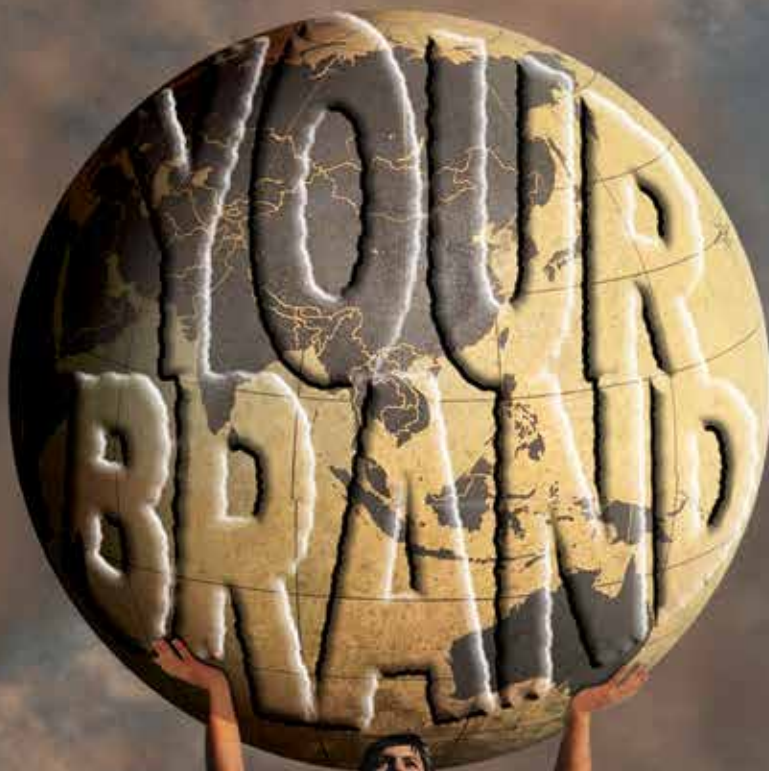




# THE BRAWN BEHIND YOUR BRANDS



HINDUSTAN FOODS LIMITED  
34<sup>th</sup> ANNUAL REPORT  
2018-19

# CORPORATE INFORMATION

**Mr. Shrinivas V. Dempo**

Chairman [Non-Executive]

**Mr. Sameer R. Kothari**

Managing Director

**Mr. Ganesh T. Argekar**

Executive Director

**Mr. Nikhil K. Vora**

Non-Executive Director

**Mr. Shashi K. Kalathil**

Independent Director

**Ms. Honey Vazirani**

Independent Director

**Mr. Sarvjit Singh Bedi**

Additional Director [Non-Executive,  
Non-Independent]

**Mr. Neeraj Chandra**

Additional Director [Independent]

**Adv. Sudin M. Usgaonkar**

Independent Director

**Mr Sandeep Mehta**

Additional Director [Independent]

**Company Secretary**

Mr. Bankim Purohit

**Chief Financial Officer**

Mr. Kedar Swain

**CIN No.**

L15139MH1984PLC316003

**Registered Office**

Office No. 3, Level 2, Centrium,  
Phoenix Market City,  
15 Lal Bahadur Shastri Road,  
Kurla (W), Mumbai 400070,  
India

**Works**

Usgaon,  
Ponda,  
Goa 403 406

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

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

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

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

**Statutory Auditors**

MSKA & Associates

**Registrar & Share Transfer Agents**

Link Intime India Pvt. Ltd.  
C-101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai 400 083

**Bankers**

Yes Bank Ltd.  
Bank of Maharashtra

**Website**

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

**Investor Grievance Email Address:**

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





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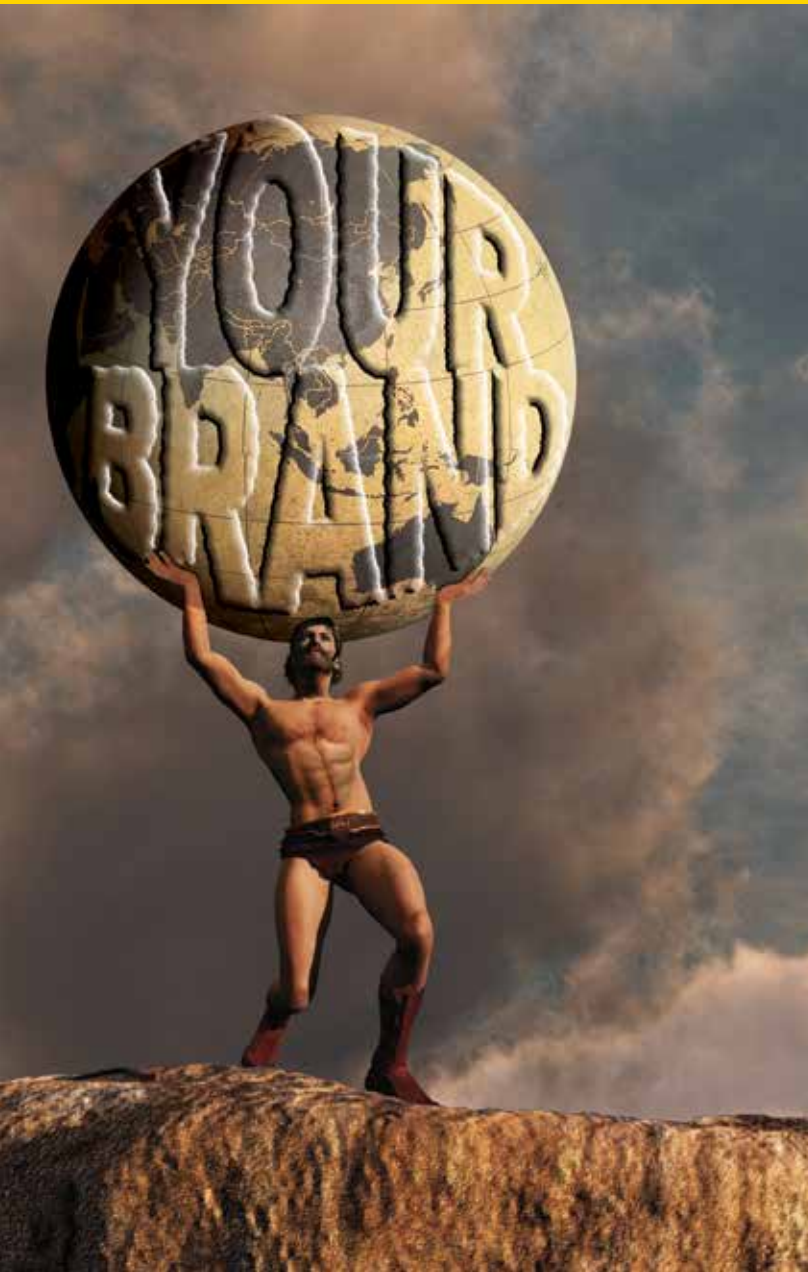
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FINANCIAL STATEMENTS

# WHO WE ARE

## THE BRAWN BEHIND YOUR BRAND



Hindustan Foods Limited (HFL) is one of the most diversified and trusted players in the FMCG manufacturing space. With over two decades of development and manufacturing expertise for working with leading brands in the FMCG space. With its state-of-the-art manufacturing facilities, a robust business model and the ability to deliver quality products consistently, HFL allows its partners to focus on category management and branding by leaving their entire manufacturing burden - be it production or packaging - to **"The Brawn Behind Your Brands"**.

The business model is focused on creating customized manufacturing solutions suitable for any FMCG brand across product categories, geographies and volumes. The company specializes in setting up robust manufacturing solutions ranging from large facilities catering to the year requirements of customers to smaller facilities that can handle production and promotional requirements of the brands. The company also has a Private Label division that offers customized product solutions to brands looking for cost-effective products. The client is assured of complete protection of their Intellectual Property while leveraging the company's outsourced manufacturing facilities.

The company is diversified across various product categories with manufacturing competencies in Food & Beverages, Home & Personal Care, Fast Moving Consumer Goods, Leather products. Currently, the company has manufacturing facilities in Goa, Puducherry, Coimbatore, Jammu and Hyderabad.

The company plans to grow through organic and inorganic strategies. With a very strong base of established customers the company can achieve its milestones within a visible time frame.

# VISION

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

# MISSION

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

# VALUES

## 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.

# YEAR THAT WAS

In terms of financial performance, the company posted its best set of numbers both in terms of turnover as well as profitability.

This was a robust year for the company and it has expanded not only in terms of facilities but also the product categories, giving it a never-before competitive advantage in the industry. The company has also managed to add new clients like Hindustan Unilever, Flipkart, Myntra, Marico and Lollipop in the portfolio helping them grow.

The existing businesses at the factories in Goa, Puducherry and Jammu continued to perform consistently. To further strengthen its foothold in the leather business, the company acquired a shoe factory in Mumbai involved in manufacturing of leather shoes and sandals, which commenced commercial production from July 2018. Hindustan Foods was felicitated by the Council of Leather Exports for achieving second place in the Western Region for the export of Footwear Components.

The company commercialized operations at the Coimbatore facility, a Greenfield expansion for packing of tea, coffee and other beverages for one of their key customers. The Vanity Case Group's (of which your company is a part) plan for consolidation was also kicked off with the process of acquisition through the demerger of the Hyderabad facility of Avalon Cosmetics Private Limited (a group company) and

shareholders' approval was sought for the same, which was in line with the directions of the honourable National Company Law Tribunal.

To end the year on an even more determined note, the company began the process to acquire 40% equity shares of ATC Beverages Private Limited in Mysore which is engaged in the business of contract manufacturing of beverages for PepsiCo and O'cean Beverages presently. This further reinforced the company's focus on identifying and seizing lucrative opportunities.

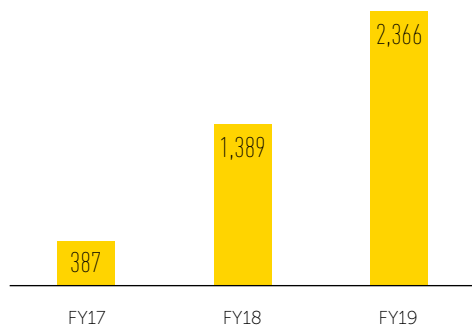
To finance its future growth, the company raised around ~INR 15 Cr by issuing shares to the promoter group. Considering the new projects in the pipeline and the scope for expansion in ongoing projects, the Board discussed the possibility of raising up to INR 100 Cr by way of issue of equity shares/ warrants/ cumulative convertible preference shares or any other securities.

In terms of financial performance, the company posted its best set of numbers both in terms of turnover as well as profitability and is confident that it should be able to break this record again in FY20.

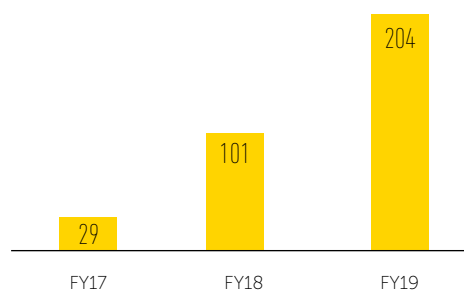


# FINANCIAL SNAPSHOT

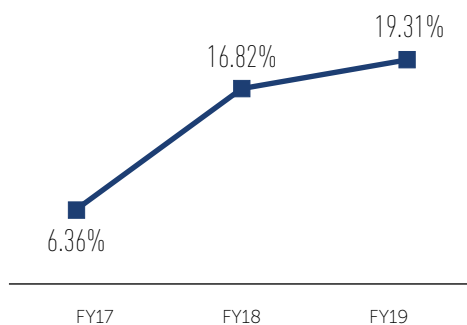
Revenue from Operations (INR Mn)



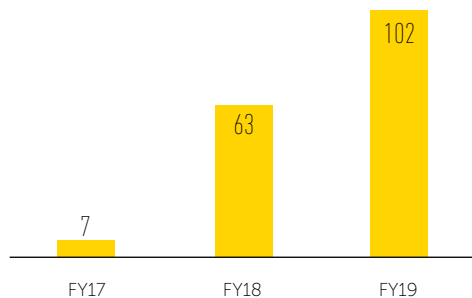
EBITDA (INR Mn)



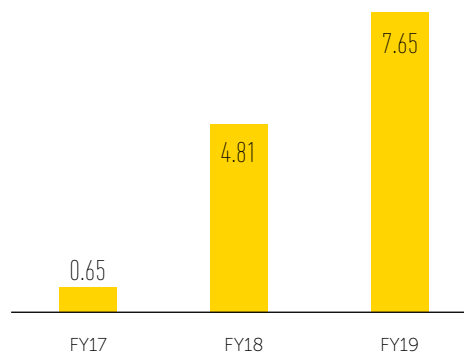
ROCE (%)



PAT (INR Mn)



Earnings Per Share (INR)





# OUR JOURNEY



A company can seize extra-ordinary opportunities only if it is very good at the ordinary operations.

- Marcel Telles

1984



Incorporated as a JV between Glaxo India Ltd. and the Dempo Group

Set up the facility at Goa for manufacturing 'Farex'



2013



Strategic partnership with the Vanity Case Group.

2014



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

Raised capital through promoter and non-promoters of the Company including Sixth Sense Ventures



2016



2019

The Board sanctioned the project of setting up liquid detergent unit at Hyderabad with a budget of INR 150 Cr



Began the process of acquiring 40% stake in ATC Beverages Pvt. Ltd. which is engaged in the business of manufacturing and distribution of beverages like soft drinks, juices and energy drinks

Acquired a shoe manufacturing unit based in Mumbai



Commenced production at the Coimbatore plant for blending and packaging tea, coffee and soups

Began the process of merging the Hyderabad unit (which manufactures detergents) into HFL



2018

Acquired Ponds Exports Ltd., the shoe manufacturing unit from Hindustan Unilever Ltd. and started manufacturing for legacy clients like TBS, Gabor, Richter to name a few



2017



Manufacture & supply agreement with Reckitt Benckiser Pvt. Ltd. for their brand Mortein for 7 years



# HOW WE DO IT

## 01. OEM

Under this model the projects are generally large in nature and require huge capital expenditure. The company either does a Greenfield expansion of the manufacturing facility for the principal or acquires the facility from the principal. The company ensures that there are long-term contracts in place before acquiring or setting up such manufacturing units. This model can be categorized as: Entire Dedicated Model & Anchor Tenant Model.

### ENTIRE DEDICATED MODEL

#### **1 UNIT = 1 CLIENT + 1 PRODUCT**

In this model, the entire manufacturing facility is exclusively utilized for the principal company.

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 is done by the company. The principal guarantees the business for a minimum number of years and returns on investments (ROI). Jammu, Coimbatore and Hyderabad plants are dedicated manufacturing units.