

# MANAGEMENT DISCUSSION AND ANALYSIS

## CORPORATE OVERVIEW

Heritage Foods Limited (the Company) has consolidated its position in Dairy Industry with deeper penetration into remote rural areas to procure raw milk and supply processed milk and milk products to consumers in urban areas. Your Company now has over 27 years of legacy in the Indian dairy space.

The Financial statements are prepared in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 2013 (“the Act”) read with Section 133 of the Companies Act, 2013.

Your Management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgments used therein. These estimates and judgments relating to financial statements are prudently made to reflect in a true and fair manner the form and substance of transactions. This also enables in reasonably presenting the Company’s state of affairs and profits and cash flows for the year ended March 31st, 2019

## INDIAN ECONOMY

The International Monetary Fund (IMF) has pared India’s growth forecast for the just-concluded fiscal and the next two years, citing softer recent growth and weaker global outlook, but expects the country to retain its place as the fastest growing major economy.

According to IMF estimates, India’s economy grew 7.1% in financial year 2018-19 and is expected to accelerate to 7.3% growth during 2019-20.

## Dairy Sector Review

We believe the organized dairy sector is poised for healthy growth in the coming quarters. Milk production CAGR of 5% over FY12-17 coupled with 5-6% inflation indicates ~10% growth of the market in revenue terms. Organized players account for 28% of the overall milk market and we expect their share to grow going forward.

### (a) INDUSTRY STRUCTURE AND DEVELOPMENTS

During the financial year 2018-19, India is the leading milk producing country in the world, accounting for 21% of the global market share. The milk processing industry in India is expected to expand at a compound annual growth rate (CAGR) of ~14.8% between FY 2018 and FY 2023.

Apart from milk, the revenue of the Indian dairy and milk processing industry is generated from several value-added products such as butter, curd, paneer, ghee, whey, flavoured milk, ultra-high temperature (UHT) milk, cheese, and yogurt. The market size of butter is expected to grow by 14.5%, curd by 14.4%, paneer by 14.1%, and ghee by 14.1%, among others.

### (b) OPPORTUNITIES AND THREATS:

#### Opportunity:

Expanding market will see creation of enormous job and self employment opportunities. Economy is growing at the rate of nearly 6.8% of GDP. Consequently, the investment opportunities are also increasing continually. Demand for dairy products is income elastic. Continued rise in middle class population will see shift in the consumption pattern in favour of value added products

besides the growth in demand for liquid milk. Greatly improved export potential for indigenous as well as western milk products. Opening of the world market offers opportunities for utilization of by products of the dairy industry for manufacturing value added products for import substitution. Interest subvention of 2% for farmers availing loan under Kisan Credit Card (KCC) for pursuing activities of animal husbandry and fisheries. Additional 3% interest subvention on timely repayment of loans. Positive for the dairy sector as this will encourage farmers to invest in dairy farming as a stable source of income. Dairy is one of key focus areas for doubling farmers income and increase milk production in milk deficient regions like South India and East India

#### Threat:

Excessive grazing pressure on marginal and small community lands has resulted in almost complete degradation of land. Indiscriminate crossbreeding for raising milk productivity could lead to disappearance of valuable indigenous breeds. Organized dairy industry handles only 28% of the milk produced. Cost effective technologies, mechanization, and quality control measures are seldom exercised in unorganized sector and remain key issues to be addressed. There is a gross lack of awareness among farmers about the quality parameters, including microbiological and chemical contaminants as well as residual antibiotics.

### (c) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

#### Liquid milk

Liquid milk is the largest category in the Indian dairy industry. However, a majority (72%) of the milk sold in India is still unorganised and in the form of loose milk sold by milkmen. The organised sector, too, is highly fragmented with several regional players and co-operatives. The organized fresh milk market is growing faster than the unorganised market and is estimated to account for 30% of the total liquid milk market by 2020.

#### Milk Powder

Milk powder manufacturing is a simple process now carried out on a large scale. It involves the gentle removal of water at the lowest possible cost under stringent hygiene conditions while retaining all the desirable natural properties of the milk- color, flavor, solubility, nutritional value.

#### Ghee

Ghee is traditionally used as cooking oil in Indian households and is the second largest category in the Indian dairy industry after fresh milk. Current ghee volumes are estimated to be 4.28 million MTs and expected to reach 4.66 million MTs by 2020. With higher consumer acceptance and availability, along with increasing health consciousness, the cow ghee segment is growing faster than the overall ghee market.

#### Paneer

Paneer is to India what cheese is to the Western world and is an integral part of many Indian recipes. It is the third largest segment in the milk-based products category. Current paneer market is 1.5 million MTs, expected to reach 1.8 million MTs by 2020 representing a market size of ₹ 36,550 crores. However, only ~3% of the total



market is organized due to the fact that Paneer is consumed like vegetables in Indian households and therefore purchased fresh on a daily basis. Given that consumers now prefer paneer which is hygienic and is consistent in taste, the trend towards branded packaged paneer is gaining momentum.

#### **Curd**

The Indian market is expected to reach a value of nearly INR 807 Billion by 2021. The curd market in India is currently being driven by the increasing demand from urban regions. The convergence of hectic lifestyles and rising health consciousness among consumers has spurred the demand for packed curd in the country. In addition, the introduction of newer and healthier varieties such as low-fat curd has also attracted a large consumer-base.

#### **Cheese**

India's cheese market is one of the fastest growing segments among dairy products. Current cheese volumes are around 65,000 MTs and are expected to reach 91,700 MTs by 2020. The spurt will be led by strong growth in India's fast food market driven by pizzas, burgers, sandwiches, etc.

#### **Buttermilk**

As buttermilk offers relief from the scorching heat of the sun, it has gained immense popularity in India as a result of the country's extremely hot summers. The demand for buttermilk is also increasing as it is good for digestion and boosts immunity. According to the report, the market is further expected to reach a value of INR 237.5 Billion by 2024, exhibiting a strong growth during the forecast period (2019-2024).

#### **Whey**

Whey is the by-product that is left after casein and milk-fat are separated from milk by coagulation, while manufacturing cheese.

#### **UHT milk**

Currently, one of the major factors driving the market is the ease of storage of UHT milk which facilitates its transportation over long distances to milk scarce regions. Some of the other growth inducing factors include ease of use, hectic lifestyles, long-shelf life, changing dietary habits, etc. According to the report, the market is further expected to reach a value of INR 193 Billion by 2024,

#### **Flavoured milk**

The flavoured milk market is anticipated to grow at a CAGR of around 20% during 2015-2020.

#### **Flavoured and frozen yoghurt**

Flavoured and frozen yoghurt market in India saw 36% CAGR during 2011-2014 to touch ₹ 2.3bn in 2014; it is expected to grow to ₹ 12.1bn in 2020 (32% CAGR). Growth in the category has been driven primarily by increased health consciousness among the urban middle class.

#### **Ice-Cream/ Frozen Desert**

The Indian ice cream industry is one of the fastest growing segments of the dairy or food processing industry. The frozen dessert market is projected to grow at a CAGR of over 19% by 2023, on the back of rising GDP per capita and growing demand from expanding middle class population.

### **(d) OUTLOOK**

According to, "Indian Dairy Industry Outlook 2022" report, with an annual output of 179 Million Tonnes, India is the largest producer of milk in the world. It is also one of the largest producers and consumers of dairy products. Indian dairy industry also offers good opportunities to both domestic and foreign investors for entry and expansion. Due to their rich nutritional qualities, dairy products' consumption has been growing exponentially in the country; and considering various facts and figures, the study anticipates that milk production in India will further grow at a CAGR of around 3.5% by 2021-22.

### **(e) RISKS AND CONCERNS**

#### **Climate, water scarcity and geography**

Climate change and scarcity of water is a major threat to the dairy industry. Milk production could go down by 3 million tonne over the next three years as the average temperatures rise, creating problems of water scarcity and reduced availability of green and dry fodder for the cattle. Temperate with milder seasons put less stress on cows than climates with more extreme weather. Geography is closely tied to weather. Heat and humidity are the factors with largest impact. If nighttime temperatures cool, cows get a chance for cover even in hot seasons. However, if they don't have a chance to cool down, they will eat less feed and produce less milk.

#### **Survival of the fittest**

It is expected that the competition will increase steadily as more and more companies targeting dairy sector and a few Multinational Corporations (MNC) too eyeing for increasing market share. Large established players are launching new products.

#### **New Product Risk by MNCs who have better brand equity**

Over the years a few private players have been able to anticipate and respond to changing consumer preferences which helped in building strong consumer demand for their brands. However continuous investment in research and development along with introduction of new products and different variants of existing products by MNCs, based on consumer preferences and demand, can be a risk for smaller players.

#### **Rising labor cost**

Over the last decade labor cost has also increased significantly. Cost of keeping and maintaining bovine is very high.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a well-defined and documented internal audit & control system, which is adequately monitored. Checks & balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account. The Internal control systems are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

These are supplemented by internal audit of your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Four Directors

in whom all are Non-Executive and three are independent Directors. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. Your Company has a robust Management Information System which is an integral part of the control mechanism.

## KEY INDUSTRY GROWTH DRIVERS

### Young India and increase in population

India is the second most populated country in the world with nearly a fifth of the world's total population. India is relatively young country with rising expectations. 65% of India's population is below 40 and working age population (between 15 and 64 years) is expected to touch 1b mark surpassing China by 2030. With 50% of the population under 25 years of age, the large Indian young population is ready to experiment and try out new milk products. The opportunity is there for domestic players to capitalize on their understanding of taste and preferences of Indians.

### Dual income households leading to higher usage of VAP due to lack of time

The number of dual household incomes is gradually increasing, leading to higher disposable incomes and readiness to try out value added products. Both rural and urban households have increased their expenditure on VADP at ~16% CAGR compared to liquid milk CAGR of 10-12%.

Traditional milkmen selling curd have disappeared today at least in urban areas with many of branded dairies launching their better quality curds and buttermilk. Dairy sector will be one of the key beneficiaries of Indian consumption story. Value-added products have been gaining importance due to changes in demographic and dietary patterns. While demand for branded milk has grown at 15%, growth in value added products has been even stronger at 23% in last decade.

### Rising urbanization and disposable income

With rising urbanization and disposable income, there is growing brand awareness amongst consumers, which is driving demand for branded products. Also, there is a growing preference for clean, hygienic and ready-to-eat milk & dairy products that will boost organized dairy industry.

### Rising health awareness

Over the last decade, there has been a growing awareness towards health and nutrition. This has led to increasing quality and safety concerns fuelling demand for packaged food. Younger consumers are especially trending towards more health conscious eating habits driving growth of value added dairy products.

### Rising vegetarian population

India has ~28% of population who follow vegetarianism and this number is gradually increasing over last decade. A large vegetarian population is a key driver for dairy industry.

## KEY SUCCESS FACTORS FOR DAIRY BUSINESS

### Strategically located manufacturing units

As most of the dairy products have low shelf life, it is difficult to manufacture them at a central location and distribute pan-India like FMCG products. Hence, it is crucial to have a network of multiple production units across the country to have maximum reach.

### Procurement of raw milk

The Company has emerged as a pan India player. About 13.8 Lakh LPD is currently being procured from Southern States like Telenagana, Andhra Pradesh, Tamilnadu, and Karnataka, Western States (Maharashtra) and Northern States like: Punjab, Haryana and Rajasthan.

Milk being a perishable commodity the incremental growth may come from closer to current markets. The acquisition of Reliance Dairy has been a success as it has helped the company to strengthen its presence in North.

### Distribution reach and availability of products

Some dairy products require chilled temperatures. Products such as ice creams require backup of freezers. Fresh milk products are perishable in nature. Establishing distribution is extremely crucial so that products are available to consumers. If product is consistently available to consumers they will try and will come for repeat purchases.

### An optimum product portfolio to ensure higher profitability

A range of products is crucial to attract consumers across income levels and across needs. It is important to have a right mix of milk business as well as value-added products so as to minimize working capital requirements and to maximize the return ratios. A right mix of fresh milk products and premium VAP will aid margins and return ratios.

## REVIEW OF OPERATIONS

### Tangible Results:

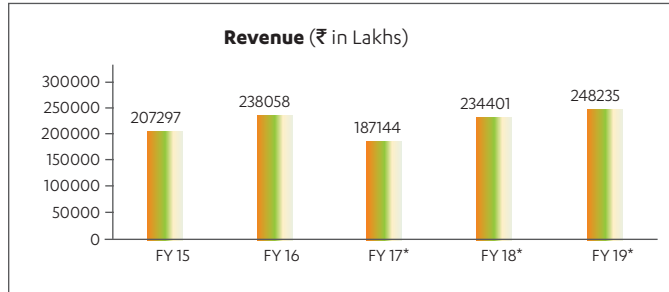
Total Revenue (₹ in Crore)	EBIDTA (₹ in Crore)	PAT (₹ in Crore)
FY19*	FY19*	FY19*
2,482.35	192.43	83.44
FY18*	FY18*	FY18*
2,344.01	133.32	60.38
FY17*	FY17*	FY17*
1,871.44	149.23	292.60
FY16	FY16	FY16
2,380.58	136.50	55.43
FY15	FY15	FY15
2,072.97	88.10	28.21

\* Figures are from continuing operations



Your Company has set its aspiration to emerge as a ₹ 6000 Cr company by 2024. At the moment, all efforts are being made in that direction. Apart from the organic growth both in the liquid milk and value added products space. Your Company is looking for inorganic route also.

This year was indeed a “bottom line growth” story, thanks to prudent inventory management, efficiency in financial prudence in cutting down losses related to acquired dairy business operations, and good monsoons leading to greater availability of fodder. This is the reason the EBITDA and PAT were higher at ₹ 192.43 crore and ₹ 83.44 crore respectively.



\* Figures are from continuing operations

Moving up value chain: The Company is rapidly moving up the value chain as the contribution of Value Added Products (VAP) in Dairy vertical is improving on Y-o-Y basis. The margin in VAP is almost double than that of Liquid Milk.

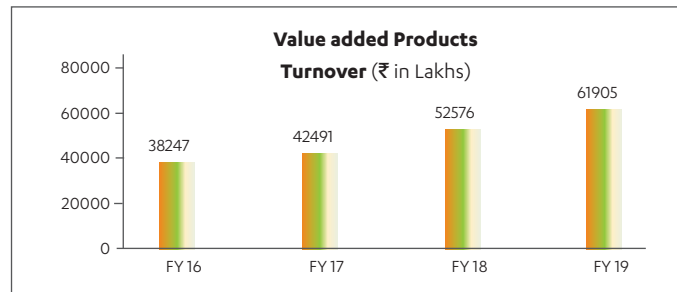
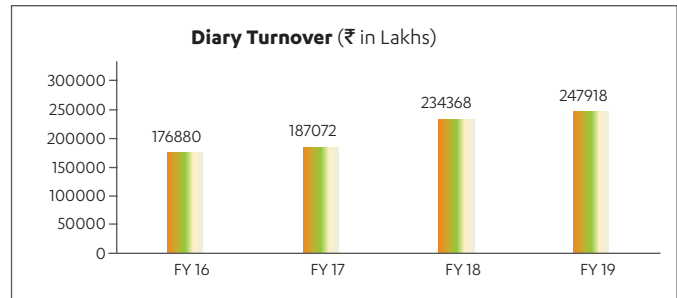
The company is gradually targeting to grow contribution of value added products to consolidate top line. Curd will continue to remain the largest component of value added product segment, contributing around 80.21% plus. Other products constitute: buttermilk; flavoured milk, lassi, paneer, frozen desert and ice creams. The yogurt plant, in collaboration with French company Novandie, is coming up near Mumbai and civil works have been already commenced.

Making Rapid Strides: Was successful in making rapid strides in Maharashtra and Delhi markets in Dairy business vertical. Attempts are on to add further processing capacities in Maharashtra.

### Dairy Business Vertical:

<b>₹ 2,47,918 Lakh Revenue</b>	<b>99.87 % Revenue Contribution</b>
<b>₹ 18,256 Lakh EBITDA</b>	<b>₹ 61,905 Lakh Revenue from Value Added Products</b>

The Dairy division accounting for 99.87% of revenue 2482.35 Lakh) is the flagship business vertical for your Company. The Last 4 financial year’s revenue of the Dairy vertical is given below:



With a surge in the value added products, from ₹ 38,247 lakhs in FY15 to ₹ 61,905 lakhs in the current fiscal year, the percentage of contribution to the dairy revenue has improved from a mere 16% to nearly 25% in the current year. The value added products have been growing at a CAGR of 17.41% over the last 4 years.

These products indeed attract the attention of stakeholders as their profit margins are almost double compared to that of the liquid milk. Among these value added products, it’s the curd that forms a significant portion. The rest include: ice cream/ Forzen Desert, paneer, butter milk lassi and flavoured milk.

### Renewable Energy Business Vertical:

Your Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward- looking enterprise, it is strongly committed to extending our ‘Green’ footprint. In line with this thinking, the division has increased its Renewable Energy Capacity with 4.09MW Solar Power and 6.30MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption:

<b>₹ 1,137 Lakhs Revenue from Renewable Energy</b>	<b>10.39 MW Renewable Energy Capacity</b>
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### Way Forward

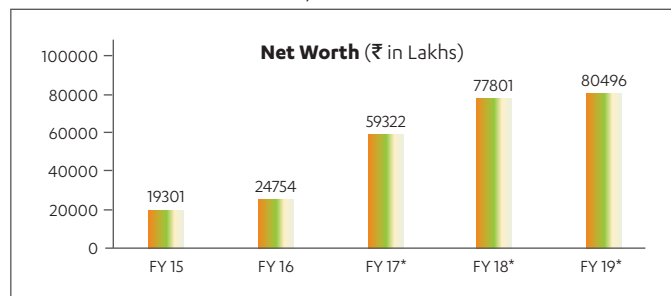
Your Company has the Right Channel Mix (over 90% milk is directly supplied to consumers), Right Product Mix (a good mix of fresh milk and value added products), High Capital Efficiency, and Branding (Heritage brand has a legacy of over 26 years).

## Discussion on financial And Operational performances

Your Company has created significant wealth for its shareholders as the Company continues to maintain its growth momentum to become a nationally recognized brand for healthy and fresh products. Given below is the Company's performance for the last five years in various parameters.

### Net worth Trend:

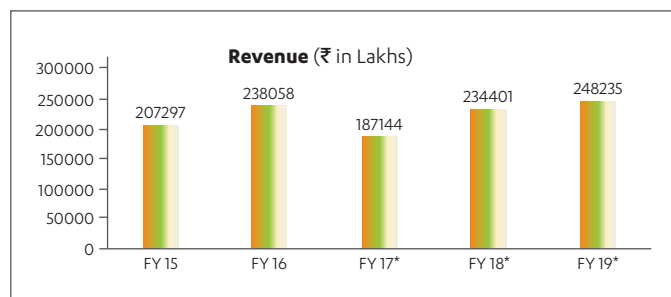
The net worth has shown a steady and constant ascent from ₹ 19,301 lakhs to ₹ 80,496 lakhs in the last five years.



\* Figures are from continuing operations

### Revenue Trend

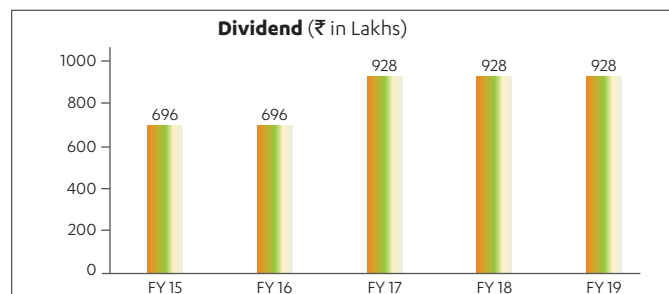
The focused approach helped the Company to deliver a revenue growth of 5.90% in FY19.



\* Figures are from continuing operations

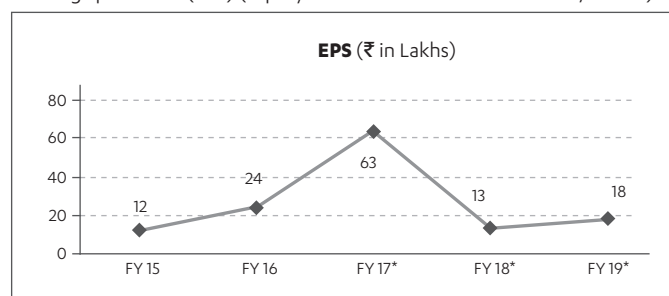
## Dividend Payment History

The Dividend and the payout ratio computed on consolidated profits have remained high. The dividend payout ratio in last five years.



## Earnings per Share

Earnings per share (EPS) (Equity Shares of the face value of ₹ 5/- each)



\* Figures are from continuing operations

## (g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### Standalone Financial Performance Review

#### A. FINANCIAL PERFORMANCE

The following information is a Standalone information of your company and it should be read in conjunction with the financial statements and related notes for the Financial Year ended 31 March 2019.

#### Overview of Standalone Financial Results

Particulars	2018 - 19		2017 - 18		FY 19 vs 18 % of Growth
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	
Net Sales	247946.42	99.88	234385.51	99.99	5.79
Other operating income	288.51	0.12	15.59	0.01	-
<b>Total Revenue</b>	<b>248234.93</b>	<b>100.00</b>	<b>234401.10</b>	<b>100.00</b>	<b>5.90</b>
Less: Total Expenditure	230036.03	92.67	221699.95	94.58	3.76
Fair value gain on FVTPL equity securities	-	-	39537.07	16.87	-
Gain due to changes in fair value of derivative liabilities	13109.85	5.28	-	-	-
Fair value loss on FVTPL equity securities	(13109.85)	(5.28)	-	-	-
Loss due to changes in fair value of derivative liabilities	-	-	(38703.86)	(16.51)	-
Add: Other Income	1109.60	0.45	716.94	0.31	54.77
Profit before Interest, Depreciation and Tax	19308.50	7.78	14251.30	6.08	35.49
Less: Finance costs	2068.64	0.83	1745.45	0.74	18.52



Particulars	2018 - 19		2017 - 18		FY 19 vs 18
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Depreciation & Amortisation	4371.04	1.76	3698.54	1.58	18.18
Profit / (Loss) before tax	12868.82	5.18	8807.32	3.76	46.12
Less: Provision for current taxation (Including taxation of earlier years)	4228.00	1.70	2829.39	1.21	49.43
Less: Provision for deferred taxation	296.63	0.12	(60.23)	(0.03)	-
Profit / (Loss) after tax	8344.19	3.36	6038.16	2.58	38.19

### Standalone Segment results :

Particulars	2018 - 19		2017 - 18		FY 19 vs 18
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
<b>1. Total Revenue</b>					
a. Dairy	242924.52		229671.55		5.77
b. Renewable energy	1137.08		685.93		65.77
c. Feed	4076.06		3591.71		13.49
d. Others	917.89		1104.40		(16.89)
<b>Total (a+b+c+d)</b>	<b>249055.55</b>		<b>235053.59</b>		<b>5.96</b>
<b>2. Inter-segment Revenue</b>					
a. Dairy	-		-		
b. Renewable energy	820.62		652.49		25.77
c. Feed	-		-		
d. Others	-		-		
<b>Total (a+b+c+d)</b>	<b>820.62</b>		<b>652.49</b>		<b>25.77</b>
<b>3. External Revenue</b>					
(Incl other operating income)					
a. Dairy	242924.52		229671.55		5.77
b. Renewable energy	316.46		33.44		846.27
c. Feed	4076.06		3591.71		13.49
d. Others	917.89		1104.40		(16.89)
<b>Total (a+b+c+d)</b>	<b>248234.93</b>		<b>234401.10</b>		<b>5.90</b>
<b>4. Segment Results</b>					
Profit (+) / (Loss) (-) before tax and finance costs					
a. Dairy	14387.70	5.92	10096.16	4.40	42.51
b. Renewable energy	659.25	57.98	317.81	46.33	107.44
c. Feed	(342.74)	(8.41)	(359.89)	(10.02)	(4.77)
d. Others	116.42	12.68	44.65	4.04	160.74
<b>Total (a+b+c+d)</b>	<b>14820.63</b>	<b>5.97</b>	<b>10098.73</b>	<b>4.30</b>	<b>46.76</b>
Less: Finance Cost	2068.64		1745.45		
Fair Value loss on derivative liabilities	13109.85		38703.86		
Others	194.02		420.96		
Add: Interest income	45.77		37.77		
Fair Value gain on Equity Securities (FVTPL)	13109.85		39537.07		
Dividend Income	4.00		4.02		
Reversal of Diminution in value of investments	261.09		-		
<b>Total Profit before Tax</b>	<b>12868.82</b>	<b>5.18</b>	<b>8807.32</b>	<b>3.76</b>	<b>46.12</b>

### Segment wise Revenue Break-up :

Particulars	2018 - 19	2017 - 18
<b>Dairy</b>		
<b>Finished goods sold</b>		
Milk	156409.04	146781.20
Value Added Products	61819.49	52478.06
Fat Products	20687.06	26034.03
Skimmed Milk Powder	65.57	485.74
<b>Total</b>	<b>238981.16</b>	<b>225779.03</b>
<b>Traded goods</b>		
Milk	1188.67	2672.85
Value Added Products	85.38	97.85
Fat Products	2018.58	-
Other Products	403.96	630.00
<b>Total</b>	<b>3696.58</b>	<b>3400.69</b>
<b>Sale of Service</b>	<b>228.96</b>	<b>488.74</b>
<b>Other operating income</b>	<b>17.82</b>	<b>3.09</b>
<b>Total Dairy Revenue</b>	<b>242924.52</b>	<b>229671.55</b>
<b>Renewable Energy</b>		
Finished goods sold	45.77	20.94
Other operating income	270.69	12.50
<b>Total Renewable Energy Revenue</b>	<b>316.46</b>	<b>33.44</b>
<b>Feed</b>	<b>4,076.06</b>	<b>3591.71</b>
<b>Others</b>	<b>917.89</b>	<b>1,104.40</b>
<b>Total Revenue</b>	<b>2,48,234.93</b>	<b>234,401.10</b>

### CASH FLOW

#### Cash inflows

₹ in Lakhs

Particulars	2018 - 19	%	2017 - 18	%
Operating Cash flow	19077.18	77.92	13544.44	50.48
Change in working capital (net)	-	-	3004.55	11.20
Interest & Dividend on Investments	38.13	0.16	32.14	0.12
Movement in other bank balances, net	-	-	3.66	0.01
Rent Received	144.42	0.59	-	-
Proceeds from Long Term Borrowings	5223.32	21.33	10248.36	38.19
<b>Total</b>	<b>24483.05</b>	<b>100.00</b>	<b>26833.15</b>	<b>100.00</b>

#### Cash Outflows

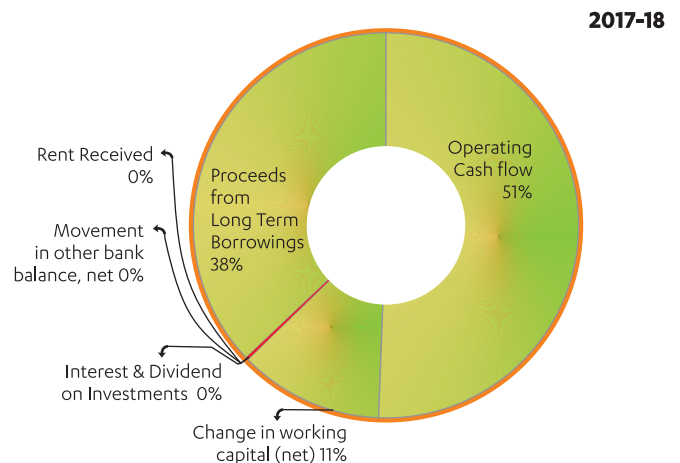
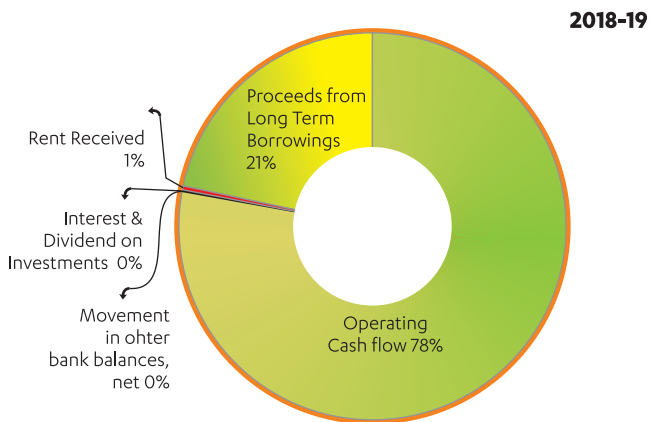
Particulars	2018 - 19	%	2017 - 18	%
Repayment of Long Term Borrowings	3251.16	14.01	1708.34	5.90
Change in Working capital (net)	1095.41	4.72	-	-
Taxes paid	3718.33	16.02	2777.25	9.59
Payment for purchase of property, plant and equipment (Net)	10488.98	45.19	13818.35	47.70
Payment on account of business combination	-	-	6151.00	21.23



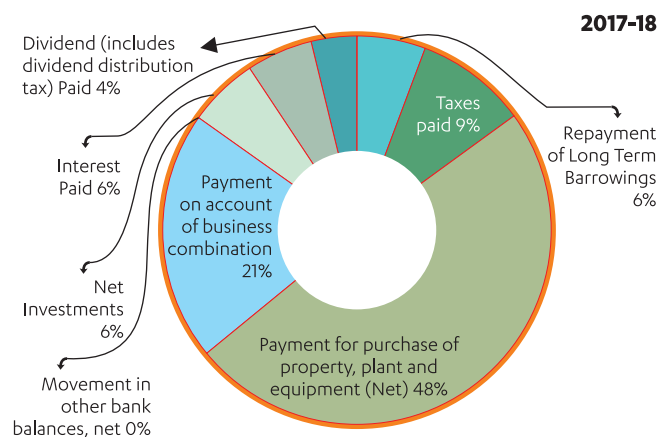
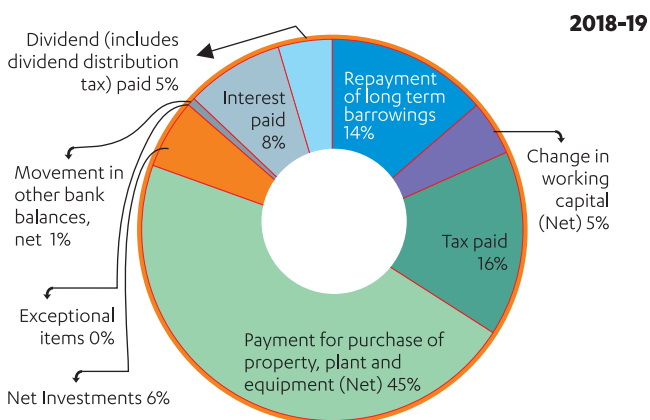


Particulars	2018 - 19	%	2017 - 18	%
Net Investments	1399.93	6.03	1767.93	6.10
Movement in other bank balances, net	151.96	0.65	-	-
Interest Paid	1984.27	8.55	1628.48	5.62
Dividend (includes dividend distribution tax) Paid	1118.73	4.82	1116.87	3.86
<b>Total</b>	<b>23208.77</b>	<b>100.00</b>	<b>28968.22</b>	<b>100.00</b>
Net increase /(decrease) in cash and cash equivalents	1274.28		(2135.07)	
Add: Opening Cash and Cash Equivalents	(4237.21)		(2102.14)	
Cash and cash equivalents at the end of the period	(2962.93)		(4237.21)	
<b>Cash and cash equivalents includes :</b>				
Cash on hand	758.07		243.33	
Balances with banks in current accounts	5391.05		5742.36	
Cheques on hand	111.02		-	
Loans repayable on demand from banks	(9223.07)		(10222.90)	

### Cash inflows



### Cash Outflows





### Key Financial Ratios as per SEBI (LO&DR) Regulations, 2015

Particulars	31 March 2019	31 March 2018
Debtors Turnover Ratio	99	219
Inventory Turnover Ratio (on Cost of Goods Sold)	14	14
Interest Coverage Ratio	7.42	5.80
Current Ratio	0.82	0.73
Debt Equity Ratio	0.19	0.18
Operating Profit (PBIT) Margin (%)	5.99%	4.11%
Net Profit Margin (%)	3.36%	2.58%
Return on Net Worth (RONW)	10.37%	7.76%

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. To ensure good human resources management, your Company focused on all aspects of the employee lifecycle. This provides a holistic experience for the employee as well. During their tenure at the Company, employees are motivated through various skill- development, engagement and volunteering programs. Your Company has a structured induction process at all locations and management development programs to upgrade skill of managers. Objective appraisal systems based on Key Result Areas are in place for senior management members.

Your Company is committed to nurturing, enhancing and retaining talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in long run. The total strength of your Company employees at the end of financial year 2018-19 was 3011.

### FORWARDLOOKING STATEMENTS

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the Management and the efforts being put into place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.