

**Auditor's Report**

To,  
The Board of Directors,  
Avalon Cosmetic Private Limited,  
Office No. 03, Level 2, Centrium,  
Phoenix Market City, 15 Lal Bahadur Shastri Road,  
Kurla, Mumbai, Maharashtra, India - 400070

1. We, the statutory auditors of **Avalon Cosmetic Private Limited**, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 11.1 of the draft Scheme of Arrangement between Avalon Cosmetic Private Limited ("Demerged Company" / "ACPL" / "Company") and Vanity Case India Private Limited ("Transferor Company" / "VCIPL") and Hindustan Foods Limited ("the Resulting Company" / "Transferee Company" / "HFL"), and their respective shareholders (hereinafter referred to as "the Scheme") in terms of the provisions of section(s) 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act") with reference to its compliance with the applicable Accounting Standards notified under the Act read together with Companies (Accounting Standards) Rules, 2021 and Other Generally Accepted Accounting Principles in India.
2. The responsibility for the preparation of the draft Scheme and its compliance with the relevant laws and regulations, including the Applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Company. Our responsibility is to examine and report whether the draft Scheme complies with the Applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this report, nor anything said or done in the course of, or in connection with the services that are subject to this report, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India.
3. Read with para 2 above and based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid draft Scheme is in compliance with all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 and Other Generally Accepted Accounting Principles in India.



# S K H D & Associates

Chartered Accountants

4. This report is issued at the request of the Avalon Cosmetics Private Limited pursuant to the requirements of submission with the National Company Law Tribunal, Mumbai Bench, shareholders, creditors, Stock Exchanges, SEBI or any other regulatory authorities in connection with the Scheme. This report should not be used for any other purpose.
5. This report should be read together with Annexures attached herewith (refer Annexure A and Annexure B).

For S K H D & Associates  
Chartered Accountants,  
Firm Registration No. 105929 W



*H. M. Solanki*

**Hemanshu Solanki**  
Partner  
Membership No. 132835

UDIN : 24132835BKGVSO5085

Place: Mumbai

Date: 24<sup>th</sup> September 2024

Independent Auditor's Report to confirm that the Accounting Treatment is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013

To,  
The Board of Directors,  
Avalon Cosmetics Private Limited,  
Office No. 03, Level 2, Centrium,  
Phoenix Market City, 15 Lal Bahadur Shastri Road,  
Kurla, Mumbai, Maharashtra, India - 400070

1. This report is issued in accordance with the terms of the service scope letter dated 11<sup>th</sup> September 2024.
2. At the request of the Company, we have examined the Accounting Treatment prescribed in Clause 11.1 of the accompanying draft Scheme of Arrangement (**Annexure B**) between Avalon Cosmetic Private Limited ("Demerged Company" / "ACPL" / "Company") and Vanity Case India Private Limited ("Transferor Company" / "VCIPL") and Hindustan Foods Limited ("the Resulting Company" / "Transferee Company" / "HFL") and their respective shareholders (hereinafter "the Scheme"). This report is required by the Company in accordance with requirements of section 230(7) of the Companies Act, 2013 (hereinafter "the Act") and further onward submission with the National Company Law Tribunal, Mumbai Bench, Stock Exchanges, SEBI, shareholders and creditors or any other regulatory authorities in connection with the Scheme to confirm whether the Accounting Treatment prescribed in the Scheme is in compliance with applicable Accounting Standards notified under the Companies Act, 2013 read together with Companies (Accounting Standards) Rules, 2021, as amended.

#### Management's Responsibility

3. The Board of Directors of the Company are responsible for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable accounting standards read with the rules made thereunder. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Scheme.



### Auditor's Responsibility

4. Our responsibility is to provide reasonable assurance whether the accounting treatment of the Company prescribed in the Scheme and certify whether the draft Scheme is in conformity with the applicable Accounting Standards prescribed under the Act read with Companies (Accounting Standards) Rules, 2021 as amended.
5. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the reporting criteria mentioned in paragraph 4 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the reporting criteria. Accordingly, we have performed the following procedures:
  - a) Read the Scheme and the proposed accounting treatment in the books of the Company specified in the Scheme.
  - b) Examined the proposed Accounting Treatment in the books of the Company prescribed in the Scheme and assessed whether the same is in compliance with the applicable accounting standards prescribed under the Act read together with Companies (Accounting Standards) Rules, 2021, as amended.

### Opinion

8. Based on the procedure performed by us the as described in paragraph 7 above, and the information and explanation given to us, the accounting treatment contained in clause 11.1 of the Scheme is in conformity with all the applicable Accounting Standards prescribed under the Act read together with Companies (Accounting Standards) Rules, 2021, as amended.



9. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose and for onward submission to the regulatory authorities as mentioned in paragraph 2 above and should not be used for any other person or purpose or distributed to anyone or referred to in any document. Our examination relates to the matters specified in this report and does not extend to the Company as a whole. We make no representations regarding compliance with company law or any other statutory requirements. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S K H D & Associates  
Chartered Accountants,  
Firm Registration No. 105929 W



*H. M. Solanki*

**Hemanshu Solanki**  
Partner  
Membership No. 132835  
UDIN : 24132835BKGVSO5085

Place: Mumbai

Date: 24<sup>th</sup> September 2024

# AVALON COSMETICS PVT. LTD.

Regd Office : Unit No. 03, Level - 02, Centrium, Phoenix Market City, 15 LBS Marg, Kurla (West),  
Mumbai - 400070. Tel. : +91-22-61801700 Website : www.thevanitycase.com  
Factory : 58-59, Industrial Area, Paonta Sahib, Dist. Sirmour (H.P.)

Ref. No.

Date :

Annexure B

**Proposed Accounting Treatment in respect of Scheme of Arrangement between ACPL and HFL  
(Clause 11.1)-**

## 11. ACCOUNTING TREATMENT

11.1 On Scheme becoming effective, the Demerged Company, as on the Appointed Date, shall account for the Scheme in its books/financial statements in accordance with applicable accounting standard notified under the Companies (Accounting Standards) Rules, 2021, and generally accepted accounting principles in India as amended from time to time including as provided herein below:

### Accounting treatment in the books of the Demerged Company

- 11.1.1 The Demerged Company shall reduce the book value of assets, liabilities and reserves pertaining to the Demerged Undertaking, transferred to and vested in the Resulting Company from the book value of assets, liabilities and reserves as appearing in its books as on the Appointed Date.
- 11.1.2 Loans and advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Contract Manufacturing (Nashik) Business will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 11.1.3 The excess/deficit, if any, of the net assets and reserves transferred to the Resulting Company pursuant to Clause 11.1.1 after giving effect to elimination of balances as mentioned in Clause 11.1.2. Shall be adjusted in reserves of the Demerged Company.



To,  
The Board of Directors  
Hindustan Foods Limited  
Office No.03, Level 2, Centrium,  
Phoenix Market City, Kurla,  
Mumbai - 400 070

**Independent Auditor's Certificate on the proposed accounting treatment contained in the Draft Scheme of Arrangement, for demerger of Contract Manufacturing (Nashik) Business ("the Demerged Undertaking") of Avalon Cosmetics Private Limited ("the Demerged Company" or "ACPL") into Hindustan Foods Limited ("the Resulting Company" or "HFL") and amalgamation of Vanity Case India Private Limited ("the Transferor Company" or "VCIPL") with Hindustan Foods Limited ("the Transferee Company" or "HFL") and their respective shareholders under sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 and rules framed thereunder.**

1. We, M S K A & Associates, Chartered Accountant, the Statutory Auditors of Hindustan Foods Limited (the "Company" or "Transferee Company" or "Resulting Company" or "HFL") have been requested by the Company having its registered office at the above-mentioned address vide engagement letter dated September 19, 2024, to certify the proposed accounting treatment specified in clause 11.2 of Part B and clause 22 of Part C of the Draft Scheme of Arrangement between Avalon Cosmetics Private Limited ("the Demerged Company" or "ACPL") and Vanity Case India Private Limited ("the Transferor Company" or "VCIPL") and Hindustan Foods Limited ("the Resulting Company" or "the Transferee Company" or "HFL") and their respective shareholders ("the Scheme") under section 230 to 232 read with other applicable provisions of the Companies Act, 2013 ("Act") and rules framed thereunder, with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Act, read with the rules made thereunder and Other Generally Accepted Accounting Principles for the purpose of onward submission to Stock Exchanges/ Securities and Exchange Board of India ("SEBI")/ Registrar of Companies ("ROC")/ Regional Director ("RD")/ National Company Law Tribunal, Mumbai bench ("the Tribunal").

### Management's Responsibility

2. The responsibility for the preparation of the draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("the applicable Accounting Standards") and Other Generally Accepted Accounting Principles as aforesaid, is that of the Board of Directors of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management is also responsible for providing all relevant information to the Tribunal in connection with the draft Scheme.



# MSKA & Associates

## Chartered Accountants

### Auditor's Responsibility

4. Pursuant to the requirements of sections 230 to Section 232 of the Act, read with the Rules made thereunder, our responsibility is only to provide a reasonable assurance whether the accounting treatment referred to in clause 11.2 of Part B and clause 22 of Part C of the draft Scheme referred to above comply with the applicable Accounting Standards and Other Generally Accepted Accounting Principles.
5. The following documents have been furnished by the Company:
  - a) Copy of the Draft Scheme of the Company; and
  - b) Written representation from the Management in this regard.
6. We have verified that the proposed accounting treatment specified in clause 11.2 of Part B and clause 22 of Part C of the Draft Scheme of the Company in terms of the provisions of sections 230-232 of the Companies Act, 2013 is in compliance with the applicable Accounting Standards notified under section 133 of the Companies Act, 2013 and Other Generally Accepted Accounting Principles.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

### Opinion

9. Based on our examination, as above, and according to the information and explanations given to us, we certify that the proposed accounting treatment in the books of the Company specified in clause 11.2 of Part B and clause 22 of Part C of the Draft Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under, to the extent applicable in relation to underlying accounting treatment, and all the applicable Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. The specified accounting treatment in clause 11.2 of Part B and clause 22 of Part C of the Draft Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialled by us only for the purposes of identification.

### Restriction on Use

10. The certificate is addressed to the Board of Directors of the Company solely for the purpose of enabling it to comply with the provisions of section 230 to 232 of the Act read with the rules made thereunder and for onward submission to the Stock Exchanges/ SEBI/ ROC/ RD/ Tribunal. This certificate should not be used by any other person or for any other purpose. M S K A & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment.





# MSKA & Associates

Chartered Accountants

11. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W



Virendra Kanak  
Partner

Membership No. 110811

UDIN: 24110811BKSQAO2917

Date: September 24, 2024

Place: Mumbai



Encl: Annexure 1.



# HINDUSTAN FOODS LIMITED

A Vanity Case Group Company

A Government Recognised Two Star Export House

**Registered Office:** Office No.3, Level-2, Centrium, Phoenix Market City,  
15, Lal Bahadur Shastri Road, Kurla (West), Mumbai, Maharashtra, India. 400 070.  
Email: [business@thevanitycase.com](mailto:business@thevanitycase.com) Website: [www.hindustanfoodslimited.com](http://www.hindustanfoodslimited.com)  
Tel. No. +91-22-69801700 / 01 CIN: L15139MH1984PLC316003

Annexure 1

## ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY OR THE RESULTING COMPANY OR THE TRANSFEREE COMPANY OR HFL

### A. Accounting treatment specified in clause 11.2 of Part B of the draft Scheme.

- 11.2 On the Scheme becoming effective and with effect from the demerger Appointed Date, the Resulting Company shall account for the demerger of Contract Manufacturing (Nashik) Business in its books of account in accordance with "the Pooling of Interest Method" of accounting as per Indian Accounting Standard ("Ind-AS") - 103 (Accounting for Business Combinations) and any other relevant Indian Accounting Standard prescribed under Section 133 of the Act, as under:

#### Accounting treatment in the books of the Resulting Company

- 11.2.1 The Resulting Company shall record the assets, liabilities and reserves pertaining to the Contract Manufacturing (Nashik) Business, transferred to and vested in it at their respective book values as appearing in the books of the Demerged Company.
- 11.2.2 Loans and advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Contract Manufacturing (Nashik) Business will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 11.2.3 The Resulting Company shall credit to its share capital in its books of accounts the aggregate face value of equity shares issued by it to the shareholders of the Demerged Company pursuant to Clause 9 of the Scheme.
- 11.2.4 The excess/deficit, if any, of the net assets and reserves transferred to the Resulting Company pursuant to Clause 11.2.1 above after giving effect to Clause 11.2.2 and Clause 11.2.3 above, shall be transferred to the Capital Reserve of the Resulting Company.
- 11.2.5 In case of any difference in accounting policy between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail and the difference shall be adjusted appropriately as per the applicable Ind-AS.
- 11.2.6 On the Effective Date, the financial information in the financial statements in respect of prior periods will be restated as if the demerger had occurred from the beginning of the preceding period irrespective of the actual date of the combination in accordance with Appendix C to Ind-AS 103

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Integrity Initiative Innovation

*Sanday*





B. Accounting treatment specified in clause 22 of Part C of the draft scheme.

22. ACCOUNTING TREATMENT

- 22.1 Notwithstanding anything to the contrary contained in any other Clause in the Scheme, the Transferee Company shall give effect to the amalgamation in its books of accounts as per the applicable accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind-AS") notified under Section 133 of the Companies Act, 2013, as may be amended from time to time and on the date determined in accordance with applicable Ind-AS.
- 22.2 Upon effectiveness of the Scheme, the net assets of the Transferor Company (excluding shares of the Transferee Company held by the Transferor Company which shall get cancelled) will be reflected at fair values with a corresponding credit to other equity as at the Effective Date.
- 22.3 The inter-company deposits/ inter-company loans and advances, if any, in the books of accounts of the Transferee Company and the Transferor Company shall stand cancelled as at the Effective Date.
- 22.4 The difference, if any, being excess or deficit arising pursuant to the Scheme, after giving effect to the above adjustment, shall be accounted based on generally accepted accounting principles under Ind-AS.



*Pandey*

