Date: 26th August, 2020

To,
The General Manager
Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers, Dalal Street,
Mumbai-400 001,
Tel: (022) 2272 1233 / 34

Dear Sir/Madam,

Subject: Press Release

Please find attached the press release titled “Hindustan Foods reports Q1FY21 Results”.

The disclosure is made in compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you.

Yours faithfully,
For Hindustan Foods Limited

Bankim Purohit
Company Secretary
ACS: 21865

Encl. As above
Investor Release

Hindustan Foods reports Q1FY21 Results

Hindustan Foods Limited, India’s most diversified contract manufacturers of FMCG, announced their unaudited financial results, for the first quarter ending 30th June, 2020

Key Consolidated Financial Highlights are as follows:

- Gross Revenues grew by 40% from Rs 144.70 crores in Q1FY20 to Rs 202.33 crores in Q1FY21
- EBITDA grew by 33% from Rs 11.30 crores in Q1FY20 to Rs 15.04 crores in Q1FY21
- PBT was Rs 6.58 crores in Q1FY21 as compared to Rs. 6.53 crores in Q1FY20

Operational Highlights
- The CoVID situation led to less than optimal capacity utilization of the factories
- This was especially magnified due to the increased capacities which came on line in Q4FY20
- This loss of sales resulted in under-recovery of depreciation and interest costs
- The factories stabilized production from May end and continue to perform at higher than pre-CoVID levels currently

Strategic Highlights
- The company has entered into a long term contract to manufacture a leading brand of toilet cleaner for its upcoming facility in Silvassa
- The Board has sanctioned a further investment of Rs. 150 crores in Hyderabad on the back of the successful commercialization of the liquid facility
- The merger of the Mysuru and Coimbatore facility is on track
- The company has incorporated a wholly owned subsidiary company to leverage further manufacturing opportunities.

Commenting on the results, Mr Sameer R. Kothari, Managing Director said, “Hindustan Foods Limited dedicates the First Quarter of 2020-21 to the fantastic set of people who have fought at the frontlines of the CoVID-19 battle with scant recognition. It has been a quarter which truly tested the capabilities and competencies of the Company. The performance of the Company was affected by lockdown, the reverse migration of labour, the unavailability of trucks, the shutdown of the up-stream factories and a resultant lack of raw and packing materials. While most of the products manufactured by the company fell in the category of “Essential Products”, the coordination with various government authorities and the differing understanding of the rules and regulations in various states lead to major challenge in starting up the facilities.

Some of the plants started operations in April itself but were hampered by various issues leading to sub-optimal capacity utilization with production stabilizing only in May and June. The team did a fantastic job in the face of adversity and managed to bring all the factories to the pre-CoVID levels by May end.
In times like this, the management needs to take a call about safeguarding the sometimes conflicting interests of various stakeholders in the Company. The Board and I decided that we would first and foremost ensure that we are able to service our customers (irrespective of the costs) and then safeguard our employees who were at the frontline of this pandemic working to ensure that the company is able to deliver the essential products. I am happy to say that no employee faced a pay cut and we were able to retain all the employees without any layoffs. These choices obviously meant that we would have to sacrifice some profits especially in a quarter where we had hoped to post the highest ever profit figures on the back of the increased capacities. We decided that maintaining our credibility with our customers and employees would eventually result in value creation for our shareholders in the long run.

The Company did not exercise the option of moratorium and continued to pay the EMIs leading to a further strengthening of our relationship with our bankers who I believe will be more confident to support us in our future projects.

Coming to the present times, I am pleased to confirm that we are on track to have record turnover in the second quarter. This has been aided by an increased demand for home and hygiene products in our factory in Hyderabad and also an increase in the demand for household insecticides in our factory in Jammu. The company had started a project in Silvassa to build a home care facility and I am pleased to inform that we have signed an agreement with a leading brand of toilet cleaner for the entire capacity. Though this project was delayed due to the CoVID lockdown, we are expecting to start commercial production from next month.

In today’s meeting, the Board reviewed the performance of the new investment in the liquid project in Hyderabad which turned out to be timely due to the increase in the demand for home and personal hygiene products. The Board was also pleased to sanction an additional investment of Rs. 150 crores at Hyderabad for further increasing the capacity. This would take the total investment in Hyderabad to nearly Rs. 400 crores. This investment would be funded by internal accruals and debt.

The pandemic has further reinforced our strategy for decentralized manufacturing and also proven the benefits of contract manufacturing. On the back of this vision, we have invested more than Rs. 300 crores in the last 2 years and with the upcoming investment of Rs. 150 crores, our goal for FY2022 continues to be a topline of Rs. 2,000 crores of turnover.

In tune with the current situation, the Company redirected its CSR contribution to the PM Cares fund as well as the CM Relief Fund. On on-going basis, we will keep our focus on the health and hygiene of the Girl child.”
About Hindustan Foods Limited
Hindustan Foods Ltd. was founded in 1984. The Company offers Dedicated and Shared Manufacturing services to top FMCG corporates who are looking to minimize cost while maximizing product quality in the post-GST environment. In 2013, Vanity Case Group bought a controlling stake in Hindustan Foods Ltd. and since then the company has diversified across various FMCG categories with manufacturing competencies in Food & Beverages, Home Care, Personal Care, Fabric Care, Leather products and Pest Control. The Vanity Case Group was founded in the year 2001 and is one of the largest and most diversified FMCG contract manufacturers in India. Over the years, HFL has transformed into a scalable, profitable, and the most diversified contract manufacturer catering to various marquee customers.

Safe Harbor Statement
Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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