

Chairman`s Letter 29Th July 2017

Dear Himalya Members,

Please allow me this opportunity to share the 'State of affairs' of your company.

Financials: The Q1 financials have been posted at BSE & our corporate website www.HimalyaInternational.com. We have generated cash of Rs 710 lacs during the quarter ending June 2017. The capacity utilization during the period has remained low with most of the revenue coming from Mushrooms. We have been consistently cutting down the cost of operations leading to better margins. The EBIDTA margin is 24.86% during the quarter ending 30th June 2017. The major boost in performance shall come only by putting the dormant production lines in operation.

Franchise Models: We have great expectations from our new strategy to enter domestic Indian market by way of three Franchise models; Distribution Hubs, Quick Serve Vans (QSV) and Exclusive stores. Implementation of these models pan India will fill all the production lines that are lying idle.

Mobile Food Truck business is the fastest growing segment in food service industry. This segment has grown by 400% from USD 650 million in 2012 to USD 2.7 billion in 2017 in USA. We are receiving very good response for all three models and especially the QSV model. The QSV model with small investment has stirred great excitement with youngsters aspiring to start the Mobile Food Trucks to serve fast foods to ever increasing mobile population in towns & cities Pan India. Our QSV will be a new avatar with look, feel and efficiency of the Quick service Restaurant chains but serving better & healthier food at substantially lower prices than the multinational QSR chains. We have already concluded all aspects of this model & created SOP's and training modules to handhold the young entrepreneurs. The details can be viewed at our new website www.HimalyaFranchise.com. We hope to start the first lot of QSV's by October 2017.

New Export Markets: We have entered in contract for sale of our products in Brazil market and shipments have started this month.

Demerger: The secured lenders have conveyed that they are willing to accord approval for Asset Reconstruction with cross guarantees of the resulting companies. The Steps are being taken to complete all modalities as per lenders requirement.

GST: The effect of GST on the demand & prices of our products seems to be Nett positive for our business.

Gujarat Floods: There have been torrential rains in Gujarat leading to flooding in Mushroom section since 23rd July. We are taking all the measures to restore the operations and also assess the damages for filing the insurance claim.

I am grateful for all the support and blessings and request you to keep your trust in our capabilities to turn around and make Himalya a great food company of India.

Sincerely & With Best Wishes
For Himalya International Ltd

Man Mohan Malik
Chairman

