one of the foremost FMCG players in the country
- To create a robust and sustainable business model
- To comprehend and cater to customer needs
- To emerge as the most preferred channel partner
- To enhance investor wealth
- To continuously moderate costs and enhance efficiency





What stands
between the
impossible and
possible is the
determination and
ability to make a
positive difference.

For years, we faced difficulties. With revenues declining, bottomline turning negative; we were also suspended from trading on the stock exchange.

A turnaround seemed impossible. However, with utmost dedication and efficiency we persevered.

Not only did we clear all our losses but we also widened our manufacturing portfolio. We expanded our capacities by acquiring a new facility, reported our highest sales figure and turned profitable in 2016-17. Making it a leap year in our existence!

Hindustan Foods Ltd. has emerged as an attractive player in India's contract manufacturing space.

The company has reinforced its competence in manufacturing extruded foods for over 35 years in Goa, focusing on nutritional products.

Besides expanding capacities by installing new machineries at the existing unit, the Company diversified into the lifestyle segment by acquiring the movable and immovable assets of Ponds Export Limited, Puducherry, a subsidiary of Hindustan Unilever Ltd.

Following a takeover, the Company started manufacturing high-end leather products for men, women and children, focusing on leather shoes and uppers. A new private label brand will soon be launched addressing high-end leather products for consumers.

VISION

TO BECOME A GLOBAL LEADER IN THE FMCG SEGMENT WITH A MARKED PRESENCE ACROSS PRODUCT CATEGORIES

MISSION

TO PROVIDE WORLD-CLASS SOLUTIONS FOR THE FMCG INDUSTRY IN THE AREAS OF PRODUCT INNOVATION, MANUFACTURING AND DISTRIBUTION.

VALUES

OUR VALUES DEFINE WHO WE ARE AND FORMULATE THE FUNDAMENTAL BELIEF SYSTEM OF OUR ORGANIZATION.

BACKGROUND

HINDUSTAN FOODS LTD. WAS ESTABLISHED IN 1988 AS THE DEMPO GROUP'S FORAY INTO THE FMCG SEGMENT THROUGH A JOINT VENTURE WITH GLAXO INDIA LTD.

After years of struggle, the Company was taken over by The Vanity Case Group in 2013.

Since then, a keen emphasis has been laid on production efficiency and business development. As of today, the Company manufactures out of two locations addressing the food and lifestyle sectors with a plan to diversify into other consumer product categories across the country.

Integrity: We believe in transparency at the work place - in our processes and our dealings with others. At Hindustan Foods, we believe that action is the only way one can express our ethics. We treat people with respect and fairness

Innovate: To innovate is to lead a better life. We believe that we actively work at challenging not only the obsolete, but also the current.

Initiative: We are ready to go that extra mile to give our all to stakeholders. We constantly search for and implement new ideas that can drive growth and customer centricity.

OBJECTIVE

The company's prime objective is to provide contract manufacturing solutions for MNCs and emerging businesses. With our experience in manufacturing, we have excelled in reducing production costs while maintaining premium quality as per specifications. Our clients can therefore be carefree when it comes to production and can focus on brand building and distribution.

We adapt to changing policies by capitalising on them. For instance, the onset of GST will have a major impact on manufacturing; at Hindustan Foods, we see this as a great opportunity to diversify by category and geography to cater to client needs.

A major objective this year is to develop our leather business in Puducherry. Besides attaining new clients, we plan to maximize production by starting our own private label brand to provide premium leather products to consumers.

MANAGEMENT

Under the management of Mr. Shrinivas Dempo, Chairman, and The Vanity Case Group, a specialist in the contract manufacturing segment, the Company is fast emerging as one of the leading players in the nutritional foods segment

as well contract manufacturing of leather shoes and uppers.

FACILITIES

Goa: The company's Goa manufacturing facilities are equipped with state-of-the-art twin-screw extruder technology to manufacture a range of cereal-based food products. The focus is to deliver superior quality nutritional food products specially formulated for health-conscious consumers.

Puducherry: In 2016-17, the Company took over the business of manufacturing leather shoes and accessories from Hindustan Unilever Limited.

CUSTOMERS

In Goa, we have been addressing the manufacturing needs of food giants like Pepsico and Danone to name a few.

In Puducherry, we have been manufacturing leather shoes and accessories for renowned European brands located out of Germany, France, the UK and Austria like Gabor, Richter and Jomos and also Indian brands like Hidesign, Arrow and Louis Philippe, among others.

CERTIFICATIONS

The Goa facility is ISO 9001 and ISO 22000:2005-certified to ensure conformance with international standards of quality and food safety. This commitment also addresses HACCP Standards.

LISTING

The company is listed on the BSE Ltd. and enjoyed a market capitalisation of ₹196.83 cr as on 31 March 2017.



Besides contract manufacturing, we brand, market and distribute our own products across categories.

BONNY MIX

Instant porridge

Bonny Mix is an instant porridge brand ideal for adults and children. The brand is rich in dry fruits, providing extra protein, carbohydrates, vitamins and minerals. The porridge is easy to digest and ideal during convalescence. The product is available in Natural, Chocolate, Lite, Diabetes Care and Ragi Rich variants.

C'NERGY

Breakfast cereal

C'nergy is India's first breakfast cereal made from sprouted grain. A powerhouse of energy, C'nergy is a great way to kickstart one's morning metabolism and keeps energy levels high through the day. C'nergy activates the enzymes that help digestion, increases vitamin B-complex and vitamin-C, enhances soluble fibre and moderates gluten levels. The brand is available in three flavours - chocolate, honey and mixed fruit.

LEATHER SHOES AND ACCESSORIES

Hindustan Foods Ltd will introduce its own brand of footwear and accessories in 2017-18. This lifestyle brand will be created by the most inspired hands in Italy, Germany and France. The brand will be available in select modern retail and online. It will have its own exclusive website and online store, helping market fine leather articles across footwear, bags, belts, wallets, note books and diaries.



We possess
state-of-the-art
manufacturing
facilities

GOA FACTORY

- Aligned with major international food safety requirements
- Addresses a range of extruded foods
- Spread across 52,625 square meters
- Comprises extrusion capacity of 6000 tons per annum and dry-mix blending capacity of 1000 tons per annum
- Facility used to manufacture Farex and Easum for Danone and Kurkure Puff corn for Pepsico
- Factory BIS, ISO 9001 and ISO 22000:2005-certified (also conforming to HACCP standards); follows all food safety requirements

