



KEYTAKEAWAYS FROM ANNUAL REPORT 2015-16

During the year under review your Company has recorded net operational revenue of Rs 61,312 lakhs (as against Rs 58,425 lakhs in 2014-15) recording a growth of 4.94%.

Your Company has achieved a higher profit before tax of Rs 3,612 lakhs (as against Rs 2,591 lakhs in 2014-15) and net profit of Rs 2,933 lakhs (as against Rs 1,557 lakhs in 2014-15). Higher depreciation was mainly due to newly commissioned modernization project at Distillery division.

Your Company operates in two segments: (1) Spirit, Liquor and Spirituous Beverages and (2) Marine Products.

Spirit, Liquor and Spirituous Beverages:

There are two divisions under Spirit, Liquor and Spirituous Beverages Segment: (1) Distillery and (2) India Made Indian Liquor.

Your Company operates a grain-based distillery in West Bengal at Noorpur. The state of the art plant, based on 'multi-pressuredistillation' process is capable of distilling alcohol from multiple feed stocks.

In September 2015, West Bengal State Excise removed the spirit removal fees which were imposed in 2013. Competition in the Distillery space in West Bengal is set to increase due to the planned commissioning of a new distillery plant during the current financial year. The excess spirit production capacity in India continues to put pressure on the distillery division due to import of cheaper molasses/grain based ENA from other states of India.

India Made Indian Liquor segment (IMIL) continue to face tremendous competition due to excess capacity created by the new bottling plants. During 2015-16, overall growth of IMIL in West Bengal was only 2.5% due to poor monsoon and very low level of Industrial activity resulting in lower disposable income in the hand of consumers. Excess capacity created in the market place resulted in high retailer schemes and increased logistics costs, as a result of door delivery facilities and thus putting pressures on the margins. Increased credit to the vendors is impacting the cash flow. Your Company is trying to maximize the capacity utilization and setting up the plants under contract manufacturing where our market share is low. During the year under review, your Company has commenced a third party bottling facility at Purulia (West Bengal).

Marine:

Marine exports have registered 14 % degrowth in revenue during the year under review. Degrowth is due to the steep fall in shrimp prices. The tie-up arrangement in Andhra Pradesh started in the second quarter of the year under review but due to delay in getting the regulatory approvals from the exporting countries, export volumes were significantly lower as compared to the budget. The operation at Andhra Pradesh reported cash loss in the year under review. During the current year (2016-17), your Company has planned to increase the export volume

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and focus on improving margin. Exports from Indonesia and Ecuador are posing serious competition to shrimp exporting Indian Companies. Indian Currency has depreciated by 7% during the year under review but this did not give your Company any competitive edge due to the much larger currency depreciation in most of our competition countries. Economic turbulence in many of our exporting countries is also impacting the sales as prawn consumption is considered to be a luxury item.

Marine feed turnover has increased by 11% during the year under review but operating margins reduced due to the inability in passing the higher input cost to the farmers. Risk in the form of unsecured credit continued.

Sales of Marine domestic food business have grown by 12% during the year under review. This business as yet are not cash positive.

During the year under review, your Company has availed 7.5 million US\$ ECB loan from HDFC Bank, Bahrain for financing the modernization project at Distillery division.

During the year under review, India Ratings and Research (IND-Ra) has upgraded your Company's Long Term issuer rating to 'IND A+' from 'IND A'.

OUTLOOK, OPPORTUNITIES, THREATS AND CONCERNS

The current financial year will again be a year of challenges both for exports and domestic businesses. Excess distillery capacity in India will continue to pose serious competition to the Company on account of duty free spirit imports to West Bengal. IMIL segment will continue to have pressure on sales and margin due to stiff competition. Marine exports will continue to have margin pressure due to competition from South East Asian and Latin American countries. The high level of raw material prices and exchange fluctuations will continue to weigh on Marine exports.

Consolidation in the IMIL space has started and it may create an opportunity for your Company. We expect additional sales volume from our Andhra Pradesh Marine plant during the current year.

In the past your Company has made significant capital expenditures and any shortfall in the planned returns will exert pressures on the Balance Sheet and Cash Flow.

DIVIDEND

In order to conserve resources for the proposed capital investments, your Directors have decided not to recommend any dividend for the financial year under review.

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PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Alcohol (Spirits and Spirituous Beverages)	1101	49.87%
2	Marine Products	1020	50.13%

DOLLY KHANNA has 1.43% Stake

Segment Reporting

Primary Business Segment

	Year ended 31 March 2016			Year ended 31 March 2015		
	Spirit, Liquor, Spirituous Beverages	Marine	Total	Spirit, Liquor, Spirituous Beverages	Marine	Total
(i) Segment Revenue						
External sales	30,578.83	30,732.86	61,311.69	28,024.96	30,400.48	58,425.44
Inter-segment sales	6.25	-	6.25	3.95	-	3.95
Less: Eliminations	-	-	(6.25)	-	-	(3.95)
Total revenue	30,585.08	30,732.86	61,311.69	28,028.91	30,400.48	58,425.44
(ii) Segment Results						
Profit before interest & tax	4,019.05	868.51	4,887.56	2,437.17	1,181.06	3,618.23
Unallocated expenses (net of unallocable income)	-	-	(1,182.42)	-	-	(1,134.47)
Finance Cost	-	-	(136.23)	-	-	(17.14)
Interest Income	-	-	43.07	-	-	124.19
Profit before tax			3,611.98			2,590.81

Primary Business Segment

	Year ended 31 March 2016			Year ended 31 March 2015		
	Spirit, Liquor, Spirituous Beverages	Marine	Total	Spirit, Liquor, Spirituous Beverages	Marine	Total
(iii) Segment Assets						
Unallocated	-	-	12,395.80	-	-	7,516.59
			36,690.18			27,570.95
(iv) Segment Liabilities						
Unallocated	-	-	7,577.05	-	-	2,759.47
			11,595.15			5,408.46
(v) Capital Expenditure						
Unallocated	-	-	10.02	-	-	6.42
			4,824.17			2,037.20



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Details of raw materials and components consumed

Rice grain	7,392.37	6,623.61
Spirits *	5,673.82	7,091.86
Marine products	12,429.02	14,640.94
Others **	5,577.46	5,409.16
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	31,072.67	33,765.57