



September 30, 2021

**30<sup>th</sup> AGM Chairman's Letter for Investors**

**Dear Shareholders,**

I Trust, you have coped well with the unprecedented worldwide pandemic. Just like you, we have steadfastly held on and proven once again our mettle and resilience in face of adversities.

During the Pandemic, safety of staff and employees remained our Top Priority. We could run our operations partially and continued some exports to North America despite the unprecedented challenging time. We kept our operations live and maintained positive outlook to ultimately bounce back stronger than before. Our spirit and resilience are reflected in the financial reports of the lockdown period.

**Covid-19 & Way Forward:**

I believe that with aggressive vaccination, a heightened awareness of health & nutrition, and mindful precautions, we will soon eliminate this annihilating threat and move forward as a wiser civilisation. Covid induced heightened awareness to boost Immunity; the general mindset & focus in the world today is on holistic & therapeutic foods and Company has developed such new products from Mushrooms.

**Cost Cut & Rationalisation:**

In some ways, the pandemic forced us to work smarter to streamline the processes and make do with less resources. Moving forward, we anticipate substantial cost savings especially in HR & Electricity bills. The incremental effect of such cost savings will become more pronounced as we utilise higher capacity.

**Innovations to align with Health & Wellness:**

Further, we re-channeled our idle HR resources to aggressively innovate new and therapeutic products that can add to immunity and Overall Well-being. We innovated ways to utilise the available, unused capacities of our operations, and achieve the true potential of our company. (See below "New Era of Health & Wellbeing -Himalaya Innovations") Overall, we endeavoured to manifest the silver linings out of the Pandemic of unprecedented magnitude.

**OTS & Payments to the Banks:**

Previously, all four lenders/banks had approved an OTS for Rs. 82.80 Crores against the outstanding amount of Rs. 181.01 Crores. We have been able to pay Rs. 21 Crores and Banks have agreed to consider extension of payment till September 2022 due to unprecedented Covid disruptions since March 2020.

We anticipate to pay Rs. 30 Crores from the sale of non-core assets. The remaining amount of the OTS will be paid through the company's internal cash accruals, release of export incentives & GST claims pending for several years.

**Himalaya Food International Ltd.**

CIN : L70102DL1992PLC047399

Formerly known as Himalaya International Ltd.

**Contact@HimalayaFoodCompany.com**

**www.HimalayaFoodCompany.com**

Registered Office :

118, 1st Floor, 12 Gagandeep Building  
Rajendra Place, New Delhi-110008

Tel.: +91-11-45108609

Shubhkhera, Paonta Sahib,  
Himachal Pradesh - 173 025

Tel.: +91-1704-223494, Fax:225178

Plants

Vadnagar, Mehsana  
Gujarat - 384 355

Telefax.: +91-2761-305030



### **Singapore Award-JV Dispute:**

The 7 years long legal battle with American JV partner got concluded at Singapore Arbitration in March 2020 & we resumed the possession of the premises along with two potato processing lines at Vadnagar. JV partner defaulted on the Award in April last year by not returning key components & equipments within the specifically defined period of three weeks. The matter of compliance to the three point award is pending at Delhi High Court with our fresh claim for setoff for delay in return of equipment as per the specific clause in the Singapore Award.

### **Vision Post Covid:**

I am pleased to share Himalaya's vision beyond the Pandemic and the silver linings that we see on the horizon. We are reorganizing our mushroom operations in such a way that we continue to grow Button mushrooms at Pre-Covid levels and still divert 40% of our capacity towards the high valued medicinal mushrooms, such as Reishi, Cordyceps, Lions Mane & Turkey Tail. All these high valued mushrooms thrive on hard wood & grain based substrates requiring huge infrastructure for sterilisation. Fortunately we already have idle capacity and infrastructure that will be re-channelled to process the substrate for these mushrooms. Our newly developed "Vegan Mushroom Jerky" and "Red Reishi Super Mushroom Cookies" are further expected to add value to the company's profit margins. Overall, this restructuring of mushroom operations will impart a big boost to the value proposition.

With repossession of the French-Fry and Specialty Potato lines, we anticipate a sustained growth in Frozen Potato segment and target 20,000 tons of frozen french-fries and potato specialty products within the next 2/3 years.

We already have ongoing contract with Amul and we plan adding more contract processing for the already established large frozen food companies in the market.

We plan to re-enter the Domestic markets; first through the food service segment and later through the retail segment.

We intend on doing so in a similar fashion as our 2009-2010 launch of Himalaya products in the domestic market. While we have mandated our marketing team to ignite the campaign in the Food Service Sector, we plan to launch all frozen potato products & Appetizers in Modern Retail Chains and the online B2C platforms by next financial year.

### **New Era of Health & Wellbeing - Himalaya Innovations**

The unprecedented global pandemic has jolted humanity irrespective of income, geographic, or any other identity! The Silver Line is the dawn of a new era towards Health & Wellness to boost general immunity to face any future threats and to adopt a mindset of 'food as medicine'.

"Functional Foods" the foods that are not only therapeutic but also nutrition dense, are now in vogue more than ever before. These foods can provide for a much-needed boost to our innate immune system in an increasingly toxic & unpredictable World of Viruses & Diseases.

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Himalaya, with major capacity for mushrooms and penchant for innovation, is well equipped to participate in the super food & functional foods segment. We thus expect tremendous growth in the near future and are adequately positioned to be part of this emerging boom for Functional & Immunity boosting Super Foods.

### **Mushroom Functional Foods:**

Innovation has been the hallmark at Himalaya ever since our inception in 1995. The pandemic has taught us many lessons, and one of these led us to go for nutritionally dense mushroom products. We have developed Vegan 'Portobello Jerky' in five flavours.

We developed the process infusing our portobello mushrooms with Natural Vitamin D and then marinate these delicious morsels with therapeutic herbs and spices. We then dry the jerky at extremely low temperatures to not only bring out the flavors and chewiness but also preserve the nutritional content of the mushrooms and herbs. The drying process shrinks the portobellos to around 15% of their raw weight, making the final product many times more nutritionally dense than the raw mushrooms.

### **Medicinal Mushrooms:**

Certain anciently revered mushrooms have captured the spotlight as Immunity booster & enhancing longevity. Such Mushrooms can now be found on most online health stores & pharmacies overseas in various forms, such as Teas, infused in Coffee, Powders, Capsules, and Tinctures.

At Himalaya, we worked incessantly through the pandemic to use our mushroom experience to bridge the transformation to medicinal mushrooms.

To accomplish this, Himalaya engaged the Directorate Mushroom Research Center (DMR-ICAR) to assist in the development of high valued functional and medicinal mushrooms using our existing infrastructure for steam sterilisation and UV protected inoculation. We have imported high quality mother cultures for several most potent medicinal mushrooms like Red Reishi, Lions Mane & Cordyceps Militaris from Penn State University, USA. After completing long trials, we are now starting commercial growing of these mushrooms that shall be dried and sold to larger players in the field of Nutritional supplements as well as for In-house extraction of their therapeutic compounds for marketing under Himalaya Mushroom Brand.

I thank you for your Trust & Patience. With huge reduction in debt, conclusion of Singapore Arbitration leading to revival of French Fry business and foray in Functional foods & Medicinal Mushrooms; I feel confident to assure you that Himalaya is bound to enter its Best Phase.

Sincerely,

**For Himalaya Food International**  
SD/-  
**Man Mohan Malik**  
**Chairman & Managing Director**

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