

22nd May 2017

Dear Himalya Family,

It's my pleasure to share with you the financial results, new strategies and ongoing action plans of your company.

**Financial Results:** We have generated cash of Rs. 30.86 Crores during FY ending March 2017 compared to Rs. 17.04 Crores in FY 2016. This translates to 80% growth in EBIDTA over the last FY. The gross margins improved from 14% in FY 2016 to 24% in FY 2017.

The growth in EBIDTA of Q4 ending March 17 is 170% over the corresponding quarter of last FY.

Though the growth in revenues for FY 2017 has been only 11% over the last FY 2016, we have generated much better value by cost control and realigning our product and market strategy.

The major improvement is due to increasing the share and reach of fresh mushroom sales in domestic markets leading to better price realization instead of processed mushroom exports and also by better yields & crop management.

We have been able to meet all our financial obligations of repayment to all the banks and have been able to reduce the debt to the anticipated level.

**Innovations:** We have innovated several new products with major emphasis on Healthy; Chemical & Preservative Free 'All Natural' Pure Ingredients.

Our new **Mushroom** products ready for launch in Domestic markets are Mushroom Burger Patties, Meatless Mushroom Balls, Breaded Mushrooms and Mushroom & Vegetable Soups.

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New Potato products; Masla Fries, Nuggets and Spicy Bites are all developed without any processing chemicals and are laced or coated with healthy & therapeutic spices.

Under Dairy segment we have innovated Pure Buffalo Milk based Ice Creams and Fruit Yogurt smoothies with natural, unrefined sweeteners like Honey or Jaggery and without the usual chemical emulsifiers and stabilizers.

Revival of Closed Units: We have reopened all the processing units at Gujarat Plant that have remained closed since March 2013 due to common utilities passing through the locked & abandoned premises by the erstwhile JV partner. Necessary repairs and changes are under process and these units are contemplated to start commercial production within the next three months. The combined production capacities of all the units are massive and will need dedicated resources and hard work to reach the optimal potential of the Company in next few years.

Launch in Domestic Markets : We have kick-started the process to enter the domestic markets and are working on multiple channels including Food service, Modern & General Retail.

Weakening US dollar, Trump change in policies and better growth prospects in India also demand more weightage to Domestic markets.

Proposed JV for Retail: In view of Company's plans to launch its products in retail & build a strong brand in India, there is a need of aggressive media plan. We are actively pursuing the proposal from Spring Board (Times Group) to form a marketing JV exclusively focussed on Retail marketing & Brand building. It is proposed to hold 50% in the proposed JV along with the management control. All other marketing verticals (except retail) shall remain out of JV domain.

Initiative on Franchise Enterprises under Stand-Up India : We have taken the initiative to incubate and handhold exclusive franchise enterprises under Stand-Up India Scheme of the Central Govt.



This initiative will fulfill dual objective of catalyzing new enterprises under Stand-Up India scheme besides distributing & serving companies products pan India through such exclusive franchise enterprises without direct investment. We shall assist the aspiring youngsters; train them in our business and handhold them to avail all incentives and financial assistance under the Stand-Up India scheme of GOI and become our partners in progress.

The two franchise modules are:

- ✓ Himalya Distribution Hubs in each district of India to distribute & handle last mile delivery of our products to Retail, Food service and Quick Serve Vans.
- ✓ Quick Service Vans (QSV) as franchise models to create QSR experience 'on the go' and serve all the innovative products of the company direct to consumers on mobile QSV's.

The detailed Franchise scheme in four different investment formats are being displayed at our website and shall be soon disseminated through media <http://www.himalyainternational.com/FranchiseStandupIndia.html>

Demerger: I thank you for your approval on the Asset Reconstruction plan in the NCLT convened special General Meeting on 28th April. Consortium of our Banks have appointed Dun & Bradstreet Financial services (D&B) to advise on the distribution of security under each demerged entity. The report is expected within a few weeks to be followed by approval of the Banks and final hearing at NCLT to conclude the process.


I shall keep you informed on all the happenings

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Looking forward to exciting times!

Sincerely

For Himalya International Ltd



Man Mohan Malik  
Chairman