

Leap year!

Hindustan Foods Limited
32nd Annual Report 2016-17



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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.

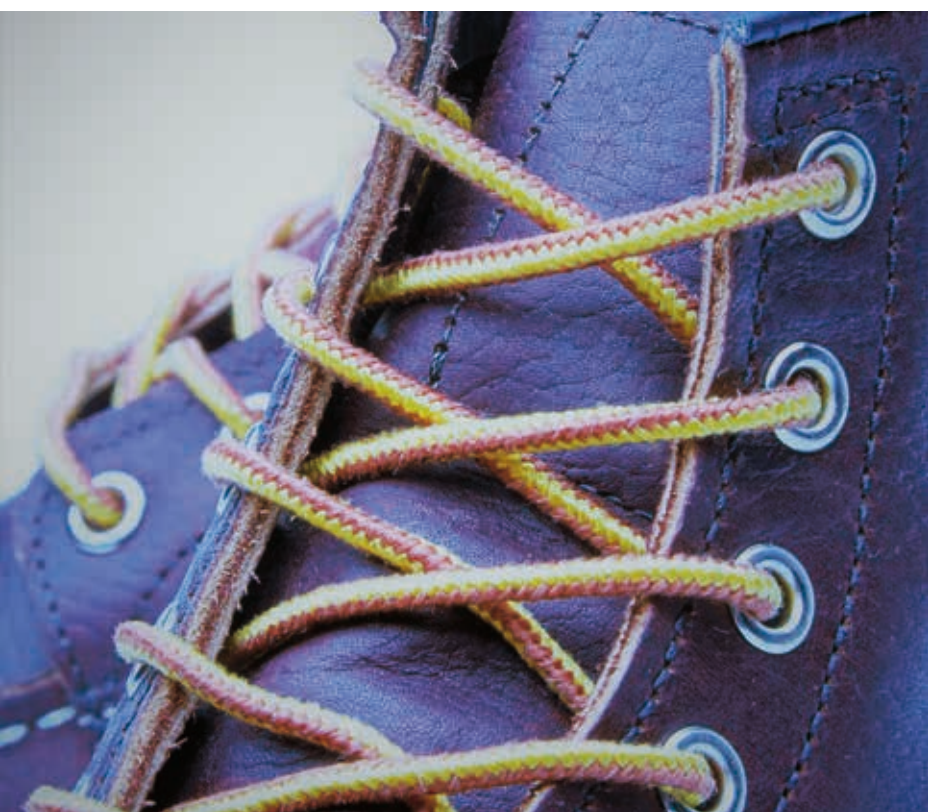


We possess
state-of-the-art
manufacturing
facilities

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





PUDUCHERRY

- Manufactures leather shoes, uppers and leather bags
- Addresses major international and domestic brands
- Integrated into leather processing by contracted tanneries
- Delivers quality output in uppers and shoes
- Comprehensive product development studio capable of developing any shoe style with the best fit and comfort
- Annual production capacity of 5 lac pairs of shoes and 7 lac pairs of uppers
- Tannery facility can produce up to 60 lac sq. ft. of multi-origin finished leather per year
- Products exported to international brands like Gabor, Richter and Jomos.

Hindustan Foods. An innovator in the FMCG industry.

Hindustan Foods has managed to integrate aspects from several businesses to create an industry of its own.

It has differentiated itself by reporting a strong presence in contract manufacturing and launching private label brands. The HFL success story is synonymous with the country's FMCG industry; in less than five years, two separate businesses were turned around successfully and are now reporting attractive profits.

OUR BUSINESS MODEL

CONTRACT MANUFACTURING

The Group provides integrated facilities with on-site laboratories, processing, packaging, storage and shipping convenience

The Group provides more than products; it provides solutions comprising a range of formulations, batch sizes and packaging formats.

PRIVATE LABELS

The Group possesses deep capabilities in developing private label products for Indian and international markets.

The Group's development capabilities comprise product formulation, packaging and brand styling.

DEDICATED UNITS

We customise our units based on requirements of the client and manufacture only their products.

The costing for such a model is either based on ROI or on a cost-plus model, depending on the size of the contract and terms agreed upon by the parties.

ANCHOR TENANT MODEL

In this model, we enjoy a high manufacturing leverage. Besides manufacturing for clients, the units can be used to manufacture other products as well to best utilise the facility.

The terms for such agreements are based on a cost-plus model or a quotation-based model.





In India, contract
manufacturing is the
future and Hindustan
Foods is at its forefront.



FOCUS

As consumption in India is increasing, so are the brands available. These brands would rather focus more on their R&D and distribution while outsourcing their manufacturing needs.



SPECIALISATION

To ensure product innovation and minimise risks in production, a company would rather have its manufacturing processes handled by a specialist.



COST ECONOMY

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 economies-of-scale, resulting in a win-win situation



IDEAL FOR UPCOMING BRANDS

For companies that need to test-market products and only gradually scale their presence, contract manufacturing represents an asset-light strategy

I believe that the age of contract manufacturing as a distinctive sector has arrived.

The country has a young population with a median age of around 26 years, much lower than China's median age of 37 years. On the other hand, the urbanization level of the country is expected to reach 50% in the next two decades according to an UN estimate (31% as per Census 2011).

The consumption story in India is sustainable.

Consumption categories comprise three levels of growth: penetration, increase in usage and premiumisation. In India, many categories are still at the first level, marked by low penetration.

The second shift could be catalysed by new means of distribution like e-commerce, the penetration of which is gradually increasing. Increasing penetration, higher usage and premiumisation could continue concurrently. While some sectors or categories could witness higher growth due to increased rural prosperity, some categories that already enjoy a wide reach could see increased consumption.

The third leg of growth could be a shift from unorganised consumption to organised. The strength of the country's consumption growth can be drawn from the fact that despite the demonetisation initiative the Central Government in 2016, demand has rebounded promptly.

I believe that the old order is up for change due to some interesting realities.

One, e-commerce is making it possible to provide a level playing field, completely bypassing the stranglehold of conventional distribution barriers. The result is that it has become possible for the small to counter the

large – and even pull off the impossible.

However, a mere e-commerce presence will not assure success for the new and young; these companies need to explore an asset-light approach to complement their new-found distribution capability. This asset-light approach is essentially the decision to outsource manufacture, liberating the small aspiring company to focus completely on marketing, distributing and branding; besides, it liberates the small company from the painful decision of investing in large manufacturing assets to achieve economies-of-scale when it does not even possess a market. This is just the scenario that drives a number of these companies into a working capital trap, threatening a number of well-meaning businesses with premature mortality.

Hence, I believe that the age of contract manufacturing as a distinctive sector has arrived. An increasing number of businesses will resist the temptation to manufacture directly; instead, they will select to specialise in the few things that maximise their competitive advantage; their decision to outsource will ensure qualitative consistency from day one, shrink the learning curve and generate economies-of-scale, bolstering competitiveness.

At Hindustan Foods, we are well-placed to emerge as one of the most promising outsourcing companies in India. We have reached the inflection points in the FMCG contract manufacturing niche in India, as well as the FMCG sector at large.

One of the realities of the manufacturing sector in India was that production units





GST, could lead to decentralisation of manufacturing units; brands can opt for units close to markets resulting in logistic cost optimisation. Besides, GST implementation also opens up the opportunity of setting up manufacturing units across India and not just in tax-exempt zones.

are largely set up in tax-exempt zones as the taxation benefits overshadowed logistic costs. However, the implementation GST could lead to a decentralisation of manufacturing units; brands can opt for units close to markets resulting in logistic cost optimisation. Besides, GST implementation also opens up the opportunity of setting up manufacturing units across India and not just in tax-exempt zones.

We are capitalising on this rare opportunity through additional capacity creation, business portfolio widening, Balance Sheet restructuring, acquisitions and management preparedness. Besides, with nationwide manufacturing presence coupled with our proven ability to partner a host of MNCs in the FMCG sector (food and leather products) puts us in an advantageous position. Consequently, we expect to cement our identity as a preferred partner for global brands keen on setting up a marketing presence in the country.

Turning around

- One of the major reasons for the Company's inability to breakeven was lower capacity utilization. The Dempo Group continued to fund

losses, ensuring that the Company remained in business. Within a year of partnership with the Vanity Case Group, Hindustan Foods signed contracts with FMCG giants like Pepsico and Danone. The Vanity Case Group also brought operating efficiencies and succeeded in reducing expenses. As a result, the Company started breaking even in 2015 and reported positive results in the next two years, posting a pre-tax profit of ₹1.67 crore during the year under review.

- The company strengthened its business following the acquisition of the movable assets and stocks of the leather business of Ponds Exports Limited, a subsidiary of Hindustan Unilever Limited. This acquisition marked the entry of Hindustan Foods Limited into the attractive business of contract manufacture of leather shoes and accessories for men, women and children. The company contracted its capacities to major brands in USA and Europe and also started working with prominent Indian shoe brands. Hindustan Foods integrated the acquired PEL business and started supplying to customers from January 2017. In the first quarter of the operations of the leather business, the Company

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reported a revenue of ₹38.08 crore with a PBT of ₹1.67 crore.

- The results of the acquisition started showing in the fourth quarter and annual results of the Company: a 59% increase in revenues to ₹3,786 lacs during the year under review; the Company's profit before tax strengthened to ₹166 lacs compared to loss of ₹5 lacs in the previous year. The company reported a 210% increase in revenues to ₹1969 Lacs during the fourth quarter of 2016-17 compared to the corresponding period of the previous financial year; the Company's profit before tax strengthened 380% to ₹109.76 Lacs over the corresponding period.

Financial boost

To address emerging opportunities including inorganic growth, Hindustan Foods closed a round of funding through a preferential allotment and raised ₹31.97 Crores from various investors in December 2016.

Growth driver

The Company is contemplating a number of value-accretive acquisitions in the contract manufacturing space. With the implementation of GST, contract manufacturing is poised to become an attractive business opportunity in the country.

Highlights, 2016-17 Strategic

- Diversified across brands, products and geographies
- Strengthened the business to address opportunities arising out of GST implementation
- Broadbased the business so that no

customer accounted for more than 30% of revenues

- Raised capital to enable the Company to leverage opportunities arising out of the changing manufacturing landscape of the country.

Business building

- Launched the C'nergy food brand
- Acquired the leather business from Hindustan Unilever Limited, allowing the Company to diversify geographically into South India and widen its product base.

Profitability

- The company moderated its interest outflow with the objective to enhance profitability.
- The company negotiated with vendors for a more efficient sourcing of capital assets, strengthening overall profitability.
- The company strengthened its frugal engineering practices, enhancing cost competitiveness.
- The acquisition of the leather business led to a substantial increase in turnover and EBIDTA, leading to a better absorption of overheads.

The GST game-changer

The implementation of GST from July 2017 represents a landmark in the history of economic India. Following implementation, the inter-state differences on tax rates will be removed, enhancing a uniform in the treatment of tax across states. Besides, the structure of tax will bring unorganised manufacturers into the taxation net, increasing their costs and moderating the cost differential between them and the organised brands.

The GST implementation is expected to benefit a committed contract manufacturer like our company. The GST will encourage a wider dispersal of contract manufacturing facilities as more factories are likely to be commissioned purely on the basis of logistics considerations than savings arising out of tax differentials.

Besides, there could be a change in the operating landscape for a large number of unorganised players in the contract manufacturing space: as the business gravitates to larger volumes that enhance economies of scale, the smaller players could find it difficult to compete; a greater focus on financial compliance will compel these players to either shut operations or become organised, raising their overall cost structure.

The company is attractively placed in this regard. It enjoys a growing offtake from existing customers; its respect as a trusted outsourcing partner is expected to widen its customer spread; the Company possesses additional land to expand manufacturing facilities.

The company believes that the GST game-changer could strengthen traction for the contract manufacturing business in India, enhancing economies of scale that could make it possible to increasingly export products – at a time when China's costs are rising.

Opportunities

There is a growing opportunity in the contract manufacturing space in India for the following reasons.

One, the space is not marked by a large number of organised players with access to financial resources, execution capability, ability to manage multi-locational facilities or possessing diversified business across verticals, products, customers and locations.

Two, the company possesses the ability to address product complexity on the one hand and ability to respond to small volumes needed by fledgling customers on the other.

Three, the company represents an attractive gateway for international brands seeking to prospect marketing opportunities in India without spending extensively in setting up manufacturing facilities.

Four, the company has blended

its strategic direction through the ownership of proprietary levels funded by long-term equity capital.

The company has transformed its financial structure to capitalise on emerging opportunities: ten-folded its manufacturing throughput in the last few years; graduated to EBITDA-positive and PAT-positive; a rapidly-transformed financial structure (mix of equity, preferential allotment and reserves) that makes it possible to address emerging opportunities.

We believe that we are placed at the bottom-end of a long J-curve, which should translate into multi-year growth in revenues and surpluses, strengthening business sustainability.

Sameer Kothari
Managing Director



Management discussion and analysis

Global economic overview

Global economic activity was mixed in 2016 in the advanced economies, the lingering legacies of the recent crisis, coupled with protracted monetary policy support and return to fiscal neutrality, moderated increasing output and declining unemployment. In countries outside the advanced economies, slower growth was influenced by commodity price declines to overhangs from past rapid credit growth to political turmoil. However, long-term prospects of emerging economies improved following a lowering of interest rates in advanced economies and firming commodity prices. India demonstrated robust growth (*Source: IMF and World Bank*).

Outlook

Global growth was projected to slow to 3.1% in 2016 before recovering to 3.4% in 2017. The global economy entered its sixth year of stagnation with estimates for 2017 continuing to trend the historical path. A projected stabilisation in energy and commodity prices may provide respite for resource-rich economies. However, the medium-term outlook continues to be bleak with growth weakening in terms of investments and labour supply. Businesses will need to address the challenges arising from geopolitical tensions, policy uncertainties, financial market volatilities and rapid technological advancements.

Growth

	2016	2017	2018
Global economy	3.1%	3.4%	3.6%
Advanced economies	1.6%	1.9%	2.0%
Emerging market and developing economies	4.1%	4.5%	4.8%

(*Source: IMF*)

Indian economic overview

India's GDP growth was at 7.1% for 2016-17, down from 8% recorded in 2015-16. Although demonetisation affected GDP growth by 25-100 bps, the government initiative of removing specified bank notes from circulation is expected to have long-term benefits.

To boost the rural economy, the Budget 2017-18 set aside ₹48,700 crore for MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act, 2005) to provide a shot in the arm to the skills development sector, enhancing disposable incomes, giving a prospective boost to consumption and accelerating the overall rural economic growth.

Outlook

The near-term growth outlook for India seems reasonable. Subsequently, India's GVA (gross value-added) growth is likely to remain at 6.6% as economic activity could take time to normalise. The implementation of the Goods and Services Tax is expected to catalyse interstate trade through enhanced investments, reducing supply chain-related issues, improving economies-of-scale and moderating overheads (*Source: IMF, ICRA*).

FMCG food industry in India

The FMCG sector has grown at an annual average of about 11% over the last decade. Urban markets account for the major share (65%) of total revenues in the consumer durables sector in India. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and ranked fifth in terms of production, consumption, export and expected growth. It contributes around 14% of manufacturing Gross Domestic Product (GDP), 13% of India's exports and six per cent of total industrial investment. The Indian food service industry is expected to reach US\$ 78 billion by 2018. The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20%. India's organic food market is expected to increase by three times by 2020.

Accounting for ~32% of the total food market, the Central Government has been instrumental in the development of the food processing industry. The government through the Ministry of Food Processing Industries is making all efforts to encourage investments in the business. It approved proposals for joint ventures, foreign collaborations, industrial licenses, and 100% export-oriented units.

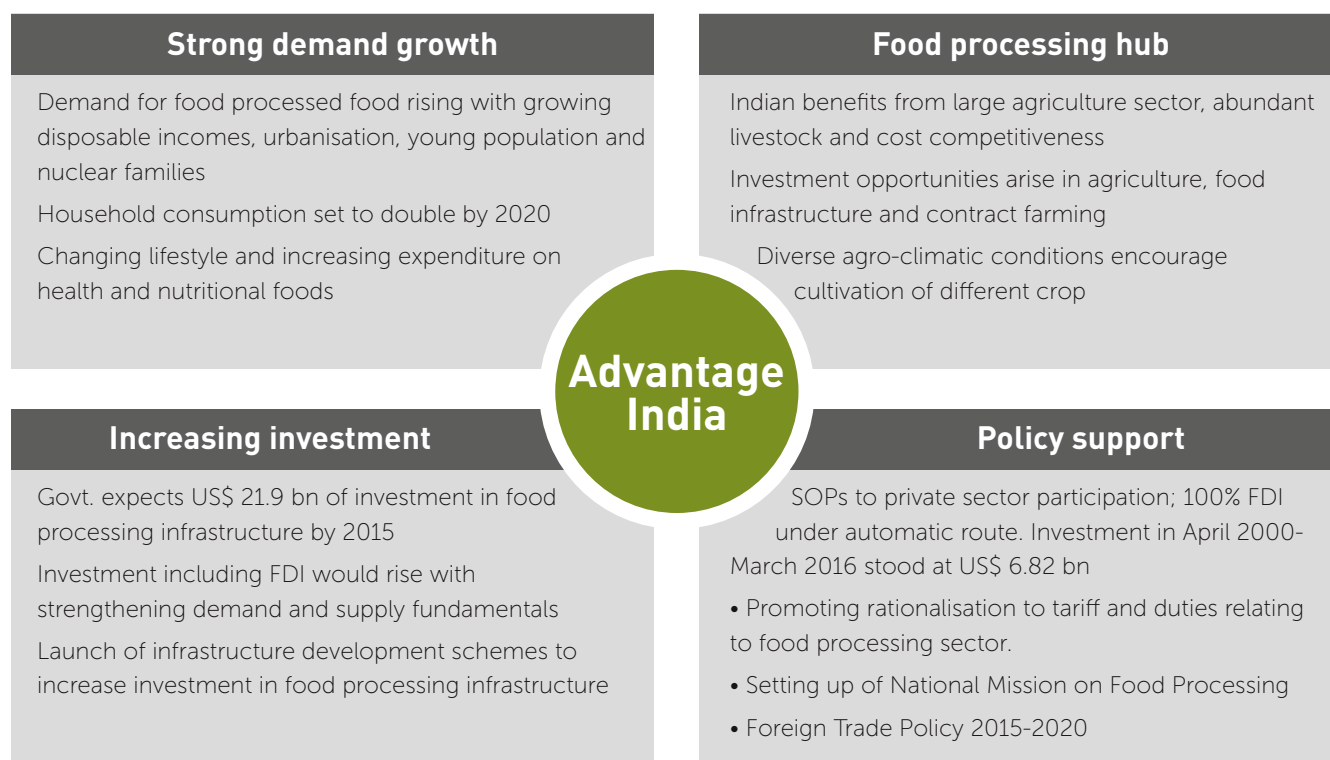
The FMCG sector has grown at an annual average of about 11% over the last decade. Urban markets account for the major share (65%) of total revenues in the consumer durables sector in India.

Outlook

The Indian consumer sector has grown at a CAGR of 5.7% between FY2005 to FY2015. Annual growth of the Indian consumption market was estimated to be 6.7% during FY2015-20 and 7.1% during FY2021-25 on the back of better access to information, increasing digitisation, rampant e-commerce growth and changing lifestyles. Case in point: consumer spending is likely to increase to USD 3.6 trillion by 2020, the bulk of it taking place in segments like food, household, transport and communications. The food industry, which is currently valued at US\$ 39.71 billion, is expected to grow at a Compounded Annual Growth Rate of 11% to US\$ 65.4 billion by 2018. The packaged food industry is the fifth-largest sector in India. The Indian packaged food industry is worth US\$39.7 billion and expected to reach US\$65.41 billion by 2020. (*Source: IBEF*)

India's infant food sector

The baby food market in India is witnessing a rapid growth of about 10-12% per annum. India has the largest population of 0-4-year-olds in Asia. Adding to it, rapid urbanization, mounting population, increasing disposable income and growing number of women workforce has led to the fast-paced expansion of this industry. The availability of good quality food is gradually increasing with innovation in product variant. The usage of novel packaging techniques has given rise to investments and R&D by major companies, to offer better quality products. There is an emphasis on developing foods that are more organic and include enhanced ingredients for higher nutrition for



[Source: ASSOCHAM-Grand Thornton]

babies, who move beyond basic homemade foods.

Baby food accounts for 6% of the packaged food products in India. The demand for baby food in India is witnessing a continuous increase due to rising awareness among parents to adequately fulfil the nutritional requirements of their babies.

Outlook

The overall baby food category is expected to see a constant value CAGR of 6% over 2016-2021. According to Central Food Technological Research Institute (CFTRI) in Mysuru, the compound annual growth rate (CAGR) of the organic baby food segment is estimated to be about 12% in revenue from 2016 to 2020. (Source: Euromonitor, www.mordorintelligence.com, Economic Times, Ministry of Commerce and Industry)

Footwear industry India

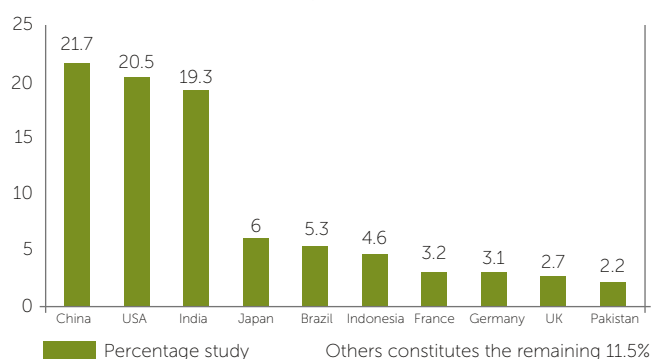
India is the second largest footwear producer in the world, with footwear production accounting for approximately 9% of the global annual production – 22 billion pairs as compared to China, which produces over 60% of the global production. India annually produces 2.1 billion pairs of which 90% are consumed internally while the rest

is exported to European nations, which include United Kingdom, Germany, the US, Italy and France.

Footwear exports from India have grown at a CAGR of 20% in Rupee terms during the last five years backed by a growing demand from European nations coupled with increasing focus of the large importing countries to shift sourcing from China to other low-cost countries.

India is the third-largest footwear consuming country i after China and the US, but with little separating the three, India is soon expected to emerge as the second-largest consumer as well.

Top 10 Footwear consuming countries



(Source: ICRA Research Services Report)

Leather products

Total leather and leather good exports from India stood at US\$ 4.72 billion during April 2016-January 2017.

During April 2016-January 2017, the major markets for Indian leather products were US (15.69%), Germany (11.82%), UK (10.85%), Italy (6.61%), Spain (5.27%), France (5.02%), Hong Kong (4.71%), UAE (3.69%), China (3.16%), Netherlands (3.01%), Belgium (1.78%) and Australia (1.44%).

At 48.82%, footwear (leather and non-leather) and footwear components accounted for the lion's share of leather exports in April 2016-January 2017, followed by leather goods and accessories with 23.37% share, finished leather with 15.60% share, leather garments with 9.71% share and saddlery and harness with 2.50% share.

Consumption drivers

Growing population: India ranks second in terms of population in the world, with current figures being about 1.3 billion which is a more than 18% growth over the last 10 years. Population growth rate in the last decade was 17.64% with rural areas at 12.18% and urban areas around 31.80%. India faces a significant growth trajectory and is projected to become world's most populous country by 2022. This will have a tremendous impact on the consumption of the country. HFL aims to leverage growing domestic consumption demand, positioning itself as a proxy of the FMCG growth in India. Building on the experience and credibility of the Vanity Case Group, the Company wants to position itself as a contract manufacturer of choice in the FMCG industry. *[BCG report]*

Emerging working class: India has the second largest workforce in the world with 860 million 15–64 year olds who constitutes approximately 66% of the total population. An increasing number of working women in urban India and concerns regarding providing nutritional benefits to their babies will drive sales of baby food in coming years. HFL is likely to leverage the growing working-class number and cater to the increasing ready-to-eat packaged food requirement in the country.

Nutrition value: An increasing number of doctors and pediatricians prescribing baby food and insisting that mothers give baby food to their infants will further contribute to the consumption growth of baby food over the forecast period. HFL has been adding nutritional value to the baby products over years, reinforcing its brand acceptance.

Rural development: Almost 70% of the Indian population lives in rural regions. The rural population benefits from investment in infrastructure and rising wages. Food processing companies are realising the potential of rural India and trying to expand their presence in these areas.

Growing awareness: Expecting mothers are taught about the nutrition they and their babies require to live healthy lives. This gives them proper knowledge about the kind of vitamins, minerals and nourishment they need. Parents are now more conscious about the health of their infants.

Higher disposable incomes: With larger amounts of disposable income in new families, modern quality care products are affordable for newborns. With more spending money in hand, people enjoy higher living standards, translating into a requirement for superior products.

E-commerce/ online retail: Hypermarkets, supermarkets, small grocery retails, and health and beauty retailers are the key distribution channels serving the baby food industry. According to ASSOCHAM, India's e-Commerce revenue is expected to jump from \$30 billion in 2016 to \$120 billion in 2020, growing at an annual rate of 51%, the highest in the world. 75% of online users are in the age group of 15–34 years, who are more brand consciousness with better purchasing power. *(Source: www.gadgetsnow.com)*

FMCG boom: According to India Brand Equity Foundation, the FMCG sector in rural and semi-urban India is estimated to cross \$100 billion by 2025. FMCG companies are responding to this ongoing growth through attractive pricing, discounts, premiumisation and promotional campaigns. They are addressing demand through easy product access, product variation, attractive packaging and on-time delivery.

Rapid urbanisation: According to projections, an estimated 140 million people could move to cities by 2020 and a whopping 700 million will urbanise by 2050. Besides, the number of cities with population above one million could nearly double with increase in the number of mega-cities (above five million) to 10 by 2021 and 36 by 2051. *(Source: livemint.com, CII Booz IU report)*

Per capita consumption: Per capita footwear consumption in India is expected to increase up to four pairs, while domestic footwear consumption is expected to reach up to five billion pairs by 2020. *(Source: http://indianonlineseller.com)*

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 just to save some extra money. HFL is signing up with some brands as a licensee and planning to enter into the distribution business related to shoes. The company will manufacture shoes under its own brand in future.

GST: The new indirect taxation regime is expected to lower the cost of footwear priced below ₹500 owing to a lower tax slab of 5% and drive demand. GST is further expected to create a level playground for the organized players in the industry by reducing tax evasion from the unorganized counterpart. With the nationwide roll-out of GST, the manufacturing of FMCG products is expected to decentralize, creating opportunities for the company. HFL aspires to grow organically and inorganically under the new taxation system.

Financial performance overview

The company had a healthy financial performance during the year contributed by the robust performance and takeover of the leather business. Going forward, the company shall strive to sustain the performance with the expansion of manufacturing capacities and facilities and add new products in all verticals that add value to HFL and its shareholders

Profit and loss snapshot

₹ in mn			
Particulars	FY 16-17	FY 15-16	% Change
Income from operations	380.80	238.65	59%
EBITDA	39.71	22.67	75%
Profit before tax	16.69	(.52)	
Depreciation	13.62	13.38	2%
Interest	9.38	9.81	(4.3%)

Balance Sheet analysis

Net worth: The Company's net worth stood at ₹347.84 million as on 31st March, 2017, increasing by 891%,

compared with ₹14.71 million as on 31st March, 2016. The net worth comprised paid-up equity share capital amounting to ₹129.93 million as on March 31, 2017 (12992500 equity shares of ₹10 each (fully paid up)). The Company's reserves and surplus stood at ₹201.92 million.

Non-current liabilities: The Company's non-current assets decreased to ₹49.42 million in 2016-17 from ₹117.36 million in 2015-16 largely due to the repayment of long term borrowings

Current Liabilities: The current assets Inventories increased to ₹116.84 million during the year under review from ₹61.30 million. The increase was primarily due to an increase in the creditors of newly acquired leather business

Fixed assets and CWIP: The balance under this head increased to ₹127 million in FY 17 from 108 million in FY 16. This was primarily due to the addition of assets of the leather business.

Current assets: Total current assets increased to ₹154 million in FY 17 as compared to ₹63 million in FY 16. This was primarily due to an increase in debtors and inventories of the leather business.

Cash and cash equivalents: The Company had on its books cash and cash equivalents worth ₹164.77 million as on 31st March 2017 compared to ₹1.35 million as on 31st March 2016.

Risk identification and mitigation

Competition risk: Increased competition from peers in the industry can drag down profit margins

Mitigation: The Company has exposure to cut-throat competition from peers in the food sector. To mitigate this risk, the Company invested in robust research and development to innovate around the existing product portfolio and offer something new.

Product-specific risk: Reduced variations in flavor stagnates the profitability of the business

Mitigation: The Company has leveraged on its experience in the food industry and added to the usual flavours available in the market for infant food products and instant food mixes. The Company is committed towards providing consumers tastier and healthier food products.

Raw material risk: Inability to procure raw materials on time may disrupt the manufacturing process

Mitigation: The Company enjoys longstanding sectoral experience and has established a strong network with the suppliers that ensure all raw material reach the Company when required. The Company procures major raw materials from states which offer the maximum cost advantage.

Policy risk: Any sudden change in food security policy and other regulations may hit the profit margins badly

Mitigation: The Company abides by food security policies published by the government to ensure safety was per food quality standards. The products are moved through adequate quality checking procedures.

Operational risk: Inconsistency in operational efficiency may affect revenues.

Mitigation: The Company has a strong internal control system in place that ensures the business complies with consistent processes and standards. The human resources of the company was also dedicated to improving performance and remaining competitive.

Distribution risk: Restricted reach in the market may reduce revenue generation

Mitigation: The Company penetrated deeper into the market through additional dealers within the distribution network. It added [] dealers in [states] and expanded the scale of business with an exposure to more than [] retail outlets.

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 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.

Human resources

The Company believes in working as a team to meet targets and hence puts emphasis on providing equal opportunities to all employees. The Company believes in creating a meritocracy and as such uses a balanced scorecard method to appraise the performance of its workforce. 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 numerous in-house training programmes and job-specific training drills. As of 31st March, 2017, the Company had over 100 employees on its payroll.

Cautionary statement

The management discussion and analysis report contains forward-looking statements, which may be identified by the use of words in that direction or connoting the same. All statements that address expectation or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly demand, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.

Corporate information

Board of Directors

Mr. Shrinivas V. Dempo, Chairman

Mr. Sameer R. Kothari, Managing Director (w.e.f. 22nd May, 2017)

Mr. Rajesh S. Dempo, Non-Executive Director

Mr. Nikhil K. Vora, Additional Director (Non-Executive) (w.e.f. 22nd May, 2017)

Adv. Sudin M. Usgaonkar, Independent Director

Mr. Shashi K. Kalathil, Independent Director

Ms. Honey Vazirani, Additional Director (Independent- Woman) (w.e.f. 22nd May, 2017)

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

Mr. Ganesh T. Argekar, Executive Director

Company Secretary

Mrs. Beena M. Mahambrey

Chief Financial Officer

Mr. Kedarnath Swain

Registered Office

Dempo House, Campal, Panaji, Goa 403001

Works:

i) Usgao, Ponda, Goa 403407

ii) RS No 254/01-B Gorimedu, Poothrai Revenue Village, Villapuram district, Tamil Nadu 605111

Statutory Auditors

R. Sundararaman & Co.

Chartered Accountants, Chennai

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-Second 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 Wednesday, the 27th September, 2017 at 10:30 a.m., to transact the following business:-

Ordinary Business:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 including the Audited Balance Sheet as at 31st March, 2017, 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.
2. To appoint a director in place of Mr. Rajesh S. Dempo (DIN 05143106), who retires by rotation and being eligible offers himself for re-appointment.
3. Appointment of Statutory Auditors of the Company and fixing their remuneration :

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W), be appointed as Statutory Auditors of the Company, in place of the retiring Auditors, M/s. R. Sundararaman & Co., Chartered Accountants, (Registration. No. 004219S), to hold office from the conclusion of this 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

Special Business:

4. Appointment of Mr. Sameer R. Kothari as a Director:

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

"RESOLVED THAT Mr. Sameer R. Kothari (holding DIN 01261343), who was appointed by the Board of Directors as an Additional Director of the Company with effect

from 22nd May, 2017, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ('the Act') but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act, read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

5. Appointment of Mr. Nikhil K. Vora as a Non-Executive Director:

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

"RESOLVED THAT Mr. Nikhil K. Vora (DIN: 05014606), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22nd May, 2017 and who holds office upto the date of the Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules 2014, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Non-Executive Director of the Company, whose office is liable to retire by rotation."

6. Appointment of Ms. Honey Vazirani as an Independent - Woman Director:

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment

thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Honey Vazirani (DIN 07508803), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 22nd May, 2017, in terms of Section 161(1) of the Act and Article 117(a) of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent – Woman Director of the Company to hold office for a term of five consecutive years upto the fifth consecutive AGM of the Company to be held in the year 2022."

7. Appointment of Mr. Sameer R. Kothari as the Managing Director:

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Sections 196 and 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2013 (including any statutory modification(s) thereof, the Company do hereby accords their approval for the appointment of Mr. Sameer R. Kothari (DIN : 01361343) as the Managing Director of the Company for a period of 5 years with effect from 22nd May, 2017 till 21st May, 2022, without any remuneration."

8. Re-appointment of Mr. Ganesh T. Argekar, as Whole-time Director, designated as Executive Director, and payment of remuneration:

To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2013

(including any Statutory modifications) thereof, the Company be and hereby approves the re-appointment of Mr. Ganesh T. Argekar (DIN: 06865379) as Whole-time Director of the Company, designated as "Executive Director" for a period of 3 years, with effect from 19th May, 2017 at a remuneration of ₹12,00,000/- (Rupees Twelve Lakhs only) per annum, by way of salary and allowances.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any committee as constituted or to be constituted by the Board, to exercise its powers including the powers conferred under this resolution) be and are hereby authorized to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided such variation as the case may be, is within the overall limits as specified under the relevant provisions of the Act.

RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Executive Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V of the Act, the Company may pay to the Executive Director, the above remuneration as the minimum remuneration by way of salary and allowances as specified above."

By Order of the Board of Directors

Beena M. Mahambrey

Company Secretary

ACS: 18806

Place: Panaji, Goa

Date: 11th August, 2017

Registered Office:

Dempo House, Campal,

Panaji-Goa 403001

CIN: L15139GA1984PLC000601

Website: www.hflgoa.com

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 Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 21st September, 2017 to Wednesday, the 27th September, 2017 (both days inclusive).
5. 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.
6. 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.

7. 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.
8. 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.
9. 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.
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 of the 32nd 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 32nd Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website www.hflgoa.com for their download.
13. All documents referred to in the accompanying Notice and the Explanatory Statement 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. Voting through electronic means
 - i. In compliance with provisions of Section 108 of

the Companies Act, 2013 read with 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 32nd 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 of voting through ballot or polling paper shall also 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 Sunday, 24th September, 2017 (9.00 A.M. IST) and ends on Tuesday, 26th September, 2017 (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 Wednesday, 20th September, 2017 ('Cut-off date') may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Tuesday, 26th September, 2017 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.

Steps for Remote E-Voting

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

- i. Open the e-mail and also open PDF file namely "Hindustan Foods e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.

NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "Hindustan Foods e-voting.pdf".

- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder – Login.
- iv. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the remote e-voting home page opens, click on remote e-voting> Active Voting Cycles.
- viii. Select "EVEN" (Remote E-voting Event Number) of Hindustan Foods Limited. Now you are ready for remote e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xii. 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., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sadashivshet@gmail.com with a copy marked to evoting@nsdl.co.in and hfl@dempos.com.
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and remote e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.
- xiv. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20th September, 2017, may obtain the login ID and password by sending a request at

evoting@nsdl.co.in or RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password? Or "Physical User Reset Password?" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

B. In case a Member receives physical copy of the Notice of Annual General Meeting (for Members whose email addresses are not registered with the Company/ Depositories):

- i. Initial password is provided in the enclosed Attendance Slip/Proxy Form: EVEN (Remote E-voting Event Number), User ID and Password.
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions:

- i. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 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.

- ii. CS Sadashiv V. Shet, Practising 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.
- iii. 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.
- iv. 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 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.
- v. 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.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 ANNEXED TO AND FORMING PART OF THE AGM NOTICE DATED 11TH AUGUST 2017

ITEM 3

Though not mandatory, this statement is provided for reference.

M/s. R. Sundararaman & Co., have been the auditors of the Company for more than 10 years in accordance with Section 139(2) of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 and hence, at the 29th AGM held on 27th September, 2014, M/s. R. Sundararaman & Co. were appointed as auditors for the transition period of three years.

In terms of the said appointment M/s. R. Sundararaman & Co. are holding office of the auditors up to the conclusion of the 32nd AGM and as such, would retire at the conclusion of the forthcoming 32nd AGM.

Accordingly, as per the requirements of Section 139(2) of the Act, M/s. MSKA & Associates, Chartered Accountants are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 32nd AGM till the conclusion of the 37th AGM, subject to ratification by members every year, as may be applicable.

M/s. MSKA & Associates, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board recommends the resolution set forth in item No. 3 of the notice for approval of the members.

None of the Directors/ Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 3 of the notice.

ITEM 4 & 7

Mr. Sameer R. Kothari was appointed as an Additional Director and the Managing Director (the "MD") of the Company w.e.f. 22nd May, 2017.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 22nd May, 2017 appointed Mr. Kothari as an Additional Director. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (the 'Act'), the Rules framed thereunder and the Articles of Association of the Company. Mr. Kothari would cease to hold office at the ensuing Annual General Meeting, but would be eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member signifying his intention to propose Mr. Kothari's appointment as a Director and the member's approval is sought for the said proposal given in Resolution No. 4. At the said meeting, the Board also appointed Mr. Kothari as the Managing Director of the Company for a period of 5 years, w.e.f. 22nd May, 2017 till 21st May, 2022 pursuant to Sections 196, 203 and other applicable provisions, if any, of the Act without any remuneration, as given in Resolution No. 7.

Mr. Sameer R. Kothari is the Promoter of the Company. The details of Mr. Sameer R. Kothari as required to be given pursuant to the Listing Regulations and Secretarial Standards is attached to the Notice.

The Board recommends the resolutions set forth in Items no. 4 & 7 of the Notice for the approval of the members.

Except for Mr. Sameer R. Kothari, no other Directors / Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the

resolutions set out at Items no. 4 & 7 of the notice.

ITEM 5

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 22nd May, 2017 appointed Mr. Nikhil K. Vora, as an Additional Director in the category of Non-Executive Director, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (the Act), the Rules framed thereunder and the Articles of Association of the Company, Mr. Vora would cease to hold office at the ensuing Annual General Meeting, but would be eligible for appointment as a Director. Notice under section 160 of the Act has been received from a member signifying his intention to propose Mr. Vora's appointment as a Director and the members approval is sought for the said proposal given in Resolution no. 5.

The details of Mr. Nikhil K. Vora as required to be given pursuant to the Listing Regulations and Secretarial Standards is attached to the Notice.

The Board recommends the resolution set forth in Item no. 5, of the Notice for the approval of the members.

Except for Mr. Nikhil K. Vora, no other Directors, Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution set out in Item No. 5.

ITEM 6

Mrs. Pallavi S. Dempo, Woman Director of the Company, submitted her resignation as Director, and in her place, Ms. Honey Vazirani (DIN 07508803) was appointed as an Additional Director of the Company in the category "Independent - Woman Director", by the Board of Directors with effect from 22nd May, 2017. She holds office up to the date of this Annual General Meeting of the Company.

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing the candidature of Ms. Honey Vazirani for the office of Independent Director of the Company.

Ms. Vazirani does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Ms. Vazirani has given a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Ms. Honey Vazirani fulfils the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations, 2015 ("Listing Regulations")

for her appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter for appointment of Ms. Vazirani as an Independent – Woman Director is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that her association would be of immense benefit to the company and it is desirable to avail services of Ms. Vazirani as an Independent – Woman Director.

Brief particulars pursuant to Regulation 36(3) of the Listing Regulations and additional information to be given to Members in terms of Secretarial Standards on General Meetings (SS-2) of Ms. Vazirani are given in Annexure to the AGM Notice dated 11th August, 2017.

The Board recommends the passing of the Ordinary Resolution as set out in Item no. 6 of the Notice for the appointment of Ms. Vazirani as an Independent – Woman Director of the Company.

Except for Ms. Honey Vazirani being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item no. 6.

ITEM 8

The Board of Directors of the Company at its meeting held on 22nd May, 2017, upon the recommendations of the Nomination and Remuneration Committee approved the re-appointment of Mr. Ganesh T. Argekar as Whole-time Director of the Company, designated as "Executive Director" for a period of 3 years with effect from 19th May, 2017 on the remuneration and other terms and conditions as contained in the resolution, subject to the approval of the members of the Company.

Mr. Ganesh T. Argekar has been the Executive Director of the Company since 19th May, 2014. The details of Mr. Ganesh T. Argekar as required to be given pursuant to the Listing Regulations and Secretarial Standards is attached to the Notice.

In terms of Section 196, 197 read with Schedule V of the Companies Act, 2013 (the Act), a Special Resolution is proposed to be passed for payment of remuneration to Mr. Ganesh T. Argekar for a period of 3 years with effect from 19th May, 2017.

The terms of re-appointment of Mr. Ganesh T. Argekar, as stated in this notice, may be treated as a written memorandum under Section 190 of the Act. The copy of the relevant resolution of the Board with respect to the re-appointment is available for inspection by members at the Registered Office of the Company during working hours on any working day till the date of this Annual General Meeting.

The Board believes that the Company will benefit from his professional expertise and rich experience. The Board recommends the resolution set forth in Item no. 8 of the Notice for the approval of the members.

Except for Mr. Ganesh T. Argekar, no other Directors, Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution set out in Item no. 8.

Information required to be disclosed under the Second Proviso to Section II(B), Part II of Schedule V of the Act is as follows:

- (i) the proposed remuneration has been approved by a Resolution of the Nomination and Remuneration Committee and the Board;
- (ii) the Company has not defaulted in repaying any of its debts or interest payable for a continuous period of thirty days in the preceding financial year before the date of appointment of Mr. Ganesh T. Argekar;
- (iii) a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding three years;
- (iv) a statement containing further information is set out in the Annexure to the Notice.

By Order of the Board of Directors

Beena M. Mahambrey
Company Secretary

ACS: 18806

Place: Panaji, Goa

Date: 11th August, 2017

Registered Office:

Dempo House, Campal,

Panaji-Goa 403001

CIN: L15139GA1984PLC000601

Website: www.hflgoa.com

ANNEXURE TO THE NOTICE

1. Particulars and additional information of the directors seeking appointment / re-appointment pursuant to Regulation 36(3) of the Listing Regulations and in terms of Secretarial Standards on General Meetings (SS-2):

Name of the Director	Rajesh S. Dempo	Sameer R. Kothari	Nikhil K. Vora	Honey Vazirani	Ganesh T. Argekar
Category	Non-Executive, Non-Independent Director	Managing Director	Non-Executive, Non-Independent Director	Independent – Woman Director	Executive Director
Age	41 years	43 years	45 years	51 years	45 years
Date of first appointment	09/11/2015	22/05/2017	22/05/2017	22/05/2017	19/05/2014
Profile of the Director	A third generation entrepreneur, from an Industrial family, Mr. Rajesh S. Dempo completed his Bachelor of Commerce at the University of Mumbai. After completing MBA in London, he returned to Goa and joined Aparant Iron & Steel Pvt. Ltd., a Dempo Group of Company as a management trainee and rose up the ladder to head the same. Thereafter, he founded "Vision Dempo Hospitality And Estates Pvt. Ltd." and diversified into various industries such as Real Estate, Hospitality, Healthcare and upcoming industries such as Media & Entertainment and Child Care.	Mr. 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).	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.	Ms. Honey Vazirani served as the Vice President of Labels & International Business Division at Huhtamaki PPL Limited (Also known as The Paper Products Limited). Ms. Vazirani has over 27 years of working experience, during which she has held key managerial positions for companies like Huhtamaki-PPL. She holds MBA in Marketing from Chetana College.	Mr. Ganesh T. Argekar is B.Sc. (Chemistry) and PGDMM-IIMM and is Head-Supply Chain of Vanity Case Group of Companies, having about 22 years of overall work experience, during which time he has held various managerial positions.

Expertise in specific functional area	Leadership and Business Management:	Leadership and Business Management:	Strategic Guidance in Business Management:	Marketing and Product Development expert.	Production expert.
Qualification	B.Com, MBA	M.Com, A.C.A., MBA	PGDM	MBA in Marketing	B.Sc. (Chemistry), PGDMM – IIMM
Directorship held in other companies (including foreign and private companies)	1. Goa Carbon Ltd., 2. Vishwas Media and Entertainment (P) Ltd., 3. Vision Dempo Hospitality and Estates Pvt. Ltd., 4. V. S. Dempo Mining Corporation Pvt. Ltd. 5. Vishwasrao Dempo Academy Pvt. Ltd. 6. Dempo Vision Resorts and Construction Pvt. Ltd.	1. Glamoor Cosmetics Pvt. Ltd., 2. Adonia Cosmetics Pvt. Ltd., 3. Christine Valmy Institute Pvt. Ltd., 4. Adena Cosmetics Pvt. Ltd. 5. Avalon Cosmetics Pvt. Ltd. 6. Allies Logistics Pvt. Ltd. 7. The Vanity Case.com (India) Pvt. Ltd. 8. Vanity Case India Pvt. Ltd. 9. Valin Cosmetics Pvt. Ltd. 10. Ashmin Holding And Leasing Pvt. Ltd. 11. Mahak Cosmetics And Credit Pvt. Ltd. 12. Insignia Cosmetics Pvt. Ltd.	1. JHS Svendgaard Laboratories Ltd., 2. Cross Roads India Assistance Pvt. Ltd., 3. Soothe Health Care Pvt. Ltd., 4. Grab-A-Grub Services Pvt. Ltd. 5. L-Fast Brands Pvt. Ltd. 6. Leap India Pvt. Ltd.	Nil	Nil
Membership of the Committees of the Board of other companies	1. Goa Carbon Ltd. – Member of the Share Transfer, Investors' Grievances & Stakeholders Relationship Committee	Nil	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	5,50,000 held by relative	Nil	50,000
No. of Board meetings attended during the year 2016-17	7 (Seven)	N.A.	N.A.	N.A.	6 (Six)
Relationship with other directors inter-se	'Cousin' of Mr. Shrinivas V. Dempo, Chairman of the Company.	None	None	None	None

2. Statement of information pursuant to Section II of Part II of Schedule V of the Companies Act, 2013 with reference to the resolution at Items no. 7 & 8 of the Notice:

I. General Information

1.	Nature of Industry	The Company is engaged in the manufacture of Milk & Cereal based Baby food, Extruded Snacks, Instant Porridge, Extruded Cereal products and leather shoes.		
2.	Date or expected date of commencement of commercial production	The Company is already into commercial production of above products.		
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus	Not Applicable		
4.	Financial performance based on given indicators	₹ in lakhs		
	Financial Parameters	FY 2016-17	FY 2015-16	FY 2014-15
	Total Income	3,807.97	2,386.48	2,849.07
	Profit/(Loss) before Tax	166.98	(5.26)	250.24
	Profit after Tax	134.34	144.07	250.24
5.	Foreign investments or collaborators, if any	Nil		

II. Information about the Appointees

		Sameer R. Kothari	Ganesh T. Argekar
1.	Background details	Mr. 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).	Mr. Ganesh T. Argekar is B.Sc. (Chemistry) and PGDMM-IIMM and is Head-Supply Chain of Vanity Case Group of Companies, having about 22 years of overall work experience, during which time he has held various managerial positions.
2.	Past remuneration	N.A.	Except for sitting fees of ₹90,000/-, Mr. Argekar did not receive any other remuneration during the year ended 31st March, 2017.
3.	Recognition or Awards	Nil	Nil
4.	Job profile and suitability	Mr. Sameer R. Kothari is the Managing Director and is in-charge of the overall management of the affairs of the Company, business development and sales and marketing activities in India & overseas. He is also shouldering the additional responsibilities of the Chief Executive Officer of the Company.	Mr. Ganesh T. Argekar is the Whole-time Director designated "Executive Director" and is responsible for all the day to day operations of the Company subject to the superintendence and control of the Board of Directors of the Company.
5.	Remuneration proposed	No remuneration	As set out in the resolution at Item no. 8 of the Notice of the 32nd Annual General Meeting.
6.	Comparative Remuneration profile with respect to Industry, size of the Company, profile of the position and the person (in case of expatriates the relevant details would be with respect to the country of his origin)	N.A.	The remuneration proposed to be paid to the Executive Director is comparable with the remuneration being paid for similar assignments in the industry.

		Sameer R. Kothari	Ganesh T. Argekar
7.	Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any	Mr. Sameer R. Kothari does not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel.	Mr. Ganesh T. Argekar does not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than drawing his remuneration in the capacity of Executive Director of the Company and holding 50,000 equity shares.

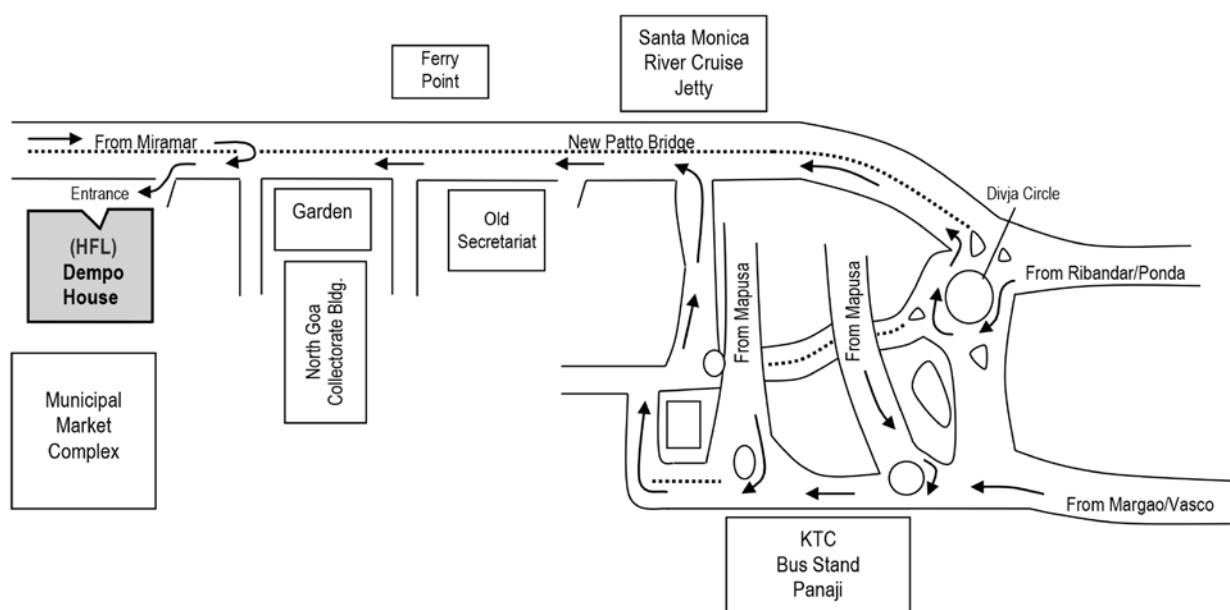
III. Other Information

1.	Reasons of loss or inadequate profits	Not Applicable
2.	Steps taken or proposed to be taken for improvement	
3.	Expected increase in productivity and profits in measurable terms	

IV. Disclosures

1.	The shareholders of the Company shall be informed of the remuneration package of the managerial person	Disclosure of the remuneration package is part of this notice being sent to Shareholders.
2.	The following disclosures shall be mentioned in the Board of Directors' Report under the heading "Corporate Governance", if any, attached to the Annual Report :-	
	i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors	This has been fully covered under the Corporate Governance Report.
	ii. Details of fixed component and performance linked incentives along with the performance criteria	
	iii. Service contracts, notice period, severance fees	
	iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	Not Applicable

In terms of the requirements of the Secretarial Standard on General Meetings (SS-2) issued by the Institute of the Company Secretaries of India, route map for the location of the venue of the 32nd Annual General Meeting is given below:



Directors' Report

Dear members

Your Directors have pleasure in presenting the 32nd Annual Report on the business and operations of the Company and the Audited financial accounts for the year ended 31st March, 2017.

Financial Results

	₹ in lacs	
	2016-17	2015-16
Total Revenue	3807.97	2386.48
Profit for the year before Finance charges and depreciation	397.08	226.68
Less: Finance charges	93.86	98.12
Profit before depreciation	303.22	128.56
Less: Depreciation	136.24	133.82
Profit/(Loss) for the year after Finance charges and depreciation / before tax for the year	166.98	(5.26)
Less: Provision for Tax -		
Current Tax	30.00	-
Deferred Tax Assets	2.64	149.33
Profit for the year after Tax	134.34	144.07

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

Share Capital

During the year, the Company increased the Authorised Share Capital from ₹7,00,00,000/- to ₹15,00,00,000/- divided into 1,30,00,000 Equity Shares of ₹10/- each and 2,00,000 9% Redeemable Preference Shares of ₹100/- each. The Company allotted 79,92,500 Equity Shares of ₹10/- each at a premium of ₹30/- each to the Promoter and Non-Promoters on a preferential basis. The Issued, Subscribed and Paid up Capital stood at ₹14,59,25,000/- as on 31st March, 2017 consisting of 12,99,25,000 Equity Shares of ₹10/- each and 1,60,000 9% Redeemable Preference Shares of ₹100/- each.

Year in Retrospect

During the year under review, the Company continued the

manufacturing of snack food 'Kurkure' for M/s. Pepsico India Holdings Pvt. Ltd. and infant food products, 'Farex', 'Easum' and 'First Food', for M/s. Nutricia India Pvt. Ltd. on a monthly basis. The Company also continued to manufacture and market its existing brand "Bonny Mix" and "Cnergy" in the local market.

The Company has entered the leather shoes business with the buying of certain moveable assets and stocks in respect of the leather business of Ponds Export Limited, a subsidiary of Hindustan Uniliver Limited.

The Company reported a turnover of ₹3,807.97 lakhs for the year under review as compared to ₹2,386.49 lakhs during the previous year and a profit after tax of ₹134.34 lakhs for

the year under review as compared to ₹144.07 lakhs during the previous year

Dividend

Considering the carry forward losses 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 your Company are listed on BSE Limited (BSE)

The listing fees for the year 2017-2018 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.

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, 2017 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

Mrs. Pallavi S. Dempo resigned from the Board with effect from 22nd May, 2017. Your Directors have placed on record their appreciation of the valuable services rendered to the Company by her during her tenure as an Non-Executive Woman Director of the Company.

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

The Board at its meeting held on 22nd May, 2017, appointed Mr. Sameer R. Kothari (DIN 01261343) as an Additional Director, Ms. Honey Vazirani (DIN 07508803) as an Additional Director of the Company in the category "Independent – Woman Director" and Mr. Nikhil K. Vora (DIN 05014606) as an Additional Director of the Company in the category "Non-Executive Director". Mr. Sameer R. Kothari, Ms. Honey Vazirani and Mr. Nikhil K. Vora hold office up to the date of the ensuing Annual General Meeting but are eligible for re-appointment.

The Board of Directors also appointed Mr. Sameer R. Kothari (DIN 01261343) as the Managing Director of the Company for a period of 5 years with effect from 22nd May, 2017 subject to the approval of the Members at the ensuing Annual General Meeting and also re-appointed Mr. Ganesh T. Argekar (DIN 06865379) as Whole-time Director of the Company with designation "Executive Director" for a further period of 3 years with effect from 19th May, 2017 subject to the approval of the Members at the ensuing Annual General Meeting. Special Resolutions to this effect are included as part of the Notice convening the forthcoming Thirty-second Annual General Meeting for the Members approval.

Brief resume of the directors proposed for appointment / 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, Managing Director has replaced Mr. Ganesh T. Argekar as the CEO & KMP with effect from 22nd May, 2017. Mr. Argekar held the position of KMP of the Company up to 18th 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 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, seven 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 and Adv. Sudin M. Usgaonkar, Mr. Rajesh S. Dempo 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

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

M/s. R. Sundararaman & Co., Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting (AGM) and their term (transition period) of 3 years is expiring at the ensuing AGM.

Accordingly, as per the requirements of Section 139(2) of the Companies Act, 2013 ('the Act'), M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W) are proposed to be appointed as auditors for a period of 5 years commencing from the conclusion of 32nd AGM till the conclusion of the 37th AGM, subject to ratification by shareholders every year, as may be applicable, in place of M/s. R. Sundararaman & Co., Chartered Accountants. M/s. MSKA & Associates, Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as

statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Audit Committee and the Board of Directors recommend the appointment of M/s. MSKA & Associates, Chartered Accountants, as statutory auditors of the Company from the conclusion of the 32nd AGM till the conclusion of the 37th AGM, to the shareholders.

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.

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, 2017 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.

Particulars of employees and related disclosures

None of the employees of the Company were in receipt of remuneration exceeding ₹60 lacs per annum or more throughout the year nor exceeding ₹5 lakhs per month or more for part of the financial year 2016-17.

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, 2017 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 32nd 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 – I to this Report.

Corporate Social Responsibility (CSR)

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as Annexure – II and forms an integral part of this Report

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

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

Appreciation and Acknowledgement

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

For and on behalf of the Board of Directors

Sameer R. Kothari
Managing Director
DIN: 01361343

Ganesh T. Argekar
Executive Director
DIN: 06865379

Place: Panaji, Goa.
Date: 11th August, 2017

**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	13,17,330
	* Total amount	₹	80,94,804
	* Rate/Unit	₹/Kwh	6.14
	* including Demand charges		
b)	Own Generation		
	Through Diesel Generator		
	Units	Kwh	79,157
	Units per Ltr.of Diesel Oil	Kwh	3.21
	Cost/Unit	₹/Kwh	16.64
2.	Coal [Specify quality & where used]		
	Quantity (Tonnes)		–
	Total Cost		–
	Average Rate		–
3.	Furnace Oil (H.S.D. for Brand Drier)		
	Quantity	L	63,927
	Total Amount	₹	34,14,714
	Average Rate	₹	53.42
4.	Others / internal generation (Please give details)		
	Quantity		–
	Total Cost		–
	Rate / Unit		–

(B) CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Standards - if any	Current Year
(Products with details - Units)		
Cereal based food products (tonnes)	–	2143
Electricity (Units)	–	614.64
H.S.D. Oil (Units)	–	29.83
Coal [Specify quality]	–	–
Others (Specify)	–	–

(ii) the steps taken by the company for utilising alternate sources of energy.

(iii) the capital investment on energy conservation equipments

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)-	Not Applicable
(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	
(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 ₹49.30 Lakhs
	Foreign Exchange earned during the year 2016-17 by exporting finished products was equivalent to ₹1219.57 lakhs

**RELEVANT EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017.**

I. Registration and other details

i.	Corporate Identity Number (CIN) of the Company	L15139GA1984PLC000601
ii.	Registration Date	31st December, 1984
iii.	Name of the Company	Hindustan Foods Limited
iv.	Category / Sub-Category of the Company	Public Company limited by shares
v.	Address of the Registered office and contact details	Dempo House, Campal, Panaji-Goa 403001 Tel +91 832 2441300, Fax +91 832 2225098
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikroli West, Mumbai – 400 083 E-Mail: rnt.helpdesk@linkintime.co.in , Tel: +91 22 49186270 Fax: +91 22 49186060

II. Principal Business Activities of the Company

Sl. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the company
1.	Manufacture of Milk & Cereal based baby food, Extruded Snacks, Instant Porridge and Extruded Cereal Products	10794	63.49%
2.	Manufacture of leather footwear	15201	36.51%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
1.	Vanity Case (India) Pvt. Ltd. S-15, Jairam Complex, Nevginagar, Panaji-Goa 403001	U74999GA2012PTC006961	Holding	60.39%	2(46)

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	Number of shares held on 1st April, 2016				Number of shares held on 31st March, 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian									
Individuals/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corporate	3722294	Nil	3722294	74.4459	7847294	Nil	7847294	60.3986	(14.0473)
Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A)(1)	3722294	Nil	3722294	74.4459	7847294	Nil	7847294	60.3986	(14.0473)
2. Foreign									
Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	3722294	Nil	3722294	74.4459	7847294	Nil	7847294	60.3986	(14.0473)
B. Public shareholding									
1. Institutions									
Mutual Funds / UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Financial Institutions/ Banks	Nil	300	300	0.0060	Nil	300	300	0.0023	(0.0037)
Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Insurance Companies	Nil	6900	6900	0.1380	Nil	6900	6900	0.0531	(0.0849)
Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Qualified Foreign Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(1)	Nil	7200	7200	0.1440	Nil	7200	7200	0.0554	(0.0886)
2. Non-institutions									
Bodies Corporate	44694	17750	62444	1.2489	2113629	15750	2129379	16.3893	15.1404
Individuals –									
i. Individual share-holders holding nominal share capital up to ₹2 lakhs.	184475	840806	1025281	20.5056	832747	778506	1611253	12.4000	(8.1056)
ii. Individual share-holders holding nominal share capital in excess of ₹2 lakhs	Nil	77900	77900	1.5580	1203000	Nil	1203000	9.2592	7.7012
Qualified Foreign Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of shareholders	Number of shares held on 1st April, 2016				Number of shares held on 31st March, 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Any Other (specify)									
i. Clearing Member	6730	Nil	6730	0.1346	3980	Nil	3980	0.0306	(0.1040)
ii. Non Resident Indian (Repat.)	700	81800	82500	1.6500	1006	76200	77206	0.5942	(1.0558)
iii. Non Resident Indian (Non Repat.)	1450	Nil	1450	0.0290	209	Nil	209	0.0016	(0.0274)
iv. Directors & their relatives	Nil	500	500	0.0100	50500	Nil	50500	0.3887	0.3787
v. Hindu Undivided Family	13701	Nil	13701	0.2740	62479	Nil	62479	0.4809	0.2069
Sub-Total (B)(2)	251750	1018756	1270506	25.4101	4267550	870456	5138006	39.5459	14.1358
Total Public Shareholding (B)= (B)(1)+(B)(2)	251750	1071706	1277706	25.5541	4267550	877656	5145206	39.6014	14.0473
C. Shares held by Custodians for GDR's & ADR's	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL (A)+(B)+(C)	3928294	1071706	5000000	100.0000	12114844	877656	12992500	100.0000	Nil

ii) Shareholding of Promoters

Shareholder's name	Number of shares held on 1st April, 2016			Number of shares held on 31st March, 2017			% change in share holding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
Vanity Case (India) Pvt. Ltd.	3722294	74.4459	Nil	7847294	60.3986	Nil	(14.0473)
TOTAL	3722294	74.4459	Nil	7847294	60.3986	Nil	(14.0473)

iii) Change in Promoters' Shareholding

Shareholder's name	Shareholding at the beginning of the year (1st April, 2016)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during / at the end of the year (31st March, 2017)	
	No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
Vanity Case (India) Pvt. Ltd.	3722294	74.4459	07-Dec-2016	4125000	Preferential Allotment	7847294	60.3986
TOTAL	3722294	74.4459		4125000		7847294	60.3986

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Top Ten Shareholders	Shareholding as on 1st April, 2016		Shareholding as on 31st March, 2017	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Sixth Sense India Opportunities	-	-	2000000	15.3935
Vora Chaitali Nikhil	-	-	550000	4.2332
Sam Financial Services	-	-	100000	0.7697
Krishna Govind Mantri	77900	1.5580	82900	0.6381
Poonam Munshi	-	-	62500	0.4810
Nalini Kalra	-	-	50000	0.3848

Top Ten Shareholders	Shareholding as on 1st April, 2016		Shareholding as on 31st March, 2017	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Jaswant A. Sarvaiya	-	-	50000	0.3848
Pallaviben Chetankumar Kotak	-	-	45000	0.3464
Vinod Raichand Shah	-	-	38750	0.2982
Miral Keyur Desai	-	-	37500	0.2886

v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year (1st April, 2016)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during / at the end of the year (31st March, 2017)	
	No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
Beena M. Mahambrey	50	0.0010	07-Dec-2016	2500	Preferential Allotment	2550	0.0019
Ganesh Tukaram Argekar	-	-	07-Dec-2016	50000	Preferential Allotment	50000	0.3848
Kedarnath Swain	-	-	07-Dec-2016	2250	Preferential Allotment	2250	0.0017
TOTAL	50	0.0010		54750		54800	0.3884

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,81,34,978	2,62,50,000	-	10,43,84,978
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but no due	63,80,017	33,91,872	-	97,71,889
Total (i+ii+iii)	8,45,14,995	2,96,41,872	-	11,41,56,867
Change in Indebtedness during the financial year				
- Addition	59,92,541	3,59,99,589		4,19,92,130
- Reduction	4,34,03,287	6,56,41,461		10,90,44,748
Net Change	(3,74,10,746)	(2,96,41,872)		(6,70,52,618)
Indebtedness at the end of the financial year				
i) Principal Amount	4,68,39,539	-		4,68,39,539
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	2,64,710	-		2,64,710
Total (i+ii+iii)	4,71,04,249	-		4,71,04,249

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(in ₹)

Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
	Sameer R. Kothari*	Ganesh T. Argekar	
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
Stock Option	-	Nil	Nil
Sweat Equity	-	Nil	Nil
Commission			
- as % of profit	-	Nil	Nil
- others, specify...	-	Nil	Nil
Sitting Fees	-	90,000	90,000
Others, please specify			
- Retirement benefits	-	-	-
Total (A)	-	90,000	90,000
Ceiling as per the Act	5% of the net profits of the Company		

* Appointed with effect from 22.05.2017

B. Remuneration to other Directors

(in ₹)

Particulars of Remuneration	Name of Directors			Total	
Independent Directors	Sudin M. Usgaonkar	Shashi K. Kalathil	Honey Vazirani**	Amount	
Fee for attending board/committee meetings	1,02,500	97,000	-	1,99,500	
Commission	-	-	-	-	
Others, please specify	-	-	-		
Total (1)	1,02,500	97,000	-	1,99,500	
Other Non-Executive Directors	Shrinivas V. Dempo	Pallavi S. Dempo*	Rajesh S. Dempo	Nikhil K. Vora**	
Fee for attending board/committee meetings	79,000	1,10,000	1,12,500	-	3,01,500
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (2)	79,000	1,10,000	1,12,500	-	3,01,500
Total (B)=(1+2)					5,01,000
Total Managerial Remuneration (A+B)					5,91,000
Ceiling as per the Act	1% of the net profits of the Company				

* Resigned with effect from 22.05.2017

** Appointed with effect from 22.05.2017

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(in ₹)

Particulars of Remuneration	Key Managerial Personnel			Total Amount
	CEO	Company Secretary	CFO	
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	11,36,910	9,40,674	20,77,584
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
Stock Option	-	Nil	Nil	Nil
Sweat Equity	-	Nil	Nil	Nil
Commission				
- as % of profit	-	Nil	Nil	Nil
- others, specify...	-	Nil	Nil	Nil
Others, please specify				
- Retirement benefits		66,171	39,348	1,05,519
Total	-	12,03,081	9,80,022	21,83,103

VII. Penalties / Punishment/ Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Report on Corporate Governance

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

Introduction

Your 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 comprises 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 31.03.2017
Mr. Shrinivas V. Dempo (Chairman)	00043413	Non-Independent Non-Executive	Nil
Mrs. Pallavi S. Dempo (Resigned with effect from 22.05.2017)	00003489	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 (Appointed with effect from 22.05.2017)	05014606	Non-Independent Non-Executive	N.A.
Ms. Honey Vazirani (Appointed with effect from 22.05.2017)	07508803	Independent Non-Executive	N.A.
Mr. Sameer R. Kothari (Appointed with effect from 22.05.2017)	01361343	Managing Director	N.A.
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 2016-17	Whether attended last AGM held on 10.08.2016	No. of directorships in other companies ⁹	No. of committee positions held in other companies	
				Chairperson	Member
Mr. Shrinivas V. Dempo Chairman	5	Yes	15	-	-
Mrs. Pallavi S. Dempo (Resigned with effect from 22.05.2017)	7	Yes	3	-	-
Adv. Sudin M. Usgaonkar	6	No	5	-	-
Mr. Rajesh S. Dempo	7	Yes	6	-	1
Mr. Shashi K. Kalathil	6	Yes	1	-	-
Mr. Nikhil K. Vora (Appointed with effect from 22.05.2017)	-	N.A.	6	-	-
Ms. Honey Vazirani (Appointed with effect from 22.05.2017)	-	N.A.	-	-	-
Mr. Sameer R. Kothari Managing Director (Appointed with effect from 22.05.2017)	-	N.A.	12	-	-
Mr. Ganesh T. Argekar Executive Director	6	Yes	-	-	-

⁹ Includes 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 MD/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 Board meetings are normally held at the registered office at Dempo House, Campal, Panaji-Goa. 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.

Seven Board meetings were held during the financial year ended 31st March, 2017 on 29th April, 2016, 26th May, 2016, 10th August, 2016, 19th September, 2016, 11th November, 2016, 7th December, 2016 and 10th February, 2017. 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, 2017 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 2016-17 are as follows:

(in ₹)

Name	Fixed Salary			Commission	Sitting fees	Total Remuneration	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 (Resigned with effect from 22.05.2017)	-	-	-	-	1,10,000	1,10,000	N.A.
Mr. Rajesh S. Dempo	-	-	-	-	1,12,500	1,12,500	Retirement by Rotation
Adv. Sudin M. Usgaonkar	-	-	-	-	1,02,500	1,02,500	5 years up to the AGM of 2019
Mr. Shashi K. Kalathil	-	-	-	-	97,000	97,000	5 years up to the AGM of 2021
Mr. Nikhil K. Vora (Appointed with effect from 22.05.2017)	-	-	-	-	-	-	To hold office up to the date of the ensuing AGM.
Ms. Honey Vazirani (Appointed with effect from 22.05.2017)	-	-	-	-	-	-	To hold office up to the date of the ensuing AGM.
Mr. Sameer R. Kothari Managing Director (Appointed with effect from 22.05.2017)	-	-	-	-	-	-	5 years with effect from 22.05.2017
Mr. Ganesh T. Argekar Executive Director	-	-	-	-	90,000	90,000	3 years with effect from 19.05.2017

Notes:

None of the directors hold stock options as on 31st March, 2017. The MD/ED is not eligible for payment of severance fees and the contract with the MD/ED may be terminated by either party giving the other party 6 months' notice.

2.5 Independent Directors Meeting

The IDs met on 22nd May, 2017 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.

Five meetings of the Committee were held during the financial year ended 31st March, 2017 on 29th April, 2016, 26th May, 2016, 10th August, 2016, 11th November, 2016 and 10th February, 2017. The gap between no two meetings exceeded one hundred and twenty days. The quorum was present for all the above five 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
Adv. Sudin M. Usgaonkar	ID	5
Mr. Rajesh S. Dempo	NED	5
Ms. Honey Vazirani*	ID	-

ID – Independent Director; NED – Non Executive Director

* Inducted into the Committee by the Board as its meeting held on 22.05.2017

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.

One meeting of the Committee was held during the financial year ended 31st March, 2017 on 26th May, 2016.

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
Mrs. Pallavi S. Dempo*	NED	1
Mr. Shashi K. Kalathil	ID	1
Ms. Honey Vazirani**	ID	-

ID – Independent Director; NED – Non-Executive Director

* Resigned with effect from 22.05.2017

** Inducted into the Committee by the Board as its meeting held on 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, 2017, on 28th April, 2016, 9th August 2016, 25th October, 2016 and 1st February, 2017.

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
Mrs. Pallavi S. Dempo*	NED	4
Adv. Sudin M. Usgaonkar	ID	4
Mr. Rajesh S. Dempo **	NED	-

ID – Independent Director; NED – Non-Executive Director

* Resigned with effect from 22.05.2017

** Inducted into the Committee by the Board as its meeting held on 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 report, etc.

5.3 Details of Shareholders' complaints

Complaints received during the year under review: Nil

Complaints pending as on 31st March, 2017: N.A.

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, 2014	27th September, 2014 at 10.30 a.m.	Dempo House, Campal, Panaji, Goa 403001
31st March, 2015	12th August, 2015 at 10.30 a.m.	
31st March, 2016	10th August, 2016 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
27th September, 2014	Yes	Borrowing an amount not exceeding ₹25 crores.
12th August, 2015	No	-
10th August, 2016	No	-

6.2 Postal Ballot

Pursuant to Section 110 of the Companies Act, 2013 ('the Act') read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the details of the resolutions passed during financial year 2016-17 by way of Postal Ballot are as follows:

A. The Company obtained approval of shareholders for the following resolutions; the results of which were declared on 15th November, 2016; for the purpose of:

- i. Ordinary Resolution No. 1 for increase in Authorised Share Capital;
- ii. Special Resolution No. 2 for amendment in Memorandum and Articles of Association of the Company;
- iii. Special Resolution No. 3 for issue of Equity Shares on Preferential Basis to Promoter / Non-Promoters
- iv. Special Resolution No. 4 for increase in borrowing powers in terms of Section 180(1)(c) of the Companies Act, 2013;
- v. Special Resolution No. 5 for alteration in the main object clause and amendment to the Memorandum of Association;
- vi. Special Resolution No. 6 for alteration and amendment to the Articles of Association

Details of voting pattern of the above mentioned resolutions are as under:

Resolution No.	Total number of valid votes	No. of Shares in favour of resolution	Percentage	No. of Shares against the resolution	Percentage
1	3823839	3823739	99.997	100	0.003
2	3823489	3823389	99.997	100	0.003
3	3822229	3820379	99.952	1850	0.048
4	3823389	3821789	99.958	1600	0.042
5	3823289	3823289	100.000	0	0.000
6	3822589	3821089	99.961	1500	0.039

All the aforesaid resolutions were passed with requisite majority.

B. The Company obtained approval of shareholders for the following resolution; the results of which was declared on 20th January, 2017; for the purpose of:

- i. Special Resolution No. 1 for ratification of the disclosures in respect of the preferential issue of shares.

Details of voting pattern of the above mentioned resolution is as under:

Resolution No.	Total number of valid votes	No. of Shares in favour of resolution	Percentage	No. of Shares against the resolution	Percentage
1	3821416	3821416	100.000	0	0.000

The aforesaid resolution was passed with requisite majority.

The Board of Directors had appointed Mr. Sadashiv V. Shet, Practising Company Secretary, Panaji as the Scrutinizer to conduct both the aforesaid postal ballot exercises in a fair and transparent manner.

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 website 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 detail 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, 2017.

Place: Panaji-Goa.

Date: 22nd May, 2017

Sameer R. Kothari

Managing Director

DIN: 01361343

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 : Wednesday, 27th September, 2017 at 10.30 a.m.

Venue : Dempo House, Campal, Panaji, Goa 403001

9.2 Financial Year Dates (2017-18)

(Tentative and subject to change)

Results for quarter ending 30th June, 2017	By 15th August, 2017
Results for quarter ending 30th September, 2017	By 15th November, 2017
Results for quarter ending 31st December, 2017	By 15th February, 2018
Results for quarter ending 31st March, 2018	By 15th May, 2018
Annual General Meeting for the year ending 31st March, 2018	By September, 2018

9.3 Book Closure Date

The Company's Share Transfer Books and Register of Members of equity shares shall remain closed from Thursday, 21st September, 2017 to Wednesday, 27th September, 2017 (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

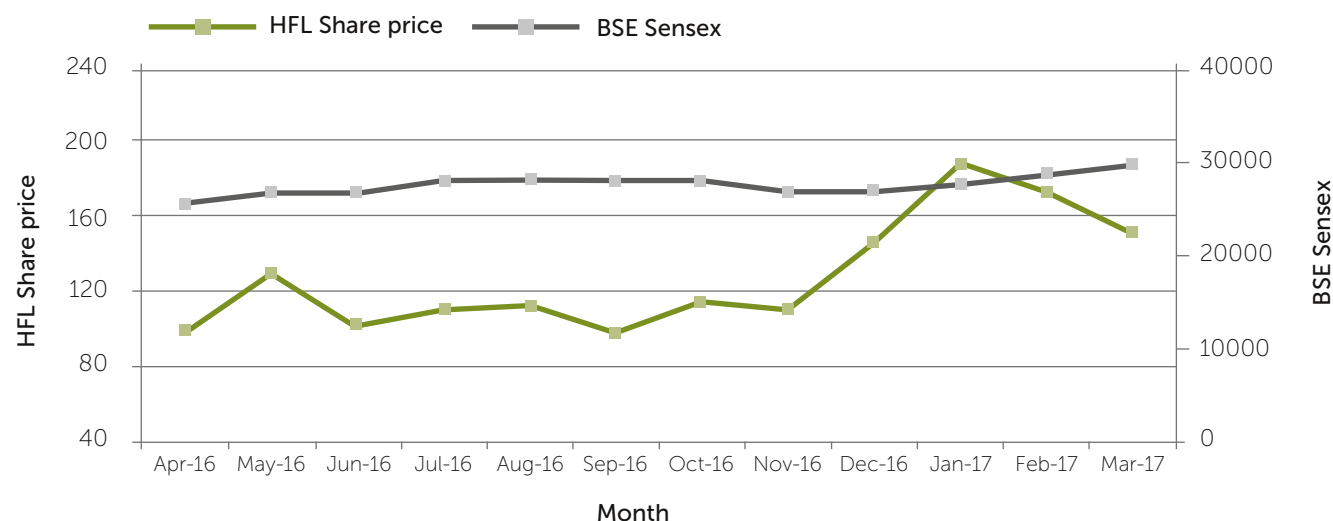
9.6 Market Price Data (In ₹)

Month	BSE Limited (BSE)		
	High	Low	Volume
April 2016	109.00	95.00	5,47,451
May 2016	135.00	97.50	6,89,642
June 2016	130.00	102.60	7,81,411

Month	BSE Limited (BSE)		
	High	Low	Volume
July 2016	123.00	91.40	3,29,953
August 2016	120.00	101.00	9,12,986
September 2016	118.65	94.00	5,72,324
October 2016	127.05	93.50	47,64,105
November 2016	122.85	98.00	18,73,165
December 2016	146.05	115.00	49,93,213
January 2017	189.85	153.35	1,18,37,194
February 2017	228.80	155.00	68,81,518
March 2017	178.50	143.55	23,13,986

(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, 2017 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 exchange within one month of the end of each quarter.

9.10 Distribution of Shareholding

Distribution Schedule as on 31st March, 2017

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	5,805	94.2064	8,43,702	6.4938
501 to 1000	146	2.3694	1,12,491	0.8658
1001 to 2000	82	1.3307	1,35,596	1.0436
2001 to 3000	30	0.4869	74,897	0.5765
3001 to 4000	15	0.2434	54,047	0.4160
4001 to 5000	13	0.2110	62,525	0.4812
5001 to 10000	31	0.5031	2,59,402	1.9966
10001 and above	40	0.6491	1,14,49,840	88.1265
TOTAL	6162	100.0000	1,29,92,500	100.0000

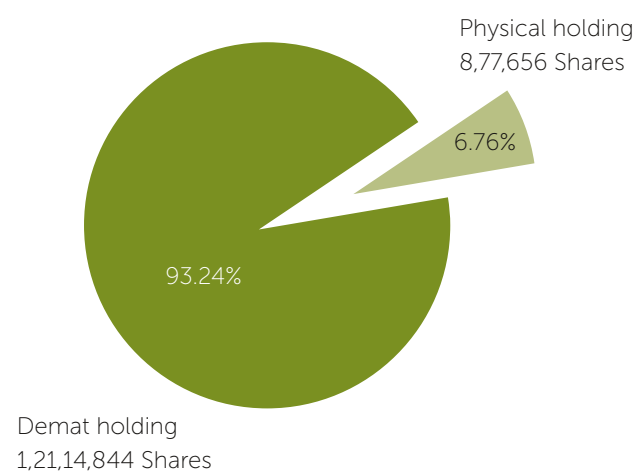
Distribution of Shareholding (Categorywise) as on 31st March, 2017

Category	No. of shareholders	No of Shares held	% of share Holding
Promoters, Directors, their relatives & Associates	3	78,97,794	60.7873
Financial Institutions / Banks	2	7,200	0.0554
Bodies Corporate	42	21,29,379	16.3893
Non-Resident Indians (NRI's)	292	77,415	0.5958
Resident Individuals / Trusts	5,789	28,14,253	21.6606
Clearing Members	9	3,980	0.0306
HUF	25	62,479	0.4809
TOTAL	6,162	1,29,92,500	100.0000

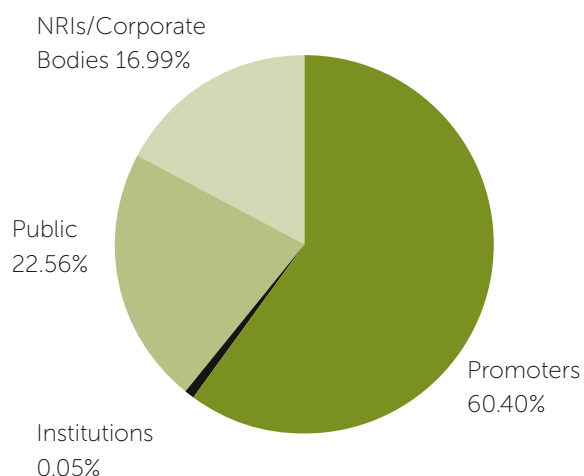
9.11 Dematerialisation of shares and liquidity

As on 31st March, 2017, 93.24% of the Company's paid-up capital representing 1,21,14,844 shares were held in dematerialized form as compared to 79.48% of the Company's paid-up capital representing 39,74,044 shares as on 31st March, 2016.

Shares held in Demat/Physical from as at 31st March, 2017



Shareholding Pattern 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) RS No 254/01-B Gorimedu, Poothrai Revenue Village, Villapuram district, Tamil Nadu 605111

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) 49186270 | 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, 2017.

(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.

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, 2017, as stipulated under the relevant clauses of the New 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) 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;
- II) I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Stakeholder's Relationship Committee.

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.

Date: 11.08.2017
Place: Panaji, Goa

Sadashiv V. Shet
Practicing Company Secretary
CP No.: 2540; Membership No.: 2477

**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, 2017 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 evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (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 statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sameer R. Kothari

Managing Director

DIN: 01361343

Place: Panaji, Goa.

Date: 22nd May, 2017

Kedarnath Swain

Chief Financial Officer

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, 2017.

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, 2017, 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, 2017 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; Not applicable during the period under review.

- (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable during the period under review.
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008; Not applicable during the period under review.
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the period under review.
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable during the period under review.

(vi) Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

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

1. The Petroleum Act, 1934 and the Petroleum Rules, 2002;
2. The Hazardous Wastes (Management, Handling and Transboundary Rules, 2008;
3. Gas Cylinder Rules, 2004;
4. The Water (Prevention and Control of Pollution Act, 1974 & The Water (Prevention and Control of Pollution) Cess Rules, 1975;
5. The Water (Prevention and Control of Pollution Act, 1977 & The Water (Prevention and Control of Pollution) Cess Rules, 1978;
6. The Air Prevention and Control of Pollution Act, 1981 & The Goa air Prevention and Control of Pollution Rules 1989;
7. Standard of Weights and Measures Act, 1976;
8. The Electricity Act, 2003 & rules made thereunder;
9. Food Safety Standards Act, 2006 and Food Safety and Standards Rules, 2011;
10. Prevention of Food Adulteration Act 1954;
11. Bureau of Indian Standards (BIS) Act, 1986;
12. Export of Milk Products (Quality control, Inspection and Monitoring) Rules 2000.

I further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Managing Director taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor compliance with applicable other laws.

I 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 Stock Exchange(s);
- (iii) Securities and Exchange Board of India (Listing Obligations 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 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

Date: 11.08.2017

Place: Panaji- Goa

FCS No. 2477

C P No.: 2540

Independent Auditor's Report

To
The Members of
Hindustan Foods Limited

1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the attached Balance Sheet of M/s. Hindustan Foods Limited ('the Company'), which comprises the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the then year ended, and a summary of the significant accounting policies and other explanatory information.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and

explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect of 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'. Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters included in the Auditor's Report and to our 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 derivatives contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **R. SUNDARARAMAN & CO.**

Chartered Accountants
Registration No : 004219S

S. SRIRAM

Partner

Place: Panaji

Date: May 22, 2017

Membership No.: 202813

Annexure "A" to the Independent Auditor's Report

Referred to in Paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our Report of even date

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, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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. 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 Companies Act, 2013.

AUDITOR'S 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 on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants

of India. 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 aspects.

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, 2017, 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.

For **R. SUNDARARAMAN & CO.**

Chartered Accountants

Registration No : 004219S

S. SRIRAM

Partner

Place: Panaji

Date: May 22, 2017

Membership No.: 202813

Annexure "B" to the Independent Auditor's Report

Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" Section of our report of even date

1) In respect of fixed assets :

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management during the year in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties are held in the name of the Company.

2) In respect of inventories :

- a) As explained to us, the stock of inventory has been physically verified by the management at the close of the year.
- b) In our opinion, the procedures followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of business.
- c) The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed between physical verification of stocks and book records were not material, and the same have been properly dealt with in the books of account.

3) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

4) 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 Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.

6) We were informed that the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013, in respect of the activities carried on by the Company.

7) In respect of statutory dues :

a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, custom duty, excise duty, cess, service tax and other material statutory dues applicable to it.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, custom duty, excise duty, service tax and cess were in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us, there are no dues of sales tax, custom duty, excise duty, service tax and cess, which have not been deposited on account of any dispute.

8) According to the information and explanations given and the records examined by us, the Company does not

have any borrowings from financial institutions, banks, Government or debenture holders.

- 9) As per the records of the Company and information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The Company has also not taken any term loans.
- 10) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.
- 11) No managerial remuneration has been paid or provided by the Company during the year.
- 12) The Company is not a Nidhi Company and therefore the provisions of clause xii of Companies (Auditor's Report) Order 2016 are not applicable.
- 13) The transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- 14) The Company has made preferential allotment of 79,20,000 Equity Shares of ₹10/- each at a premium of ₹30/- per share aggregating ₹3197 lacs with prior

approval from Bombay Stock Exchange and in accordance with SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 during the year under review.

- 15) The Company has not entered in to any non cash transactions with directors or persons connected with him and therefore the provisions of clause xv of Companies (Auditor's Report) Order 2016 are not applicable.
- 16) The Company is not required to be registered under Section 45-IA if the Reserve Bank of India Act, 1934 and therefore the provisions of clause xvi of Companies (Auditors Report) Order 2016 are not applicable.

For **R. SUNDARARAMAN & CO.**
Chartered Accountants
Registration No : 004219S

Place: Panaji
Date: May 22, 2017

S. SRIRAM
Partner
Membership No.: 202813

(Amount in ₹)

BALANCE SHEET		AS AT	AS AT
AS AT 31 ST MARCH, 2017		31 ST MARCH 2017	31 ST MARCH 2016
PARTICULARS	Note No		
I EQUITY AND LIABILITIES			
1 Shareholders Funds			
(a) Share Capital	3	145,925,000	66,000,000
(b) Reserves & Surplus	4	201,922,802	(51,286,174)
2 Non Current Liabilities			
(a) Long Term Borrowings	5	46,839,539	104,384,978
(b) Other Long Term Liabilities	6	1,326,868	11,904,494
(c) Long Term Provisions	7	1,249,148	1,068,427
3 Current Liabilities			
(a) Short Term Borrowings	8	-	6,279,033
(b) Trade Payables	9	109,166,338	41,510,343
(c) Other Current Liabilities	10	7,671,432	13,514,568
Total		514,101,127	193,375,667
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	94,223,755	86,529,363
(ii) Intangible Assets		1	1
(iii) Capital Work in Progress		33,159,956	22,463,754
(b) Deferred Tax Asset (Net)	12	14,669,116	14,933,287
(c) Long Term Loans and Advances	13	36,527,233	75,999
(d) Other Non Current Assets	14	15,819,760	4,798,937
2 Current Assets			
(a) Inventories	15	59,122,124	15,006,220
(b) Trade Receivables	16	59,651,786	36,381,263
(c) Cash and Bank Balances	17	164,767,780	1,348,433
(d) Short Term Loans and Advances	18	26,631,603	11,475,851
(e) Other Current Assets	19	9,528,014	362,559
Total		514,101,127	193,375,667

Significant Accounting Policies & Notes on Accounts

1 & 2

Vide our Report of even date
For **R. SUNDARARAMAN & CO.,**
Chartered Accountants

S. SRIRAM
Partner
Membership No : 202813

Place: Panaji
Date: May 22, 2017

For and on behalf of Board of Directors

Sameer R. Kothari
Managing Director
DIN : 01361343

Beena M. Mahambrey
Company Secretary

Place: Panaji
Date: May 22, 2017

Ganesh T. Argekar
Executive Director
DIN : 06865379

Kedranath Swain
Chief Financial Officer

(Amount in ₹)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH, 2017		YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
PARTICULARS	Note No		
I Revenue from Operations	20	386,851,907	245,680,065
Less : Excise Duty		8,210,472	7,177,723
		378,641,435	238,502,342
II Other Income	21	2,155,490	146,319
III Total Revenue (I + II)		380,796,925	238,648,661
IV Expenses			
Cost of Materials Consumed	22	230,499,250	140,335,433
Changes in Inventories of Finished Goods & WIP	23	(7,201,804)	6,509,795
Employee Benefits Expense	24	40,565,531	36,730,946
Finance Costs	25	9,385,909	9,811,865
Depreciation		13,623,890	13,381,837
Other Expenses	26	77,226,002	32,404,826
Total Expenses		364,098,778	239,174,702
V Profit before Tax (III - IV)		16,698,147	(526,041)
VI Tax Expense / (Benefit)			
(a) Current Tax		3,000,000	-
(b) Prior Year Tax		-	-
(c) Deferred Tax		264,171	(14,933,287)
VII Profit after Tax (V - VI)		13,433,976	14,407,246
VIII Earnings per Equity Share (of ₹10/- each)			
Basic		1.79	2.88
Diluted		1.79	2.88

Significant Accounting Policies & Notes on Accounts

1 & 2

Vide our Report of even date
For **R. SUNDARARAMAN & CO.,**
Chartered Accountants

S. SRIRAM
Partner
Membership No : 202813

Place: Panaji
Date: May 22, 2017

For and on behalf of Board of Directors

Sameer R. Kothari
Managing Director
DIN : 01361343

Beena M. Mahambrey
Company Secretary

Place: Panaji
Date: May 22, 2017

Ganesh T. Argekar
Executive Director
DIN : 06865379

Kedranath Swain
Chief Financial Officer

(Amount in ₹)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2017		YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016	
PARTICULARS				
A Cash Flow from Operating Activities				
Net Profit / (Loss) before Tax		13,433,976		14,407,246
Adjustments:				
Depreciation	13,623,890		13,381,837	
Interest Received	(2,148,325)		(138,119)	
Interest / Finance Charges	9,086,686	20,562,251	9,658,928	22,902,646
Operating Cash Flow before Working Capital changes		33,996,228		37,309,892
Changes in Working Capital				
Adjustments for (Increase) / Decrease in Operating Assets:				
Inventories	(44,115,904)		11,569,015	
Trade Receivables	(23,270,523)		(13,744,559)	
Short Term Loans & Advances	(16,909,181)		(1,979,523)	
Other Current Assets	(9,165,455)		(92,655)	
Long Term Loans & Advances	(36,451,234)		(9,999)	
Other Non Current Assets	(11,020,823)		(4,798,937)	
Adjustments for Increase / (Decrease) in Operating Liabilities:				
Trade Payables	67,655,995		(3,976,324)	
Other Current Liabilities	(5,921,220)		(3,819,097)	
Other Long Term Liabilities	(10,577,626)		615,623	
Long Term Provisions	180,722	(89,595,250)	94,151	(16,142,305)
Cash generated from Operations		(55,599,022)		21,167,587
Direct Taxes (Net)		2,095,686		(15,243,579)
Net Cash Flow from Operating Activities		(53,503,336)		5,924,008
B Cash Flow from Investing Activities				
Purchase of Fixed Assets	(32,014,485)		(10,176,293)	
Term Deposits	(133,438,477)		(600,000)	
Interest Income	2,148,325		138,119	
Net Cash Flow from Investing Activities		(163,304,636)		(10,638,174)

(Amount in ₹)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2017 (Contd.)	YEAR ENDED 31 ST MARCH 2017		YEAR ENDED 31 ST MARCH 2016	
PARTICULARS				
C Cash Flow from Financing Activities				
Interest / Finance Charges	(9,086,686)		(9,658,928)	
Increase in Share Capital	79,925,000		-	
Increase in Share Premium	239,775,000		-	
Long Term Borrowings (Net)	(57,545,439)		13,319,274	
Short Term Borrowings (Net)	(6,279,033)		1,055,879	
Net Cash Flow from Financing Activities		246,788,842		4,716,225
Net Increase / (Decrease) in Cash & Cash Equivalents		29,980,870		2,059
Opening Balance in Cash & Cash Equivalents		49,644		47,585
Closing Balance in Cash & Cash Equivalents		30,030,514		49,644

Vide our Report of even date
For **R. SUNDARARAMAN & CO.,**
Chartered Accountants

S. SRIRAM

Partner

Membership No : 202813

Place: Panaji

Date: May 22, 2017

For and on behalf of Board of Directors

Sameer R. Kothari

Managing Director

DIN : 01361343

Beena M. Mahambrey

Company Secretary

Place: Panaji

Date: May 22, 2017

Ganesh T. Argekar

Executive Director

DIN : 06865379

Kedranath Swain

Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. CORPORATE INFORMATION

Hindustan Foods Ltd ('the Company') was incorporated in the year 1984 and is engaged in the business of manufacturing Cereal Based Foods and other items with its domicile presence in Goa.

During the year, the Company has taken over the leather business of Ponds Exports Limited, a subsidiary of Hindustan Unilever Limited, with operations in Pondicherry.

2. SIGNIFICANT ACCOUNTING POLICIES :

i) Accounting Conventions:

The Financial Statements of the Company have been prepared and presented under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

ii) Fixed Assets and Depreciation :

Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation. Depreciation is provided on straight line method at the rates and in the manner specified in Part 'C' of Schedule II of the Companies Act, 2013.

iii) Inventories :

Inventories are valued at lower of cost or the net realizable value.

iv) Revenue Recognition :

Revenue from Sales is recognized on dispatch of goods from the factory.

Revenue from Processing Charges is recognized on production of processed goods for the Principal.

v) Employee Benefits :

a) Short Term Employee Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized in the year when the employee renders the service.

b) Defined Contributions:

Fixed contributions to the Superannuation Fund which is administered and managed by Life Insurance Corporation of India and Fixed contributions to Employees State Insurance Corporation (ESIC) are charged to profit and loss account.

The Company also contributes to a government administered Provident and Pension Fund on behalf of its employees, which are charged to profit and loss account.

c) Defined Benefits :

The Liability for Gratuity to employees as at Balance sheet date is determined on the basis of actuarial valuations and is funded to a Gratuity Fund administered and managed by Life Insurance Corporation of India. The Liability thereof is paid and absorbed in the accounts.

d) Long Term Compensated Absences :

The Liability In respect of long term portion of compensated absences (Leave benefits), is determined based on the actual valuation carried out by the management and is provided for accordingly.

vi) Borrowing Costs :

Borrowing Costs on specific loans attributable to the acquisition or construction of asset are capitalized. All other borrowing costs are accounted in Profit & Loss Account.

vii) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized on timing differences arising between taxable income and accounting income computed using the tax rates and the tax laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized and reviewed for the appropriateness of their carrying values at each balance sheet date.

viii) Miscellaneous Expenditure not w/off :

Product Launch Expenditure incurred for new products that are yet to be launched are capitalized and shall be amortised over a period of 5 years from commercial production date.

Share Issue Expenditure incurred towards preferential allotment of shares are capitalized and shall be amortised over a period of 5 years.

ix) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reasonable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

x) Impairment of Assets :

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

3. SHAREHOLDER'S FUNDS - SHARE CAPITAL

PARTICULARS	AS AT 31 ST MARCH 2017		AS AT 31 ST MARCH 2016	
	Number	₹	Number	₹
Authorised				
Equity Shares of ₹10/- each	13,000,000	130,000,000	5,000,000	50,000,000
9% Redeemable, Non Convertible Preference Shares of ₹100/- each	200,000	20,000,000	200,000	20,000,000
Issued, Subscribed & Fully paid-up				
Equity Shares of ₹10/- each	12,992,500	129,925,000	5,000,000	50,000,000
9% Redeemable, Non Convertible Preference Shares of ₹100/- each	160,000	16,000,000	160,000	16,000,000
Total	13,152,500	145,925,000	5,160,000	66,000,000

i) Disclosure of number of shares outstanding for each class of shares as at

PARTICULARS	AS AT 31 ST MARCH 2017		AS AT 31 ST MARCH 2016	
	Number	₹	Number	₹
a) Equity Shares				
Shares outstanding at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Add : Shares issued during the year	7,992,500	79,925,000	-	-
Shares outstanding at the end of the year	12,992,500	129,925,000	5,000,000	50,000,000
b) Preference Shares				
Shares outstanding at the beginning of the year	160,000	16,000,000	160,000	16,000,000
Shares outstanding at the end of the year	160,000	16,000,000	160,000	16,000,000

ii) Terms and Rights attached to Shares

The Company has two class of shares. The Equity Shares have a par value of ₹10/- per share. Each holder of Equity Share is entitled to one vote per share. The Preference Shares have par value of ₹100/- per share and carry dividend of 9% per annum from the date of allotment. The dividend shall be payable at the time of declaration of dividend on Equity Shares. The Preference Shares shall be redeemed not later than 19 years from the date of issue.

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

iii) Disclosure of more than 5% shareholding

Name of Shareholder	AS AT 31 ST MARCH 2017		AS AT 31 ST MARCH 2016	
	No. of Equity Shares held	% Holding	No. of Equity Shares held	% Holding
M/s. Vanity Case (India) Private Limited	7,847,294	60%	3,722,294	74%
M/s. Sixth Sense India Opportunities - 1	2,000,000	15%	-	-

Name of Shareholder	AS AT 31 ST MARCH 2017		AS AT 31 ST MARCH 2016	
	No. of Pref. Shares held	% Holding	No. of Pref. Shares held	% Holding
M/s. V. S. Dempo Holdings Private Limited	160,000	100%	160,000	100%

4. RESERVES & SURPLUS

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Capital Reserve		
Opening & Closing Balance	4,800	4,800
Share Premium Account	239,775,000	-
Surplus		
Opening Balance	(51,290,974)	(65,698,220)
Less : Net Profit / (Loss) for the current year	13,433,976	14,407,246
Closing Balance	(37,856,998)	(51,290,974)
Total	201,922,802	(51,286,174)

5. LONG TERM BORROWINGS

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Secured Loans		
Loans from V S Dempo Holdings Private Limited (The above loan is at interest rate of 9%)	46,839,539	78,134,978
Unsecured Loans		
Loan from Motown Investment Private Limited (The above loan is at interest rate of 9%)	-	16,000,000
Loan from The Vanity Case India Private Limited (The above loan is at interest rate of 9%)	-	10,250,000
Total	46,839,539	104,384,978

6. OTHER LONG TERM LIABILITIES

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Creditors for Capital Purchases	1,326,868	11,904,494
Total	1,326,868	11,904,494

7. LONG TERM PROVISIONS

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Provision for Employee Benefits	1,249,148	1,068,427
Total	1,249,148	1,068,427

8. SHORT TERM BORROWINGS

(Amount in ₹)

PARTICULARS	AS AT	AS AT
	31 ST MARCH 2017	31 ST MARCH 2016
Secured		
Loans repayable on demand from Bank		
- Cash Credit from Bank of Maharashtra (Secured by hypothecation of stock and book debts)	-	1,683,755
- Cash Credit from Bank of Maharashtra (Secured by pledge of fixed deposits of V S Dempo Holdings Private Limited)	-	4,595,278
Total	-	6,279,033

9. TRADE PAYABLES

(Amount in ₹)

PARTICULARS	AS AT	AS AT
	31 ST MARCH 2017	31 ST MARCH 2016
Trade Payables	109,166,338	41,510,343
Total	109,166,338	41,510,343

10. OTHER CURRENT LIABILITIES

(Amount in ₹)

PARTICULARS	AS AT	AS AT
	31 ST MARCH 2017	31 ST MARCH 2016
Statutory Liabilities including Withholding Taxes	2,733,182	323,041
Provision for Tax (Net of Taxes)	78,084	-
Accrued Employee Benefits	1,003,895	591,711
Accrued Expenses	2,487,870	8,830,286
Advances from Customers	1,368,401	3,769,530
Total	7,671,432	13,514,568

11. FIXED ASSETS

(Amount in ₹)

Fixed Assets	Gross Block				Accumulated Depreciation			Net Block		
	Bal as at 01.04.2016	Additions	Deductions	Bal as at 31.03.2017	Bal as at 01.04.2016	Depreciation on Charge	Deduction / Adjustment	Bal as at 31.03.2017	Bal as at 31.03.2017	Bal as at 01.04.2016
a) Tangible Assets										
Freehold Land & Devt	557,490	-	-	557,490	-	-	-	-	557,490	557,490
Buildings	43,143,624	23,333	-	43,166,957	29,821,111	6,982,190	-	36,803,301	6,363,657	13,322,513
Plant & Machinery	123,336,225	20,506,189	-	143,842,414	52,028,188	6,323,911	-	58,352,099	85,490,314	71,308,037
Computers	849,257	174,199	-	1,023,456	846,657	14,339	-	860,996	162,460	2,600
Furniture & Fittings	3,462,522	537,910	-	4,000,431	2,123,799	302,770	-	2,426,569	1,573,862	1,338,723
Motor Cycle	-	21,000	-	21,000	-	680	-	680	20,320	-
Air Conditioner	-	55,652	-	55,652	-	-	-	-	55,652	-
Total	171,349,117	21,318,283	-	192,667,400	84,819,755	13,623,890	-	98,443,645	94,223,755	86,529,362
Previous Year	161,172,824	10,176,293	-	171,349,117	71,437,917	13,381,837	-	84,819,754	86,529,363	89,734,908
b) Intangible Assets										
Trademark	1	-	-	1	-	-	-	-	1	1
Total	1	-	-	1	-	-	-	-	1	1
Previous Year	1	-	-	1	-	-	-	-	1	1
c) Capital Work in Progress	-	-	-	-	-	-	-	-	33,159,956	22,463,754
Total	171,349,118	21,318,283	-	192,667,401	84,819,755	13,623,890	-	98,443,645	127,383,712	108,993,117
Previous Year	161,172,825	10,176,293	-	171,349,118	71,437,917	13,381,837	-	84,819,754	108,993,118	112,198,663

12. DEFERRED TAX ASSET (NET)

(Amount in ₹)

PARTICULARS	AS AT	
	31 ST MARCH 2017	31 ST MARCH 2016
Deferred Tax Assets		
Unabsorbed Losses & Depreciation	16,542,594	15,871,926
Depreciation Allowance	385,724	515,140
Compensated Absences	55,843	29,093
	16,984,162	16,416,159
Deferred Tax Liabilities		
Product Launch Expenses	2,315,046	1,482,872
	2,315,046	1,482,872
Total	14,669,116	14,933,287

13. LONG TERM LOANS AND ADVANCES

(Amount in ₹)

PARTICULARS	AS AT	
	31 ST MARCH 2017	31 ST MARCH 2016
Capital Advances	33,813,234	-
Security Deposits	2,713,999	75,999
(Unsecured, Considered Good)		
Total	36,527,233	75,999

14. OTHER NON CURRENT ASSETS

PARTICULARS	(Amount in ₹)	
	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Misc Expenditure not written off		-
- Product Launch Expenses	12,290,994	4,798,937
- Share Issue Expenses	3,528,766	-
Total	15,819,760	4,798,937

15. INVENTORIES

PARTICULARS	(Amount in ₹)	
	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Raw Materials	39,293,932	3,955,483
Packing Materials	4,173,759	2,769,163
Stores & Consumables	604,725	433,671
Work in Progress	15,049,707	7,847,903
Total	59,122,124	15,006,220

16. TRADE RECEIVABLES

PARTICULARS	(Amount in ₹)	
	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Trade Receivables outstanding for a period exceeding 6 months (from the date they are due for payment)		
Unsecured, Considered Good	817,918	578,565
Trade Receivables outstanding for a period of less than 6 months (from the date they are due for payment)		
Unsecured, Considered Good	58,833,868	35,802,698
Total	59,651,786	36,381,263

17. CASH AND BANK BALANCES

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
(i) Cash and Cash Equivalents		
a) Cash on Hand	128,255	20,784
b) Balances with Banks in Current Accounts	29,902,259	28,860
	30,030,514	49,644
(ii) Others		
Fixed Deposits	134,737,266	1,298,789
	134,737,266	1,298,789
Total	164,767,780	1,348,433

18. SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Balances with Government Authorities	19,443,262	9,231,436
Prepaid Expenses	425,497	136,943
Tax Deducted at Source (Net of Provision)	-	1,753,430
Advance to Employees	79,426	94,400
Advance to Suppliers / Expenses	6,683,418	259,644
Total	26,631,603	11,475,851

19. CURRENT ASSETS - OTHER CURRENT ASSETS

(Amount in ₹)

PARTICULARS	AS AT 31 ST MARCH 2017	AS AT 31 ST MARCH 2016
Interest Accrued on Deposits	414,325	362,559
Export Incentive Receivable	9,113,689	-
Total	9,528,014	362,559

20. REVENUE FROM OPERATIONS

PARTICULARS	(Amount in ₹)	
	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Sale of Products	324,940,120	194,310,115
Sale of Services		136,943
- Processing Charges	49,415,447	48,058,821
Other Operating Revenue		
- Trial Charges	180,020	2,247,070
- Sale of Scrap	374,049	942,540
- Freight/Loading-Unloading Charges Received (Net)	68,077	121,519
- Duty Drawback (Incentive)	8,738,272	-
- Export Incentive	3,135,922	-
Total	386,851,907	245,680,065

21. OTHER INCOME

PARTICULARS	(Amount in ₹)	
	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Interest from Banks	2,148,325	103,041
Interest from Others	-	35,078
Miscellaneous Income	7,165	8,200
Total	2,155,490	146,319

22. COST OF MATERIALS CONSUMED

PARTICULARS	(Amount in ₹)	
	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Opening Stock of Raw Materials	3,955,483	7,660,091
Add: Purchases	265,837,700	136,630,825
	269,793,183	144,290,916
Less : Closing Stock of Raw Materials	39,293,932	3,955,483
Total	230,499,250	140,335,433
Details of Raw Material Consumed		
Cereals and Food Grains	230,499,250	140,335,433
Raw Leather & Chemicals		
Total	230,499,250	140,335,433

COST OF MATERIALS CONSUMED (Contd.)

(Amount in ₹)

PARTICULARS	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Details of Raw Material Inventory		
Cereals and Food Grains	39,293,932	3,955,483
Raw Leather & Chemicals		
Total	39,293,932	3,955,483

23. CHANGES IN INVENTORIES OF WORK IN PROGRESS

(Amount in ₹)

PARTICULARS	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Opening Stock		
Work in Progress	7,847,903	14,357,698
Closing Stock		
Work in Progress	15,049,707	7,847,903
Total	(7,201,804)	6,509,795

24. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

PARTICULARS	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Salaries & Incentives	35,418,126	32,142,107
Contribution to Provident & Other Funds	2,076,718	2,095,812
Staff Welfare Expenses	3,070,687	2,493,027
Total	40,565,531	36,730,946

25. FINANCE COST

(Amount in ₹)

PARTICULARS	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Interest Expense		
- To Banks	202,705	245,502
- To Others	8,883,981	9,413,426
Bank Charges	299,223	152,937
Total	9,385,909	9,811,865

26. OTHER EXPENSES

PARTICULARS	(Amount in ₹)	
	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
(i) Manufacturing and Operating Costs		
Consumption of Stores & Consumables	258,253	1,383,688
Power & Fuel	13,410,961	11,977,860
Water Charges	409,242	464,810
Freight Charges	5,176,278	1,262,871
Repairs & Maintenance - Shop Floor	4,622,719	3,586,262
Processing Charges	29,057,242	-
Sundry Production Expenses	5,480,374	4,387,787
	58,415,069	23,063,279
(ii) Administration		
Rent, Rates & Taxes	2,613,203	133,356
Insurance	262,545	162,564
Travelling & Conveyance	2,916,315	1,686,388
Repairs & Maintenance - Others	2,159,623	3,097,592
Printing & Stationery	612,084	358,737
Postage & Courier	517,908	506,407
Telephone & Internet Expense	464,084	216,940
Legal & Professional Charges	1,574,012	392,986
Audit Fees	162,000	150,000
Directors Sitting Fees	591,000	339,000
Security Charges	2,496,452	1,709,465
Loss on Exchange Fluctuation (Net)	1,818,588	-
Other Miscellaneous Expenses	996,065	363,983
	17,183,879	9,117,418
(iii) Selling & Distribution		
Advertisement	4,300	-
Business Promotion	52,750	-
Sales Commission	1,564,934	-
Selling Expenses	-	199,129
	1,621,984	199,129
(iv) Others		
Donation	5,070	25,000
	5,070	25,000
Total	77,226,002	32,404,826

OTHER NOTES:

27. CONTINGENT LIABILITIES

Claims against the Company by Excise Department, disputed and not accepted – Nil (Previous Year – ₹27,15,489/-).

Bank Guarantees issued by bankers on behalf of the Company ₹35,85,000/-(Previous Year- ₹38,85,000/-). Bank Guarantees for ₹25,00,000/- are secured by pledge of fixed deposits of M/s. V S Dempo Holdings Private Limited of equivalent amount.

28. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is ₹51 Lakhs (Previous Year - ₹Nil).

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

30. Cash Credit ₹20 Lacs from Bank of Maharashtra is secured by hypothecation of stock and book debts.

Cash Credit of ₹50 Lacs from Bank of Maharashtra is secured by pledge of fixed deposits of M/s. V S Dempo Holdings Private Limited.

31. Deposit with Banks includes ₹13,65,000/- under lien towards guarantees given on behalf of the Company (Previous Year - ₹12,98,789/-).

32. To comply with the requirement of the Micro, Small And Medium Enterprises Development Act 2006, which became effective from 2nd October, 2006, the Company requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. As the Company did not receive any communication from its suppliers informing their coverage as such enterprise, it is considered that none of them are covered as such enterprise under the said Act.

33. REMUNERATION TO AUDITORS

PARTICULARS	(Amount in ₹)
	YEAR ENDED 31 ST MARCH 2017
Statutory Audit Fees	45,000
Tax Audit Fees	5,000
Certification Fees	30,000
Internal Audit & VAT Audit Fees	82,000
Total	1,62,000

34. Provision for Income Tax (current) has been made in accordance with the provisions of the Income Tax Act, 1961.

35. SEGMENT REPORTING :

The Company is engaged in contract manufacturing of products, which constitutes single business segment. As per management's perspective, the risks and returns from them do not materially vary geographically. Accordingly, there are no business / geographical segments to be reported under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

36. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18 ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA:

Relationship

Holding Company:

M/s. Vanity Case (India) Pvt. Ltd.

(Amount in ₹)		
Nature of transaction	2016-17	2015-16
Interest Paid	7,19,137 DR	7,66,050 DR
Loans Received	-	42,50,000 CR
Loans Repaid	1,02,50,0000 DR	-
Loans Outstanding at the year end	-	1,02,50,000 CR
Payables	-	6,89,443 CR

37. VALUE OF RAW MATERIAL CONSUMPTION (₹)

(Amount in ₹)				
PARTICULARS	YEAR ENDED 31 ST MARCH 2017		YEAR ENDED 31 ST MARCH 2016	
	Value	%	Value	%
Imported	35,56,362	1.54%	4,60,737	0.33%
Indigenous	22,69,42,888	98.46%	13,98,74,696	99.67%
Total	23,04,99,250	100.00%	14,03,35,433	100.00%

38. EXPENDITURE IN FOREIGN CURRENCY

(Amount in ₹)		
PARTICULARS	2016-17	2015-16
Raw Material Purchases	-	7,58,078/-
Travel	1,05,610/-	-
Commission	15,64,934/-	-

39. EARNINGS IN FOREIGN CURRENCY

(Amount in ₹)		
PARTICULARS	2016-17	2015-16
Earnings in Foreign Currency	12,19,57,035/-	-

40. EARNING PER EQUITY SHARE

PARTICULARS	YEAR ENDED 31 ST MARCH 2017	YEAR ENDED 31 ST MARCH 2016
Net Profit / (Loss) available for Equity Shareholders	1,34,33,976	1,44,07,246
No. of Equity Shares	1,29,92,500	50,00,000
Earnings per Share (₹)		
Basic	1.79	2.88
Diluted	1.79	2.88
Nominal Value per Equity Share (₹)	10.00	10.00

41. Previous year's figures have been regrouped wherever necessary, to confirm with current year's disclosures.

Vide our Report of even date
For **R. SUNDARARAMAN & CO.,**
Chartered Accountants

S. SRIRAM

Partner

Membership No : 202813

Place: Panaji

Date: May 22, 2017

For and on behalf of Board of Directors

Sameer R. Kothari

Managing Director

DIN : 01361343

Ganesh T. Argekar

Executive Director

DIN : 06865379

Beena M. Mahambrey

Company Secretary

Place: Panaji

Date: May 22, 2017

Kedranath Swain

Chief Financial Officer

HINDUSTAN FOODS LIMITED (CIN: L15139GA1984PLC000601) Registered Office: Dempo House, Campal, Panaji-Goa 403001 Email: hflinvestorrelations@demos.com Website: www.hflgoa.com Phone: 0832-2441300, Fax: 0832-2225098 THIRTY-SECOND ANNUAL GENERAL MEETING Wednesday, 27th September, 2017 at 10:30 a.m.	ATTENDANCE SLIP Serial No. :
Registered Folio No./DP ID/Client ID : _____ Name and address of the Member : _____	
I/We hereby record my/our presence at the 32nd Annual General Meeting of the Company at the Registered Office of the Company at Dempo House, Campal, Panaji-Goa 403001 on Wednesday, the 27th September, 2017 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.

HINDUSTAN FOODS LIMITED (CIN: L15139GA1984PLC000601) Registered Office: Dempo House, Campal, Panaji-Goa 403001 Email: hflinvestorrelations@demos.com Website: www.hflgoa.com Phone: 0832-2441300, Fax: 0832-2225098 THIRTY-SECOND ANNUAL GENERAL MEETING Wednesday, 27th September, 2017 at 10:30 a.m.	PROXY FORM	
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 32nd Annual General Meeting of the Company, to be held on Wednesday, the 27th September, 2017 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:		
No.	Resolutions	Optional*
Ordinary Business		For Against
1.	Adoption of Audited Financial Statements, Directors' Report & Auditors' Report for the financial year ended 31st March, 2017.	
2.	Re-appointment of Mr. Rajesh S. Dempo (DIN: 05143106) as Director, who retires by rotation.	
3.	Appointment of M/s. MSKA & Associates, Chartered Accountants (Registration No. 105047W) as Statutory Auditors of the Company, in place of the retiring the auditors M/s. R. Sundararaman & Co., Chartered Accountants, and to fix their remuneration.	
Special Business		
4.	Appointment of Mr. Sameer R. Kothari (DIN: 01261343) as a Director.	
5.	Appointment of Mr. Nikhil K. Vora (DIN: 05014606) as a Non-Executive Director.	
6.	Appointment of Ms. Honey Vazirani (DIN: 07508803) as an Independent - Woman Director.	
7.	Special Resolution under Section 196 and 203 of the Companies Act, 2013 for approval of the appointment of Mr. Sameer R. Kothari (DIN: 05143106) as the Managing Director of the Company for a period of 5 years with effect from 22nd May, 2017 till 21st May, 2022, without any remuneration.	
8.	Special Resolution under Section 196 and 197 of the Companies Act, 2013 for the re-appointment of Mr. Ganesh T. Argekar (DIN: 06865379) as Whole-time Director of the Company, designated as "Executive Director" for a further period of 3 years, with effect from 19th May, 2017 and payment of remuneration.	
Signed this.....day of, 2017 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, Explanatory Statements and Notes, please refer to the Notice of the 32nd Annual General Meeting.		Affix Rs. 1/- Revenue Stamp
VOTING THROUGH ELECTRONIC MEANS		
EVEN (Remote E-voting Event Number)	USER ID	PASSWORD / PIN



Hindustan Foods Limited

Registered Office :

Dempo House, Campal, Panaji, Goa. 403001.

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CIN: L15139GA1984PLC000601