



Heritage Foods Limited
[Formerly known as Heritage Foods (India) Limited]
22nd Annual Report • 2013-14

A large, dynamic splash of liquid is the central focus of the page. It consists of white milk splashing upwards and outwards, with a thick, brown chocolate liquid splashing downwards and outwards. The two liquids appear to be mixing or interacting. The background is plain white, which makes the colors of the liquid stand out. The overall effect is one of freshness and indulgence.

**Our
milky
way!**

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Heritage Foods Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Heritage Foods Limited Annual Report 2013-14.

Welcome to the Heritage Foods Limited 2013-14 Annual Report. This is what you will find inside.

AGM Notice	01	Directors' Report	16	Management Discussion and Analysis	25
Report on Corporate Governance	32	Corporate Governance Certificate of Auditors and CEO & CFO	45		
Secretarial Auditor Report	46	Independent Auditors' Report on Standalone Financial Statements	48		
Standalone Balance Sheet	52	Standalone Statement of Profit & Loss	53	Standalone Cash Flow Statement	54
Significant of Accounting Policies on Standalone Financial Statements	56				
Notes on Standalone Financial Statements	59	Auditors' Report on Consolidated Financial Statements	90	Consolidated Balance Sheet	91
Consolidated Statement of Profit & Loss	92				
Consolidated Cash Flow Statement	93	Significant of Accounting Policies on Consolidated Accounts	95	Notes on Consolidated Financial Statements	99
Attendance Slip & Proxy Form	133 & 135				

At Heritage Foods, our universe is our milky way, reflected in a unique connectedness that we share with our consumers.

Our products create lifelong bonds (“If you have milk every day, you will grow strong!”), spark new conversations (“Will you add flavour to my life just as chocolate sauce on vanilla ice cream!”) or restart old ones (“I instantly know your mood by the curd you serve – either sweet or salty!”).

At our Company, we are proud that our products are an integral story of our consumers’ lives!





A heritage of
nourishment!

Welcome to our milky way!

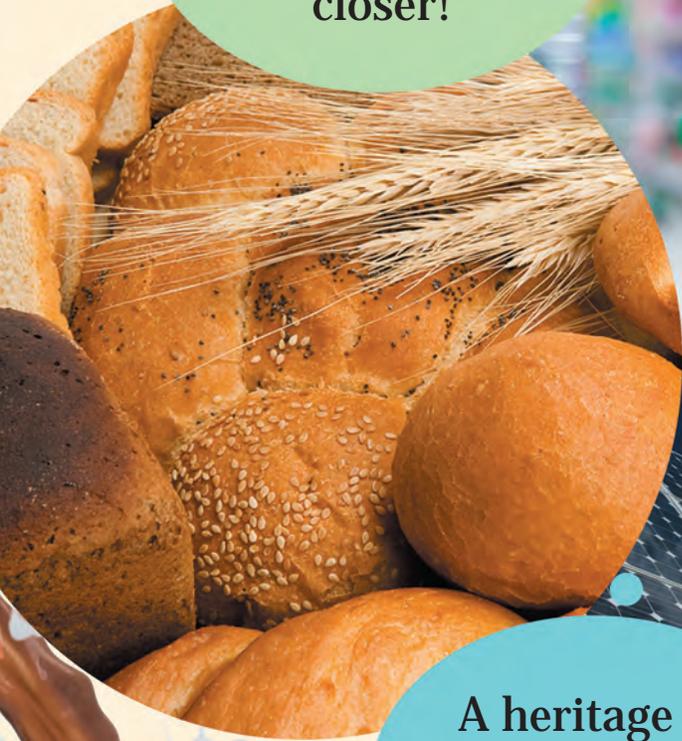
A heritage of
creating bonds!



A heritage of
spreading love!



**A heritage
of bringing
neighbourhoods
closer!**



**A heritage of
strengthening
relationships!**



**A heritage of
environmental
responsibility!**





Liquid milk supply stood at 293.80 million litres; commenced liquid milk supplies to new markets in the states of Delhi and Odisha



Focused on consolidating our operations, with a special emphasis on our retail business



Share of value-added products (comprising ice-cream/frozen dessert, curd, paneer, sweets, flavoured milk, lassi etc) constituted 18% of the overall turnover, up from 15% in the previous year

2013-14 key milestones

Andhra Pradesh continued to lead milk sales with an average of 4.45 lakh litres per day, followed by Tamil Nadu (1.83 lakh litres daily), Karnataka (1.09 lakh litres daily), Maharashtra (0.41 lakh litres daily), Kerala (0.12 lakh litres daily), Odisha (0.07 lakh litres daily) and Delhi (0.06 lakh litres daily)



Smt. N. Bhuvaneshwari, our Vice Chairperson & Managing Director, was named as one of the most powerful business women in India and placed at the 45th rank in the list of *Fortune-50* most powerful business women for the year 2013. She is a new entrant in the list

Retail losses (EBIT) declined to ₹ -13.82 cr



Increasingly focused on consolidating the retail business with the closure of unprofitable and under-3,000 sq. ft stores; added 7 new stores, taking the overall retail portfolio to 74 stores spread over 2.23 lakh sq. ft (as on 31 March 2014)



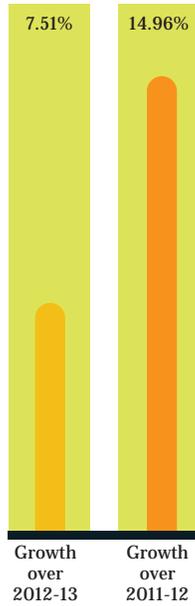
Agri and bakery divisions continued to remain strong backward support systems, supplying core everyday consumption products to the retail stores

Commissioned a 2.34 MW solar power plant at Medak district, Telangana, in September 2013 for captive energy consumption

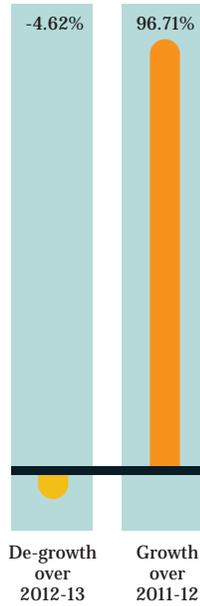
Heritage Foods made its maiden entry into India's prestigious top-500 companies list for 2013, compiled by *The Economic Times*, on the basis of industry respect and key financial parameters, among others

2013-14 core financial highlights

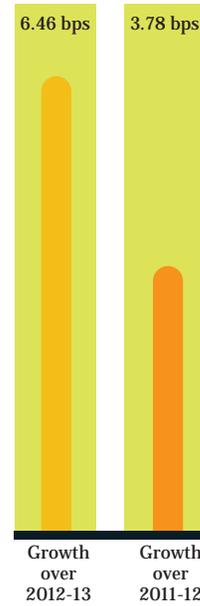
Turnover
₹ 1,722.04 cr



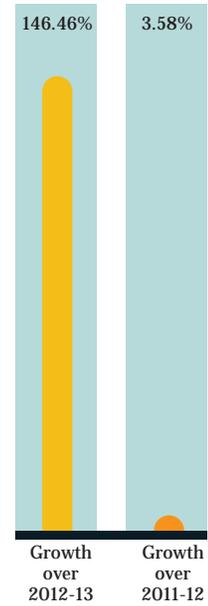
EBIDTA
₹ 98.65 cr



EBIDTA margin
5.73%



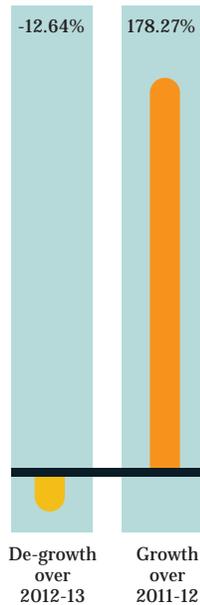
Cash profit
₹ 86.21 cr



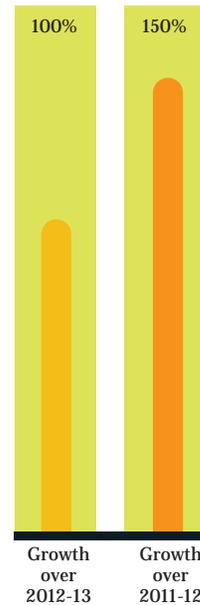
Net profit
₹ 45.31 cr



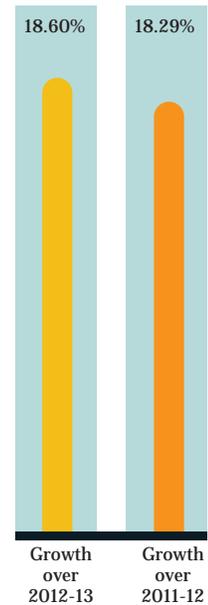
Earnings per share
₹ 19.69

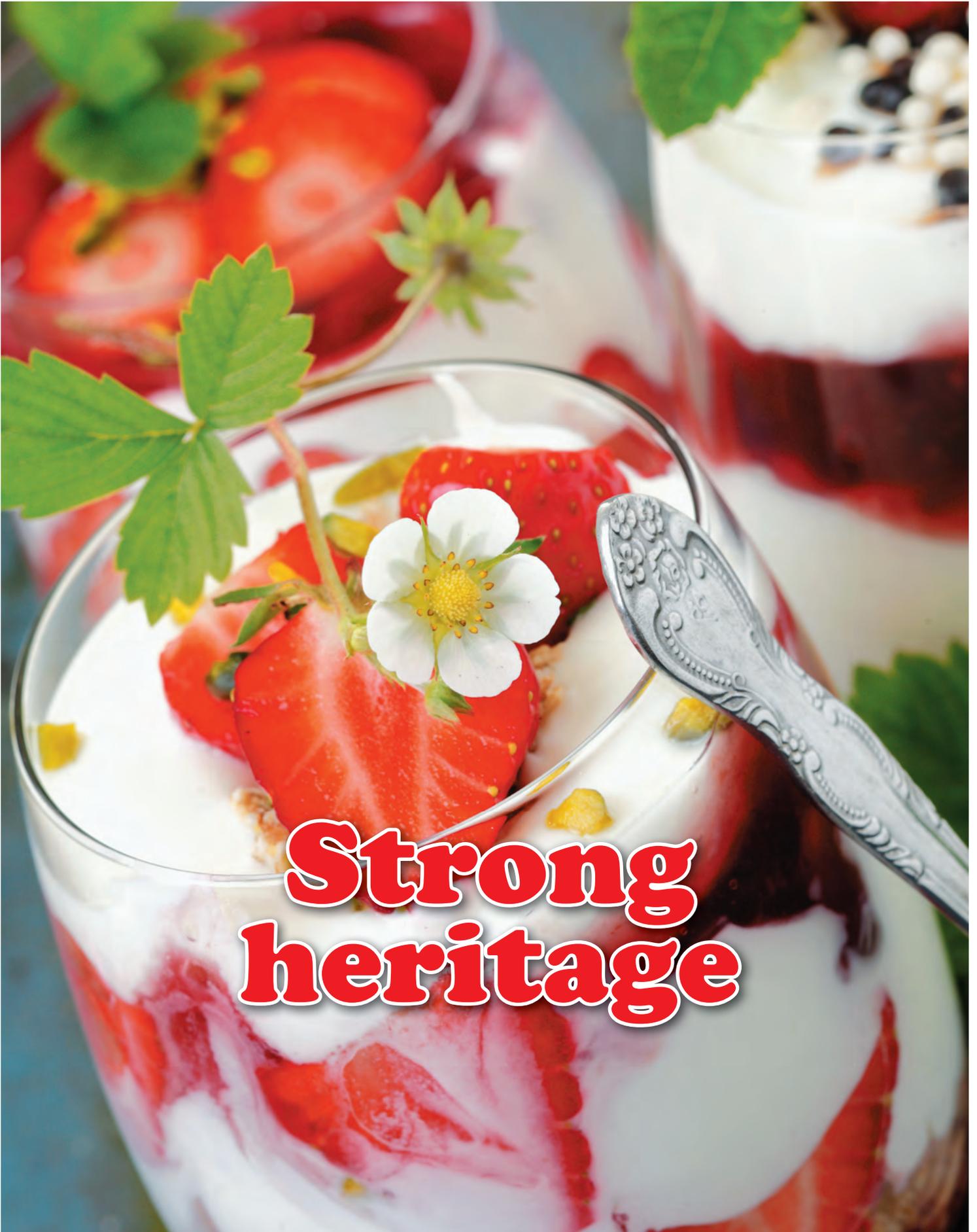


Dividend per share
₹ 3.00



Capital employed
₹ 303.78 cr





Strong heritage

Heritage Foods is among the leading dairy companies of the nation, listed on the BSE and NSE.

In addition to supplying liquid milk, the Company is also forward integrated into processing value-added products including ice-cream/frozen dessert, paneer, ghee, curd, flavoured milk, lassi and sweets, among others.

Through an integrated value chain, it caters to the needs of over 15 lakh consumers every single day.

Mission

Bringing prosperity into rural families through co-operative efforts and providing consumers with hygienic, affordable and convenient supply of fresh and healthy products.

Vision

We expect to achieve our mission through:

- Delighting consumers with fresh and healthy food products that are a benchmark for quality in the industry
- Enhancing prosperity and empowerment of the farming community through our unique relationship farming model
- Emerging as a preferred employer by nurturing entrepreneurship, managing career aspirations and providing innovative avenues for enhanced employee prosperity

Heritage

Heritage Foods was founded by Shri Chandrababu Naidu in 1992 with the express objective of assuring remunerative prices to milk producers. Shri Naidu was the Chief Minister of undivided Andhra Pradesh during 1995-2004 and is currently the Chief Minister of the residuary state of Andhra Pradesh.

Market capitalisation

The Company's market capitalisation (on the NSE) stood at ₹461.43 cr at the close of 2013-14. The promoter group holds 40.03% of the Company's equity.

Leading the way

Key facts and statistics



USD 24 billion

Total projected size of the country's organised dairy sector by 2020 (USD 10 billion today)



USD 8 billion

Total projected size of the country's ice-cream/frozen dessert market by 2020 (USD 4 billion today)



14,000

Total number of farmers associated with Heritage



8.34 lakh litres

Milk supplied by Heritage every day



7,695 litres

Heritage-branded ice-cream/frozen dessert consumed every day



18%

Share of value-added products of overall 2013-14 turnover



USD 793 billion

Projected size of the Indian retail industry by 2017, up from USD 490 billion today



74

Number of Heritage Fresh stores



1,222

Number of Heritage Parlour outlets (exclusively serving Heritage products)



₹90 cr

Expected capex planned for the next 2 years

THE HERITAGE LENS

“At Heritage Foods, our brands are deeply entrenched in our consumers’ lives, our relationships are centered around the propositions of health and happiness, our strategies are directed towards strengthening corporate sustainability and our team is resourceful and determined. This is the Heritage universe – our milky way!”

– Shri D. Seetharamaih, Chairman



*Dear fellow
stakeholders,*

At Heritage Foods, we are one of those consumer-centric companies where trust drives our turnover, predictability drives our profitability and respect drives our returns.

Our strong levels of customer connectedness paired with our products being an essential every day part of our consumers' lives, have together enabled us to report fairly strong financials even in an economically-challenging 2013-14.

- Total revenues stood at ₹1,726.99-cr, growing 7.53% with respect to the past year
- Operating profit stood at ₹98.65 cr
- Operating profit margin continued to be among the highest in the industry at 5.73%, growing 6.46 bps over the past year
- Net profit stood at ₹45.31 cr
- EPS (earnings per share) stood at ₹19.69
- Declared a dividend of 30% (₹3 per equity share of FV of ₹10)

More so, in line with our philosophy of rewarding shareholders for their faith in our enterprise, we declared a 1:1 bonus share issue in July 2013, and will continue on our path of value enhancement going into the future.

Capitalising on the dairy value chain

Our national pride is reinforced by

the fact that India is the largest milk producer in the world, accounting for about 15% of the global milk output. Moreover in a country where a majority of the population is vegetarian, milk plays a special role in the diet, representing a major source of protein, a nutrient supplement and a nourishing drink for children. Milk's insatiable demand is amply reflected in the fact that its all-India production is estimated to have risen by 6% to about 140 million tonnes in 2013-14, up from about 132 million tonnes in 2012-13 (National Dairy Development Board).

Rightly so then, a Rabobank report states that the country's organised dairy market is expected to more than double from the current value of USD 10 billion to USD 24 billion by 2020, primarily driven by rising consumption of milk and value-added dairy products such as ghee, curd, ice-cream/frozen dessert, paneer and flavoured milk, among others. It is also interesting to note that as per the National Sample Survey Office, rural India spends about 8% of their food budget on milk and milk products, slightly higher than their urban counterparts at 7% and with growing consumerism and rising awareness of various dairy products, the branded space is expected to surge from the current 4-5% share of the market.

Moreover, India's formal dairy market is likely to accelerate with a much



A Rabobank report states that the country's organised dairy market is expected to more than double from the current value of USD 10 billion to

USD 24 billion by 2020.



At Heritage Foods, we enjoy a well-entrenched presence in India's dairy sector through milk and a wide variety of value-added products comprising **ghee, curd, ice-cream/frozen dessert, flavoured milk, lassi, sweets and paneer**, among others.

higher momentum than what has been witnessed in the past, largely on the back of growing demand for value-added products. Consider this: five years ago, milk constituted almost 70% of the total dairy market. Today, its share has climbed down to 66% with a concurrent rise in the share of value-added products, which contribute to the rest of the pie at 34%. Hence, while the milk industry is growing at about 7% per annum, value-added products are growing at more than twice that rate at 15-18%.

Estimates by the National Dairy Development Board peg the demand for milk to swell to 180 million tonnes per year by 2022, up from the current levels of 128 million tonnes. When one considers this projection and extrapolates it with the growth in the value-added product segment – 34% of the dairy market and valued at about ₹20,000 cr today – one can clearly identify the line of enormous long-term opportunity embedded in the business.

The Heritage milky way

At Heritage Foods, we enjoy a well-entrenched presence in India's dairy sector through milk and a wide variety of value-added products comprising ghee, curd, ice-cream/frozen dessert, flavoured milk, lassi, sweets and paneer, among others.

With this wide and vibrant product range, we connect products with a large

range of everyday consumer needs and desires comprising health, nutrition, nourishment, joy and happiness. In doing so, we also actively de-risk our business model by diversifying our income streams and strengthening relevance and brand visibility across most 'day-parts' – right from the early morning when milk is supplied up to late evening when consumers can enjoy ice-cream/frozen dessert at our 1,222 Heritage Parlour stores spread across south and west India.

Moreover, strong customer connectedness also enables us to stay close to evolving marketplace developments and swiftly convert trends into marketable products, thereby sustaining product freshness and anchoring a strong brand property on novelty and innovation.

Having created a robust bandwidth of experience in south India, we ventured into west and east India in the states/UT of Maharashtra, Odisha and Delhi during the course of the year. The initial feedback from these regions is positive and provides us with the impetus and encouragement to make further inroads into these geographies and spread our wings into others.

Securing our bread, butter and 'cheese'

At Heritage Foods, we are one of the leading milk players in the private

sector in south India with a capacity of 511 million litres per annum, spread over 142 chilling/processing assets strategically located in 8 states of the country. We supplied 293.80 million litres of milk in 2013-14 in a variety of packaging, thereby widening accessibility and affordability. It is interesting to note that we supplied over 8 lakh litres of milk per day, catering to the daily needs of some 15 lakh households.

However as an essential resource and with prices directly linked to inflation, milk is a relatively commoditised business in India. Therefore, sizeable volumes are required to ensure business viability. Taking a long-term perspective on our business based on the two-pronged premise of widening accessibility as well as enhancing resource availability for value-added products, we are looking to invest ₹60 cr over the next 2 years to grow our annual milk processing capacity to 36 million tonnes per annum.

Enthusied by a strong response to our value-added products, we are also investing in downstream manufacturing capacities as well as beefing up our distribution infrastructure to be able to manage a larger product throughput. Besides higher margins, I must mention that a stronger focus on value-added products will enable us to stay a step ahead of the market and associate

with a larger cross-section of the demographics. To this extent, we are targeting a substantial increase in ice-cream/frozen dessert sales to about 50,000 litres per day over the next 2-3 years. We are similarly looking at enhancing capacities for other premium products as well.

Consolidating our enterprise

The Indian retail industry has experienced tremendous growth over the last decade with a significant and perceptible shift towards organised retailing across not just major cities and metros but also in Tier-II and III cities and towns. As per IBEF, the Indian retail market is currently estimated at around USD 490 billion and is projected to grow at a CAGR of 6% to touch USD 793 billion by 2017 and USD 865 billion by 2023, buoyed by a large and growing consumer pool, an aspiring middle-class, rising disposable incomes and improvement in political and economic sentiments driving optimism. Food and grocery continues to constitute the largest category within the retail sector with a 65-69% share.

At Heritage Foods, besides dairy, we are also engaged in the businesses of retail through 74 Heritage Fresh stores located in 3 states and occupying a space of 2.23 lakh sq. ft, and agri inputs and bakery. Each Heritage Fresh store,





As per IBEF, the Indian retail market is currently estimated at around USD 490 billion and is projected to grow at a **CAGR of 6% to touch USD 793 billion by 2017 and USD 865 billion by 2023.**

spread across an average of 3,500-11,000 sq. ft, is an integral part of its respective catchment area and stocks a wide variety of SKUs in addition to our in-house products (supplied by the dairy, agri and bakery divisions of the Company), providing a wider choice to our consumers as well as enhancing convenience. During the year, we opened 7 new stores in Hyderabad (5), Chennai (1) and Bengaluru (1) with the intent of deepening penetration and reaching out to a wider consumer base. In doing so, we added a gross of 33,420 sq. ft, representing 15% of our total space at the end of the year.

In 2013-14, we also examined our retail portfolio closely with the result that we prudently discontinued with the stores that were typically lower in size (under 3,000 sq. ft) and did not demonstrate the potential to break even over the mid to long-term. Shareholders will be happy to note that because of initiatives like these, we were able to trim our retail segment losses (loss before finance cost and tax) from ₹21.98 cr in 2012-13 to ₹19.92 cr in 2013-14.

Reinforcing our green philosophy

At Heritage Foods, we strongly recognise our responsibility towards the environment. As a forward-facing enterprise, we are focused on extending our 'green' footprint.

In line with this thinking, we established a 2.34 MW solar project in the Medak district of Telangana, in September 2013. The project is a part of our strong commitment towards the environment and represents our clean energy initiative. The power generated from the plant is used for captive purpose for our dairy unit located in Hyderabad. Based on multi-crystalline technology, the solar photo-voltaic (SPV) plant is equipped to supply more than 4 million units of clean and green energy annually and is expected to displace nearly 3,300 MT of carbon dioxide per annum.

Our employees and associates make it possible

As always, we would like to thank all our employees and associates for their dedication to our business and the pride with which they represent our Company. Their efforts have allowed us to grow revenue, profit and shareholder value. We also thank our consumers, shareholders and financial partners. You are the reason we can look to the future with great confidence.

With my very best regards,

Shri D. Seetharamaih

Chairman, Heritage Foods Limited

Global respect and recognition

FORTUNE
INDIA

50

MOST POWERFUL WOMEN IN BUSINESS

Whether it's heading the India operations of an energy multinational or the world's largest coffee chain, women are getting more visible in India Inc. For the third year, Fortune India tracks the ups and downs, the hits and the misses, of India's most powerful women in business.

45

N. BHUVANESWARI, 51

VICE CHAIRMAN AND MD, HERITAGE FOODS



HERITAGE FOODS is one of South India's largest food companies and divides operations into four divisions—dairy, retail, agricultural, and bakery—which generated a turnover of Rs 1,606 crore this year. That was a growth of 15% over the previous year. Add a 400%-plus increase in net profit, and it's easy to see why Heritage is one of the more exciting growth stories in the food business in South India. The company reaches some 1.5 million customers daily and is Nestlé's only packaging partner for yoghurt in South India. Bhuvaneshwari, an art graduate, has been with the company for some 19 years. She's obviously doing something right to have the company clipping along at this pace. The board evidently approves: Her term as MD was recently extended by five years, effective July.

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10-year financials

Consistent growth

(₹ in cr)

	1	2	3	4	5	6	7	8	9	10
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Turnover	1722.04	1601.81	1393.41	1096.08	900.38	796.02	588.03	346.33	292.07	266.13
Other Income	4.95	4.20	3.21	4.81	2.93	3.23	40.13	1.29	1.27	0.78
Total Income	1726.99	1606.01	1396.62	1100.89	903.31	799.25	628.16	347.62	293.34	266.91
Earnings before Depreciation, Interest and Tax (EBIDTA)	98.14	100.51	52.58	38.85	47.03	3.43	23.66	12.17	25.23	20.91
Depreciation & Amortization	25.00	22.02	21.19	19.94	19.64	17.22	10.55	6.78	4.80	4.01
Interest	11.93	14.84	17.82	15.97	16.67	14.58	12.43	1.84	0.40	0.60
Provision for Taxation	15.90	13.69	4.24	1.83	4.98	6.58	(0.26)	1.82	6.39	6.14
Profit after Tax	45.31	49.96	9.33	1.12	5.60	(35.61)	0.94	1.72	13.64	10.16
Cash Profit/(Loss)	86.21	85.67	34.76	22.88	30.35	(11.15)	11.49	8.51	18.44	14.17
Equity Dividend (%)	30.00	30.00	20.00	12.00	18.00	Nil	18.00	30.00	30.00	30.00
Dividend Payout (Including Tax on Dividend)	8.14	4.05	2.68	1.61	2.42	Nil	2.13	3.51	3.42	3.42
Equity Share Capital	23.20	11.60	11.53	11.53	11.53	11.53	11.53	9.99	9.99	9.99
Reserves and Surplus	155.79	130.29	81.60	75.01	75.35	69.24	104.17	59.31	62.50	52.65
Networth	178.99	141.89	93.13	86.53	86.87	80.77	115.70	69.30	72.49	62.64
Gross Fixed Assets	419.63	363.48	345.90	317.50	294.24	264.47	206.45	128.88	80.15	72.69
Net Fixed Assets	271.48	236.79	230.26	221.72	215.24	203.68	162.41	95.38	53.33	50.38

Key indicators

(₹ in cr)

	1	2	3	4	5	6	7	8	9	10
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Earnings per share - ₹	19.53	21.64*	8.10	0.97	4.85	(30.89)	0.92	1.73	13.65	10.17
Cash Earnings per share - ₹	30.31	31.03*	26.47	19.84	26.32	(9.67)	9.96	8.51	18.46	14.19
Book Value per share - ₹	77.15	61.16*	80.77	75.05	75.35	70.05	100.35	69.37	72.57	62.70
Debt : Equity Ratio	0.25:1	0.42:1	0.99:1	1.15:1	1.34:1	1.50:1	0.96:1	0.79 : 1	0.00 : 1	0.00 : 1
EBIDTA/Turnover - %	5.70	6.27	3.77	3.52	5.22	0.43	4.02	3.51	8.63	7.86
Net Profit Margin - %	2.63	3.12	0.67	0.10	0.62	(4.47)	0.16	0.50	4.65	3.81
RONW - %	25.31	35.21	10.02	1.29	6.45	(44.09)	0.81	2.48	18.81	16.22

*EPS and book value per share for F.Y. 2012-13 has been adjusted on account of issue of bonus shares

Notice to Shareholders

Members of Heritage Foods Limited (Formerly known as Heritage Foods (India) Limited) are hereby given notice for the 22nd Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	Friday, 26th September 2014
Time	10.30 A.M
Venue	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad – 500 045

ORDINARY BUSINESS:

1. To receive Consider and Adopt:
 - a) The Audited Financial Statements of the Company for the Financial Year ended 31st March, 2014, the Reports of the Board of Directors and Auditors thereon ; and
 - b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2014
2. To declare Dividend for the year.
3. To appoint a Director in place of Dr. V. Nagaraja Naidu (DIN:00003730), who retires by rotation at this Annual General Meeting and being eligible offer himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s Raju & Prasad, Chartered Accountants (FRN: 003475S), Hyderabad, be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty-Fifth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), on such remuneration, out-of-pocket and travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made

thereunder read with Schedule IV to the Act, as amended from time to time & Clause 49 of the Listing Agreement with Stock Exchanges, Sri D.Seetharamaiah, (DIN 00005016), a Non-Executive Independent Director (designated as Chairman) of the Company, who has submitted declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement with the Stock Exchanges, N. Sri Vishnu Raju (DIN: 00025063), who was appointed as an Additional Director on 23rd October, 2013 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company to hold office for a term upto 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**

Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri.M.Siva Rama Vara Prasad (DIN: 00170919), who was appointed on 30th July, 2014 as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company to hold office for a term up to 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT Sri K. Durga Prasada Rao (DIN 06888949), who was appointed as an Additional Director w.e.f. 1st August, 2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, not liable to retire by rotation”.

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT Pursuant to the provision of Sections 196 & 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), as amended from time to time and subject to such consent(s), approval(s) and permission(s) as may be required, consent of the members be and is hereby accorded to the appointment of Sri K. Durga Prasada Rao (DIN 06888949) as a Whole-time Director of the Company, with effect from 1st August, 2014 for a period of 5 (Five) years, on the remuneration, perquisites and allowances as given below:

Remuneration:

- i. Salary (Gross) ₹ 3.00 lakhs (Rupees Three Lakhs only) per month

Perquisites & Allowances

- ii. Leave Travel Allowance For self and family, once a year subject to ceiling of one month's gross salary
- iii. Car & Telephone Car & Telephone shall be as per the rules of the Company.
- iv. PF Contribution Contribution to Provident Fund shall be as per rules of the Company.
- v. Gratuity Gratuity payable shall be as per the rules of the Company.
- vi. Encashment of un-availed Leaves Encashment of un-availed leaves as per the rules of the Company at the time of retirement/ cessation of service.
- vii. Personal Accident Insurance For an amount, Premium of which shall not exceed ₹ 5000/- (Rupees Five Thousand only) per annum
- viii. Medical Reimbursement Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's gross salary in a year or as is provided by the companies' group medical insurance policy.

“RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any committee including the Nomination and Remuneration Committee which may exercise its powers including the powers conferred by this resolution) be and is hereby authorized to vary, alter, widen the scope of the remuneration as they deem fit in the interest of the Company are with the limit prescribed in the provisions of the Companies Act, 2013”

“RESOLVED FURTHER THAT Sri K. Durga Prasada Rao, shall not be subject to retirement by rotation during his tenure as an Whole Time Director.He is not eligible for sitting fee of any Board/ Committee meeting.”

RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

- 10 To consider and if thought fit, to pass with or without modification (s), the following resolution as a **Ordinary Resolution**

“RESOLVED THAT in supersession of the resolution passed by the members of the Company at their meeting held on 17th July, 2013 and pursuant to the provisions of the Sections 196,197,198 & 203 and read with Schedule V and other applicable provisions if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014 (including any statutory modification or re-enactment thereof for the time being in force as amended from time to time) and subject to such consent(s), approval(s) and permission(s) as may be required, consent of the members be and is hereby accorded to re-appointment of Smt. N. Bhuvaneshwari (DIN:00003741) as Whole-time Director designated as Vice-Chair person and Managing Director of the Company for a period of 5 years with effect from 1st July, 2014 on the remuneration, perquisites and allowances as given below:

Smt. N. Bhuvaneshwari shall be paid remuneration partly by way of monthly Remuneration, Perquisites and Allowances and partly by way of commission on net profits calculated as per Sections 197, 198 and read with the Schedule V of the Companies Act, 2013 but subject to aggregate remuneration, perquisite, allowances and commission paid to her shall not exceed 5% of the net profit of the Company calculated as per applicable provisions of the Companies Act, 2013.

Remuneration:

- i. Basic Salary : ₹10.00 lakhs (Rupees Ten Lakhs only) per month

Perquisites & Allowances

- ii. Books & Periodicals Books & Periodicals and outfit requirements not exceeding of ₹35,000/- (Rupees thirty five thousand only) per month
- iii. Leave Travel Allowance For self and family, once a year subject to ceiling of one month’s basic salary
- iv. Car & Telephone The Company shall provide a car with driver, telephone, other communication devices at the residence and Mobile phone for the Companies business purpose
- v. Club Fees Fee of Clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.
- vi. Personal Accident Insurance For an amount, Premium of which shall not exceed ₹50,000 (rupees fifty thousand only) per Annum
- vii. Medical Reimbursement Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month’s basic salary in a year or as is provided by the companies’ group medical insurance policy.
- viii. PF Contribution Contribution to Provident Fund shall be as per rules of the Company.
- ix. Gratuity Gratuity payable shall not exceed half a month’s basic salary for each completed year of service.
- x. Encashment of un-availed Encashment of un-availed leaves as per the rules of the Company at the time of retirement /cessation of service.

“RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any committee including the Nomination & Remuneration Committee which may exercise its powers including the powers conferred by this resolution) be and is hereby authorized to vary, alter, widen the scope of the remuneration as they deem fit in the interest of the Company”

“RESOLVED FURTHER THAT in case of losses or inadequacy of profits in any financial year during her tenure she will be eligible for a remuneration of ₹10 lakhs (Rupees Ten lakhs only) per month, perquisites, allowances as mentioned above as minimum remuneration and fully maintained Company car.”

“RESOLVED FURTHER THAT Smt. N. Bhuvaneshwari shall not be subject to retirement by rotation during her tenure as a Vice Chairperson & Managing Director.” and she is not eligible for sitting fee of any Board/Committee meeting”.

“RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

11. To consider and, if thought fit, to pass with or without modification (s), the following Resolution as an **Ordinary Resolution:**

“RESOLVED THAT in supersession of the resolution passed by the members of the Company at their meeting held on 17th July, 2013 and pursuant to the provisions of the Sections 196,197,198 & 203 and read with Schedule V and all other applicable provisions of the Companies Act, 2013 the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014 (including any statutory modification or re-enactment thereof for the time being in force as amended from time to time) and subject to such consent(s), approval(s) and permission(s) as may be required, consent of the members be and is hereby accorded to re-appointment of Smt. N Brahmani (DIN:02338940), as a Whole-time Director designated as Executive Director of the Company, with effect from 1st June, 2014 for a period of 5 (Five) years, on the remuneration, perquisites and allowances as given below:

Smt. N. Brahmani shall be paid remuneration partly by way of monthly Remuneration, Perquisites and Allowances and partly by way of commission on net profits calculated as per Sections 197, 198 and read with the Schedule V of the Companies Act, 2013 but subject to aggregate remuneration, perquisite, allowances and commission paid to her shall not exceed 4% of the net profit of the Company calculated as per applicable provisions of the Companies Act, 2013.

Remuneration:

- i. Basic Salary ₹5.00 lakhs (Rupees Five Lakhs only) per month

Perquisites & Allowances

- ii. Books & Periodicals Books & Periodicals and outfit requirements not exceeding of ₹ 25,000/- (rupees twenty five thousand only) per month
- iii. Leave Travel Allowance For self and family, once a year subject to ceiling of one month's basic salary
- iv. Car & Telephone The Company shall provide a car with driver and telephone, other communication devices at the residence and Mobile phone for the Companies business
- v. Club Fees Fee of Clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.
- vi. Personal Accident Insurance For an amount, Premium of which shall not exceed ₹ 40,000 (Rupees Forty thousand only) per annum
- vii. Medical Reimbursement Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basis salary in a year or as is provided by the companies group medical insurance policy.
- viii. PF Contribution Contribution to Provident Fund shall be as per rules of the Company.
- ix. Gratuity Gratuity payable shall not exceed half a month's basic salary for each completed year of service.
- x. Encashment of un-availed Encashment of un-availed leaves as per the rules of the Company at the time of leaves retirement/cessation of service.

“RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any committee including the Remuneration Committee which may exercise its powers including the powers conferred by this resolution) be and is hereby authorized to vary, alter, widen the scope of the remuneration as they deem fit in the interest of the Company”

“RESOLVED FURTHER THAT in case of losses or inadequacy of profits in any financial year during her tenure she will be eligible for a remuneration of ₹5 lakhs (Rupees Five lakhs only) per month, perquisites, allowances as mentioned above as minimum remuneration and fully maintained company car.”

“RESOLVED FURTHER THAT Smt. N. Brahmani shall not be subject to retirement by rotation during her tenure as an Executive Director.” As she is not eligible for sitting fee of any Board/Committee meeting.”

“RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT in supercession to the resolution at Item No. 6 passed at the 17th Annual General Meeting of shareholders of the Company held on 29th September, 2009 and pursuant to Section 197 of the Companies Act 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, the approval of the members of the Company be and is hereby accorded for payment of ₹ 20,000 (Rupees Twenty Thousand only) w.e.f 1st October, 2014 as sitting fees plus conveyance & traveling and such other expenses for each meeting of the Board and Audit Committee attended by the Non-Executive Directors of the Company.

RESOLVED FURTHER THAT in supercession to the resolution at item no. 6 passed at the 17th Annual General Meeting of shareholders of the Company held on 29th September, 2009 pursuant to Section 197 of the Companies Act 2013 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and the approval of the members of the Company be and is hereby accorded for payment of ₹ 10,000 (Rupees Ten Thousand only) w.e.f 1st October, 2014 as sitting fees plus conveyance & traveling and such other expenses for each meeting of the Committee other than the Audit Committee, attended by the Non-Executive Directors of the Company.”

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof for the time being in force), the Articles of Association of the Company be altered by replacing all the existing regulations 1 to 193 with the new regulations 1 to 208, the regulations contained in the Articles of Association be and are hereby approved and adopted in substitution of the regulations contained in the existing Articles of Association of the Company;

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

14. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded for entering into contract or arrangement with M/s. Heritage Finlease Limited, for providing services by way of extending the financial assistance facilities to the farmers of the company upto a ₹ 150 Crores (Rupees One Hundred and Fifty Crores) as a related party as defined under the Act and the Rules made there under”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

By Order of the Board of Directors

Registered Office:

#6-3-541/C, Punjagutta
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
e-mail : hfl@heritagefoods.in
Date : 30th July, 2014

UMAKANTA BARIK
Company Secretary
(M.No.: FCS 6317)

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR ITS REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. MEMBERS/PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. M/s Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company.
5.
 - a) The Company has notified closure of Register of Members and Share Transfer Books from 22-09-2014 to 26-09-2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
 - b) The dividend on Equity Shares, if approved at the Meeting, will be credited / dispatched on 30-09-2014 to those members whose names shall appear on the Company's Register of Members; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
6. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board/Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are forming part of the Annual Report.
7. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
8. The dividend as recommended by the Board of Directors for the year ended 31st March, 2014, when declared at the Annual General Meeting will be paid to the members whose names appear:
 - (i) As Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in Demat form;
And
 - (ii) As members on the Register of Members of the Company on record date after giving effect to all valid share transfers in physical form which would be received by the Company upto end of business hours on Record date.
9. Pursuant to provisions of Sub-Section (5) of Section 205A the Companies Act, 1956 the dividend, which remain Unclaimed / Unpaid for a period of 7 years shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred Unclaimed/ Unpaid amount of dividends declared up to the Financial Year 2005-06 to the Investor Education and Protection Fund of the Central Government as required under Section 205A and 205C of the Companies Act, 1956. Information in respect of such unclaimed dividend and the last date for claiming the same are given below:-

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
2006-07	22-08-2007	21-08-2014
2007-08	26-09-2008	25-09-2015
2009-10	30-07-2010	29-07-2017
2010-11	29-09-2011	28-09-2018
2011-12	29-09-2012	28-09-2019
2012-13	17-07-2013	16-07-2020
10. Voting through electronic means:
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to the members to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by M/s. Karvy Computer Share Private Limited.

The instructions for e-voting are as under:

- i. Use the following URL for e-voting:
Karvy website: <http://evoting.karvy.com>
 - ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut off date i.e. 28th August, 2014 (End of Day) may cast their vote electronically.
 - iii. Enter the login credentials i.e. User ID and password mentioned in the slip attached with the Annual Report. Please follow the instructions given in the e-voting portal.
 - iv. After entering the details appropriately, click on LOGIN.
 - v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. You need to login again with the new credentials.
 - vii. On successful login, the system will prompt you to select the EVENT, i.e. Heritage Foods Limited.
 - viii. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN in case you wish to abstain from voting.
 - ix. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
 - x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm, else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
 - xi. Once the vote on the resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently.
 - xii. The Portal will be open for voting from 9 A.M. on 20th September, 2014 to 6 P.M. on 22nd September, 2014.
 - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Smt. Shobha Anand at Tel No. 040-44655000.
- II. The Company has appointed Smt. Savita Jyoti, Practicing Company Secretary, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
 - III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forwarded to the Chairman of the Company.
 - IV. The results may be declared on the AGM of the Company. The results alongwith the Scrutinizer's Report shall be placed on the Company's website www.heritagefoods.in
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
 12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat account(s). Members holding shares in physical form are requested to advise any change in their address or bank mandate(s) immediately to the Company / Karvy (RTA).
 13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat account(s). Members holding shares in physical form can submit their PAN to the Company / Karvy (RTA).
 14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013

Item No. 5

Sri D.Seetharamaiah (DIN: 00005016), is a Fellow Member of the Institute of Chartered Accountants of India. He joined in the Board of Directors of the Company on 28 August, 1992. He is a Non-Executive Independent Chairman of the Company and is considered as an Independent Director under Clause 49 of the Listing Agreement.

As per the provisions of Section 149 of the Companies Act, 2013 (“Act”) which has come into force with effect from 1 April, 2014, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and is not liable to retire by rotation.

Sri D.Seetharamaiah, has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. The matter regarding appointment of Sri D.Seetharamaiah, as Independent Director was placed before the Board, which commends his appointment as an Non-Executive Independent Director (designated as Chariman of the Company) for a term upto 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

In the opinion of the Board Sri D.Seetharamaiah fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Sri D. Seetharamaiah as Non-Executive Independent Director (designated as Chariman of the Company) is now being placed before the Members in general meeting for their approval.

None of the Directors or key managerial personnel (KMP) and their relatives, except Sri D.Seetharamaiah, is concerned or interested in the Resolution at Item No. 5 of the Notice.

Item No. 6

The Board of Directors of the Company appointed N. Sri Vishnu Raju (DIN:00025063), as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, with effect from 22nd October, 2013 and would hold the office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of N. Sri Vishnu Raju for the office of Director of the Company. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the said Section 149, an independent director can hold office for a term upto 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from N. Sri Vishnu Raju that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. N. Sri Vishnu Raju possesses appropriate skills, experience and knowledge, inter alia, in the field of Management and Administration.

In the opinion of the Board, N. Sri Vishnu Raju fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

Brief resume of N. Sri Vishnu Raju, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that N. Sri Vishnu Raju is appointed as an Non-Executive Independent Director for a term upto 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

Copy of the draft letter for appointment of N. Sri Vishnu Raju as an Non-Executive Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Item No. 7

The Board of Directors of the Company appointed Sri. M. Siva Rama Vara Prasad (DIN: 00170919), as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, with effect from 30th July, 2014 and would hold the office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Sri. M. Siva Rama Vara Prasad for the office of Director of the Company. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term upto 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Sri. M.Siva Rama Vara Prasad that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Sri. M. Siva Rama Vara Prasad possesses appropriate skills, experience and knowledge, inter alia, in the field of Management and Administration.

In the opinion of the Board, Sri. M.Siva Rama Vara Prasad fulfills the conditions for his appointment as an Non-Executive Independent Director as specified in the Act and the Listing Agreement.

Brief resume of Sri. M. Siva Rama Vara Prasad, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Sri. M. Siva Rama Vara Prasad is appointed as an Non-Executive Independent Director.

Copy of the draft letter for appointment of Sri. M. Siva Rama Vara Prasad as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Item No. 8 & 9

The Board of Directors at their meeting held on 30th July, 2014 appointed Sri. K. Durga Prasada Rao (DIN: 06888949), as an

Additional Director, designated as a Whole time Director in the Board of the Company. As per the terms of Section 161 of the Companies Act, 2013 his terms expires at this Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 along with the requisite deposit from member proposing his candidature for the office of director. Members are requested to approve the resolution at Item No 8 as Special resolution as per the provisions of Section 196 & 197 and the rules made thereof and Schedule-V of the Companies Act, 2013, being he is more than 70 years old.

The Board of Directors of the Company at their meeting held on 30th July, 2014 (based on a recommendation of the Nomination and Remuneration Committee) had appointed Sri.K.Durga Prasada Rao as the Whole Time Director of the Company for a term upto 5 years with effect from 1st August, 2014 at a remuneration, perquisite and allowances mentioned in the resolution No 9, subject to necessary approval from members. The Company has not granted any stock option to him. Members are requested to approve the resolution at item No 9 as Special resolution as per the provisions of Section 196,197 & the rules made thereof and Schedule-V of the Companies Act, 2013.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 190 of the Companies Act, 2013.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 8 & 9 of the Notice.

Item No.10

Smt. N. Bhuvanewari (DIN:00003741), aged 52 years is a Graduate in Arts and has about 20 years of Industry experience. She joined the Company in 1994 as whole-time Director and now she is working in the Company as Vice-Chairperson and Managing Director. During last 20 years she devoted her entire time, attention and abilities to achieve the targets fixed by the Board of Directors of the Company and carried out the business with highest standards of business ethics, complied in all respects with the directions and regulations made by the Board,

The shareholders of the company at the Annual General Meeting held on 17th July 2013, approved the re-appointment of Smt. N. Bhuvanewari, as Vice Chairperson and Managing Director, for a period of 5 years w.e.f. 1st July 2013, based on the provisions of Companies Act, 1956. The new Companies Act, 2013 has largely inforce w.e.f. 1st April 2014. Therefore it is necessary to re-appoint her based on the applicable provisions of Companies Act, 2013.

The Board of Directors of the Company at its meeting held on 30th July, 2014 (based on recommendation of the Nomination & Remuneration Committee) had re-appoint Smt. N. Bhuvanewari

as the Whole Time Director designated as Vice-Chairperson & Managing Director of the Company for a period of 5 years with effect from 1st July, 2014 at a remuneration, Perquisites, allowances and commission mentioned in the resolution no.10. The remuneration, perquisite, allowances are to be paid on monthly basis, unless specifically mentioned otherwise in the resolution No.10 and the commission shall be paid on annually. The aggregate of above “Remuneration, perquisites, allowances and commission taken together shall be 5% of the net profit of the Company, calculated as per Section 197 & 198 and other applicable provisions if any, read with the Schedule V to the Companies Act, 2013 and rules made thereof.”

The Company has not granted any stock option to her. She is having 53,30,826 equity share (23.12% of the total capital) of the company as on 31st March, 2014. She is also a director in other Public Companies like M/s. Heritage Finlease Limited, M/s. Heritage Foods Retail Limited and M/s. Heritage Conpro Limited and other Private Companies. Members are requested to approve the resolution at item no 10 as an ordinary resolution.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 190 of the Companies Act, 2013.

None of the Directors or key managerial personnel (KMP) and their relatives, except appointee, Smt. N Brahmani & Sri. N Lokesh, are concerned or interested in the Resolution at Item No. 10 of the Notice.

Item No.11

The Board of Directors of the Company at its meeting held on 30th July, 2014 (based on a recommendation of the Nomination & Remuneration Committee) had re-appointed Smt. N Brahmani, (DIN:02338940), as the Whole-time Director designated as Executive Director of the Company for a period of 5 years with effect from 1st June, 2014 at a remuneration, perquisite, allowances and commission mentioned in the resolution No 11, subject to necessary approval from members. The aggregate of above remuneration, perquisites, allowances and commission taken together shall be 4% of the net profit of the Company. The remuneration, perquisite, allowances are to be paid on monthly basis, unless specifically mentioned otherwise in the resolution No.11 and the commission shall be paid annually. She is having 1,01,000 equity share (0.44% of the total capital) of the company as on 31st March, 2014. The Company has not granted any stock option to her.

The shareholders of the company at the Annual General Meeting held on 17th July 2013, approved the appointment of Smt. N. Brahmani, as Executive Director, for a period of 5 years w.e.f. 1st June 2013, based on the provisions of Companies Act, 1956. The new Companies Act, 2013 has largely in force w.e.f. 1st April 2014. Therefore it is necessary to re-appoint her based on the applicable provisions of Companies Act, 2013.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 190 of the Companies Act, 2013.

Members are requested to approve the resolution at item no 11 as an ordinary resolution.

None of the Directors or key managerial personnel (KMP) and their relatives, except appointee, Smt. N Bhuvanewari & Sri. N Lokesh, are concerned or interested in the Resolution at Item No. 11 of the Notice.

Item No. 12

The members of the company at their meeting held on 29th September, 2009 has approved for the payment of sitting fees to the Non-Executive Directors for attending the meetings of the Board and Committee(s). Now the Board of Directors at their meeting held on 30th July 2014, recommended the enhancement of the sitting fees pursuant to Section 197 of the Companies Act 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force)and Clause 49 of the Listing Agreement entered with the Stock Exchanges, the Board Meeting and Audit Committee from ₹ 10,000/- to ₹ 20,000/- and Committee Meetings (other than Audit Committee) from ₹ 5,000/- to ₹ 10,000/- w.e.f 1st October, 2014.

In view of the Clause 49 of the Listing Agreement, the approval of the Members is required for revision of sitting fees to Non-Executive Directors of the Company. The Board recommends the approval of the resolution set out in Item No. 12 of the Notice convening the Meeting.

Sri D. Seetharamaiah, Sri N.P. Ramakrishna, Dr. V. Nagaraja Naidu, N. Sri Vishnu Raju, Sri. M. Siva Rama Vara Prasad and Sri. N. Lokesh Directors of the Company are considered as interested in the resolution.

Item No.13

The Articles of Association (“AoA”) of the Company is presently in force since its incorporations of the Company i.e 1992. The existing Articles of Association are based on the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Companies Act, 2013.

The New Act is now largely in force. However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

The new Articles of Association to be substituted in place of the existing AoA are based on Table 'F' of the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 13 of the Notice.

The Board commends the Special Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

Item No.14

The net worth of the company as on 31st March 2014 is ₹ 178.99 Crores. The management of the company have a tri-partite agreement with M/s. Heritage Finlease Ltd., 6-3-541/C, 4th Floor, Panjagutta, Hyderabad - 500 082, CIN:U65910TG1996PLC023310, for the cattle loans to the farmers who are supplying the milk to the Company and there are three common director in the Board of Heritage Finlease Ltd and the company therefore the provisions of sub clause (d) of subsection (1) of Section 188 Companies Act, 2013 and rules made thereof is applicable.

M/s. Heritage Finlease Ltd have already disbursed more than ₹17 Crores loan to the various farmers those are supplying milk to the Company and propose to give loan around of ₹ 50 Crores during the Financial Year 2014-15. Therefore as the proposed loan shall exceed the 10% of the net-worth of the Company the prior approval of the shareholder by way of special resolution is required. The Board of Directors of the Company, at its meeting held on July 30, 2014 has approved a proposal for entering into following related party transactions.

Name of the related party	Name of the director or key managerial personnel who is related, if any	Nature of relationship	Nature, material terms, monetary value and particulars of the contract or arrangement	Amount
Heritage Finlease Ltd	Sri. D. Seetharamaiah Smt. N. Bhuvanewari Smt. N. Brahmani	Director	Propose to provide loans to farmers at various places those are supplying milk to the Company	The Proposed amount Upto ₹ 150 Crores

Further, in terms of Section 188 of the Companies Act, 2013, the Sri. D. Seetharamaiah, Smt. N. Bhuvanewari & Smt. N. Brahmani being interested will not vote on the resolution as shareholders of the Company. Except the Sri. D. Seetharamaiah, Smt. N. Bhuvanewari, Smt.N.Brahmani and Sri. N. Lokesh, none of the Directors or Key managerial persons of the Company or their relatives are, in any way, concerned or interested, financial or otherwise, in the resolution. The Board of Directors recommends the passing of this Resolution by special resolution.

By Order of the Board of Directors

Registered Office:

#6-3-541/C, Panjagutta
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
e-mail : hfl@heritagefoods.in
Date : 30th July, 2014

UMAKANTA BARIK
Company Secretary
(M.No.: FCS 6317)

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the directors proposed to be appointed / re – appointed

Brief resume of the Directors, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and chairmanships of Board / Committee(s) and their shareholding in the Company are provided below:

1 Name of the Director	Dr. V. Nagaraja Naidu
Director Identification Number	00003730
Date of Birth	01-07-1947
Date of Appointment	05-06-1992
Profile of the Director	Dr. V. Nagaraja Naidu, aged 65 years is a postgraduate in Commerce and Doctorate in Financial Management. Dr. Naidu started his career from Administrative Staff College of India, Hyderabad in 1972 held various positions in reputed Universities viz., Professor, Dean Director etc., and taught in the fields of Finance and Business Economics at Post graduate and Doctorate levels. He had been the Registrar (Administrative head) of the Dr B R Ambedkar Open University for about 10 years.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Heritage International Limited
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
Shareholding in the Company (No's)	58000 Equity Shares
2. Name of the Director	Sri. D. Seetharamaiah
Director Identification Number	00005016
Date of Birth	22-04-1926
Date of First Appointment	26-08-1992
Profile of the Director	Sri. D. Seetharamaiah, aged about 88 years is Fellow member from the Institute of Chartered Accountants of India, having vast experience in the field of Taxation, Accounting & Finance. He is in practice for last Five decades and leading practicing Chartered Accountant in the Country.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Tera Software Limited Heritage Finlease Limited Heritage Foods Retail Limited Prithvi Asset Reconstruction and Securitization Company Limited Heritage Conpro Limited
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	Audit Committee Member :Tera Software Limited Prithvi Asset Reconstruction and Securitization Company Limited Stakeholders Relationship Committee' Member :Tera Software Limited Nomination and Remuneration Committee: Member: Tera Software Limited
Shareholding in the Company	NIL

3. Name of the Director	N. Sri Vishnu Raju
Director Identification Number	00025063
Date of Birth	28-12-1973
Date of Appointment	22/10/2013
Profile of the Director	Mr. N. Sri. Vishnu Raju aged about 41 years, holds B.E. (Chemical) from Oshmania University, Andhra Pradesh. He is the Founder Chairman and CEO of Exciga Group, which consists of five non banking Finance Companies approved by Reserve Bank of India. Exciga Group invests in various sectors like steel, housing, finance, banks, shipping, textiles, paper, petroleum, healthcare, power etc. He is the founder of many companies like Ninestar Information Technologies, an IT enabled Services Company providing solutions for publishing, newspaper, e-governance, law firm verticals, co founder of Elansoft Infocomm Limited, a Hyderabad based software product Company. Mr. N. Sri Vishnu Raju was trained with Friedman Billing and Ramesey a US top 10 investment Bank as research associate.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Elansoft Infotech Limited Raasi Computer Limited Raasi Software Corporation Limited Amara Raja Batteries Limited
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	Audit Committee: Member: Amara Raja Batteries Limited
Shareholding in the Company	NIL
4. Name of the Director	Sri. Siva Rama Vara Prasad Motaparti
Director Identification Number	00170919
Date of Birth	15-05-1948
Date of Appointment	30-07-2014
Profile of the Director	Sri. M. Siva Rama Vara Prasad is a Metallurgical Engineer from Regional Engineering College, Warangal. After successfully turning around two sick units Mr. Prasad forayed into mini steel plant business and acquired M/s. Tema Steel Co. Ltd., Ghana, West Africa and turning it around in no time for which he was awarded " <i>The Most Successful and Innovative Entrepreneur</i> " for the African Region in the year 1996 by UNIDO.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Prithvi Asset Reconstruction and Securitization Company Limited Touchstone Equities Limited Mezzequity Software services Limited. Deccan Auto Limited
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
Shareholding in the Company	NIL

5. Name of the Director	Sri. K. Durgaprasada Rao
Director Identification Number	06888949
Date of Birth	15-06-1942
Date of Appointment	30-07-2014
Profile of the Director	Diploma in Mechanical Engineering, Diploma in Dairy Engineering from NDRI Karnal and Diploma in Dairy Technology from Hawkesbury Agricultural college, Richmond, Australia . He worked 3 years in Amul Dairy, 24 years in AP Dairy Development Co-operative Federation Limited in various positions. He is associated with the Organization since inception i.e June 1992.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	NIL
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
Shareholding in the Company (No's)	6160 Equity Shares
6. Name of the Director	Smt N Bhuvanewari
Directors Identification Number	00003741
Date of Birth	20-06-1962
Date of First Appointment	12-12-1994
Profile of the Director	Smt. N. Bhuvanewari, aged 52 years is a Graduate in Arts and has about 20 years of Industry experience. She joined the Company in 1994 as whole time Director and now she is working in the Company as Vice Chairperson and Managing Director.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	1. Heritage International Limited
	2. Hertiage Foods Retail Limited
	3. Heritage Conpro Limited
	4. Heritage Finlease Limited
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	Nil
Shareholding in the Company (No's)	53,30,826 Equity Shares

7. Name of the Director	Smt N Brahmani
Directors Identification Number	02338940
Date of Birth	21-12-1987
Date of First Appointment	01-06-2013
Profile of the Director	Smt. N. Brahmani, aged 27 years is a Bachelor of Science in Electrical Engineering from Santa Clara University, USA, Bachelor of Engineering with specialization of Electronics and Communications from Chaitanya Bharathi Institute of Technology, Hyderabad and Master's Degree in Business Administration from Stanford University, USA. She worked as an Investment Associate in M/s. Vertex Venture Management Pte. Ltd., Singapore for a period of two years before joining in the Company.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Heritage Finlease Limited
Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
Shareholding in the Company (No's)	1,01,000 Equity Shares

* Directorship and committee membership in Heritage Foods Limited are not included in the aforesaid disclosure. Also alternate Directorship in private companies, Foreign Companies and Section 8 Companies and their committee membership are excluded.

By Order of the Board of Directors

Registered Office:

#6-3-541/C, Punjagutta
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
e-mail : hfl@heritagefoods.in
Date : 30th July, 2014

UMAKANTA BARIK
Company Secretary
(M.No.: FCS 6317)

Directors' Report

To the members,

Your Directors have great pleasure in presenting the 22nd Annual Report of the Company together with the Audited statement of accounts for the Financial Year ended 31st March, 2014.

FINANCIAL RESULTS

Particular	₹ in Lakhs	
	2013-14	2012-13
Revenue from Operations (Gross)	172291.58	160259.49
Less: Excise Duty	87.59	78.21
Add: Other Income	495.40	419.95
Total Revenue	172699.39	160601.23
Total Expenditure	162705.84	150072.33
Profit/(Loss) before Finance	9993.54	10528.90
Cost, Depreciation & amortization and Tax		
Finance cost	1322.12	1670.20
Depreciation & Amortization	2500.23	2202.03
Profit/(Loss) before	6171.20	6656.67
Extraordinary Items and Tax		
-Extraordinary Item Tax	50.00	291.34
Profit/(Loss) before Tax	6121.20	6365.33
-Current Tax	1291.05	1275.80
-Prior period Tax	(0.46)	(44.39)
-Deferred Tax	299.38	137.76
Net Profit/(Loss) for the Year	4531.23	4996.16

The above are standalone figures, as the Subsidiary Companies & Associate Company are yet to commence business. Hence consolidated figures are not given.

PERFORMANCE OF THE COMPANY

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 172291.58 Lakhs achieved an increase of 7.51 % over the previous year. Your Company registered a net profit of ₹ 4531.23 Lakhs.

DIVIDEND

Your Directors have recommended a dividend of ₹ 3.00 (30%) per equity share of ₹ 10/- each for the financial year ended March 31, 2014, amounting to ₹ 814.25 lakhs (₹ 695.97 Lakhs dividend and ₹ 118.28 lakhs tax on dividend). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to members whose names appear in the Register of Members as on the record date in respect of shares held in dematerialised form & Physical form.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term

growth objectives of the Company to be met by internal cash accruals.

INCREASE OF AUTHORISED CAPITAL

During the year the Company has increased the Authorized Share Capital of the Company from ₹ 20,00,00,000/- (Rupees Twenty Crores Only) divided into 1,80,00,000 (One Crore Eighty Lakhs) Equity Shares of ₹ 10/- each and 20,00,000 (Twenty Lakhs) Preference Shares of ₹ 10/- each to ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,80,00,000 (Four Crores Eighty Lakhs) Equity Shares of ₹ 10/- each and 20,00,000 (Twenty Lakhs only) Preference Shares of ₹ 10/- each

ISSUE OF BONUS EQUITY SHARES

During the year under report the Board of Directors of the Company approved/allotted Bonus Shares to the existing Equity Shareholders of the company as on the record date i.e 29th July 2013 in proportion of 1 (One) Bonus Equity Share of ₹ 10/- (Rupees Ten Only) each credited as fully paid-up for every 1 (One) eligible existing fully paid-up Equity Shares of ₹ 10/- (Rupees Ten Only) each by capitalizing of ₹ 11,59,95,000/- (Rupees Eleven crores Fifty Nine lakhs Ninety Five thousand only) out of the sum outstanding to the credit of security premium account/General Reserve of the Company.

After the allotment of Bonus shares, the Paid up Capital of the Company has increased from 11,59,95,000/- (Rupees Eleven Crores Fifty Nine Lakhs Ninety Five Thousand only) divided into 1,15,99,500 (One Crore Fifteen Lakh Ninty Nine Thousand Five Hundred) Equity Shares of ₹ 10/- each, to 23,19,90,000/- (Rupees twenty Three Crores Ninteen Lakhs Ninty Thousand only) divided into 2,31,99,000 (Two Crore Thity one Lakhs Ninty Nine thousand only) Equity Shares of ₹ 10/- each.

CHANGE OF NAME OF THE COMPANY

During year the shareholders of the Company had approved the change of name of the company from "Heritage Foods (India) Limited" to "Heritage Foods Limited" by deleting the word '(India)' in the existing name of the Company. The Company has received the fresh incorporation Certificate with the change of name from Registrar of Companies, Andhra Pradesh, Hyderabad and the company had also received necessary approvals for change of name from the Stock Exchanges (Bombay Stock Exchange Ltd and National Stock Exchange of India Limited) where the shares of the Company are listed. The change of name of the Company as aforesaid does not change the legal status or constitution of the Company, nor does it affect any rights or obligations of the Company.

CHANGE OF CORPORATE IDENTIFICATION NUMBER (CIN) OF THE COMPANY

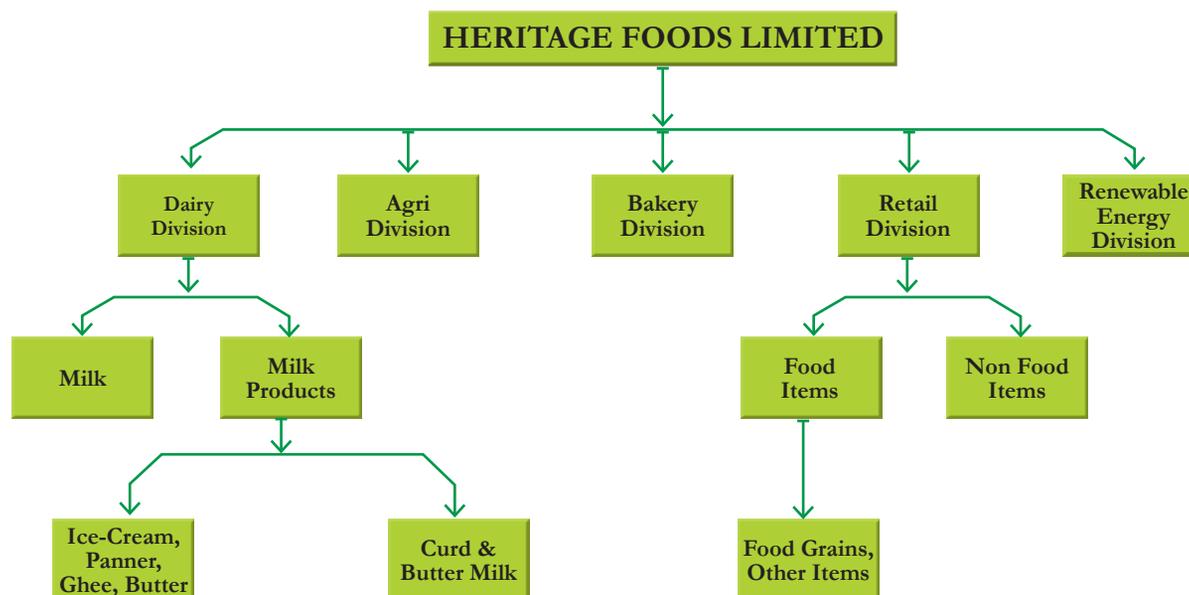
Due to the division of state (united Andhra) into State of Telangana and State of Andhra Pradesh on June 2nd 2014, The Ministry of Corporate Affairs, Govt. of India, had changed /allotted the New Corporate Identification Number (CIN) of the Company from L15209AP1992PLC014332 to L15209TG1992PLC014332.

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 1000.00 Lakhs to General Reserve.

BUSINESS REVIEW

Your Company has five Divisions in operation in different States in India. During the year your company has ventured into the generation of Solar Energy with a division called Renewable Energy Division. Presently your company has the following business divisions:



Dairy Business: Dairy industry is of crucial importance to the growth of Indian economy. Dairy comes under fragmented industry as per the definition of Dairy by uber guru on strategy Michael Porter, which means “local requirements have to be met through local supplies as the production is scattered and available locally”. The strategy for dairy development till date lies with decentralising the production and centralizing the processing and marketing.

India has one of the largest livestock populations in the world which contains Fifty percent of the buffaloes and twenty percent of the cattle in the world are found in India. Milk is one of the most important item of common vegetarian diet of Indian people. With an estimated 86.8 million tons of annual milk production from animals managed by nearly 70 million farmers. Milk and milk products are rated as one of the most promising sectors. The total milk production is over 72 million tonnes whereas the demand is estimated at around 80 million tonnes. The per capita milk availability is about 296 grams per day.

India is the world’s largest consumer of dairy products, consuming almost 100% of its milk produce (about 15% of world’s production). Going forward, according to industry reports, the current market size of US\$10bn of the Indian dairy industry is expected to grow at a CAGR of 13-15% till FY 2020. Robust growth is expected on the back of various reasons- A) Milk considered as an inevitable part of Indian diet B) Rising health consciousness C) Heightened consumer interest in protein diets; all coupled with D) Rising disposable incomes.

According to the Indian Dairy Association (IDA), the organised sector (cooperatives, producer companies and private players) handles 30% of the marketable milk suppliers. However in the interest of both producers and consumers, it is necessary to increase the share of the organised sector. Hence, the National Dairy Plan (NDP) has set a target to increase this share to 65% by 2030. Consequently, efforts towards increasing the organised sector’s share are expected to benefit our Company and drive its future growth.

The Company has its major milk sales concentrated in four states i.e Andhra Pradesh, Telangana, Tamil Nadu and Karnataka, contributing 93% to the revenue. Barring to expand the boundaries might have an impact on the margins of the company eventually. Also, the unrest owing to separation of Telangana as an independent State can hinder the inter-state milk supply (a perishable commodity) and thereby affect the company’s sales.

During the financial year 2013-14, Dairy Division has increased milk Chilling capacity by 138000 LPD by commissioning 26 units which includes Bulk mini chilling units, Mini Chilling units, chilling centres and Franchisee Bulk mini chilling units and Franchisee units to increase the milk procurement and to maintain the quality. The Turnover has grown by 4.69% from ₹ 126862 Lakhs to ₹ 132819 Lakhs.

Retail Division: Retail-which literally means to put on the market, is a very important aspect of every city. Without a well organized retail industry we would not have our necessities and luxuries fulfilled. Though organized retailing industry began much earlier in the developed nations, India has not actively participated. However with its vast expanse and young population, India in the 21st century emerges as a highly potential retail market. The journey of retailing in India has been riveting and the future promises further growth.

At present the Retail industry in India is accelerating. Though India is still not at an equal pace with other Asian counterparts, it is geared to become a major player in the Retail Market. Also with a highly diverse demography, India provides immense scope for companies brining in different products targeting different consumers.

According to the Global Retail Development Index, India is positioned as the foremost destination for retail investment and business development. The factor that is presently playing a significant role here is the fact that a large section of Indian population is in the age group of 20-34 with a considerably high purchasing power; this has caused the increase in the demand in the urban market resulting in consistent growth in the Retail business.

As the market becomes more and more organized the Indian retail industry will gain greater worth. The Retail sector in the small towns and cities will increase by 50 to 60 % pertaining to easy and inexpensive availability of land and demand among consumers.

Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and Jewellery, are slowly becoming lifestyle products that are widely accepted by the urban consumers.

The Retail Division of your Company achieved a sale of ₹ 37793 Lakhs during the Financial Year 2013-14. The Institutional sales segment achieved ₹ 2257 Lakhs and sales delivered by General Trade FMCG distribution business of ₹ 945 Lakhs. For comparable stores in both the years Retail business has grown by 10.45 %, and also the new stores which are opened this year have delivered more throughput than previous year.

Agri Division: Agriculture is the third largest sector of India's economy after services and industry. It contributes 25% of Gross Domestic Product (GDP) of the country. The Current average growth rate of the agriculture sector is 2.2%. The sector

which requires consistent monitoring, creating a conducive environment for farmers to increase their productivity and sell their products at competitive prices. There is still a lot of scope for increasing the productivity in India by adopting scientific methods of cultivation. During the past five years agriculture sector has witnessed spectacular advances in the production and productivity of food grains, oilseeds, commercial crops, fruits, vegetables, food grains, poultry and dairy. India has emerged as the second largest producer of fruits and vegetables in the world besides being the largest overseas exporter of cashews and spices.

Agri Division of your Company had achieved the turnover of ₹ 6783 Lakhs and 42550 MT with respect to Value & Volume. However, there is an improvement in Volume by 62% over the financial year 2012-13.

Bakery Division:

Bakery Division of your Company had achieved the turnover of ₹ 366 Lakhs.

Renewable Energy Division:

It is great pleasure to inform you that your Company had Set up/Commissioned 2.34 MW solar power plant at, Masjid Adavi Village, Mulugu Mandal, Medak Dist, Telangana on 29th September, 2013, to meet for the captive power requirement.

The 2.34 MWp Solar Power Plant is equipped to supply 3.75 million units of clean and green energy annually. It is expected to displace nearly 3,300 MT of CO₂ annually. The plant, spread across an area of 14 acres of land comprises of 9,360 Solar PV modules using multi crystalline technology.

The SWOT Analysis:

Strengths

- The vast livestock population of the country could prove to be a vital asset for the country and unlike many other natural resources which will deplete over the years, a sustainable livestock production system will continue to propel Indian economy.
- Purchasing power of the consumers is on the upswing with growing economy & continually increasing population of middle class.
- Milk consumption in India is a regular part of the dietary programme irrespective of the region and hence demand is likely to rise continuously.
- Vast pool of highly trained and qualified technical manpower is available at all levels to support R&D as well as industry operations
- The income of an average Indian is increasing and thus there is a proportional increase in the purchasing power.
- Indian economy and its policies are also becoming more and more liberal making way for a wide range of companies to enter Indian market.

- Employment opportunities both direct and indirect have been increased. Farmers get better prices for their products through improvement of value added food chain,
- A high growth industry has significant future potential.
- Technology proven, with low operation and maintenance costs, and scalable.
- Availability of soft loans and government incentives for growth and expansion

Weaknesses

- Though cross breeding programmes have significantly improved animal productivity, milk production system in many parts of the country is still largely dominated by low yielding animals.
- Poor condition of roads and erratic power supply remain a major challenge for procurement and supply of good quality raw milk.
- Maintenance of cold chain is still a major handicap. For organized marketing of milk, the milk produced is required to be transported to nearby processing plant which incurs cold storage and transportation costs which are quite high.
- It will mainly cater to high-end consumers placed in metros and will not deliver mass consumption goods for customers in villages and small towns.
- Retail chain are yet to settle down with proper merchandise mix for the outlets.
- Small size outlets are also one of the weaknesses in the Indian retailing
- Owing to high capital costs, the business needs external incentives to be economically feasible, thus increasing dependence on governmental policies.
- The capital intensive nature of the business might favour larger businesses over smaller ones.
- The distributed and intermittent nature of solar energy makes it difficult for utilities to rely on solar PV for their base load.

Opportunities

- Expanding market will see creation of enormous job and self employment opportunities.
- Economy is growing at the rate of nearly 8% of GDP. Consequently, the investment opportunities are also increasing continually.
- Demand for dairy products is income elastic. Continued rise in middle class population will see shift in the consumption pattern in favour of value added products besides the growth in demand for liquid milk.
- Greatly improved export potential for indigenous as well as western milk products.

- Opening of the world market offers opportunities for utilization of byproducts of the dairy industry for manufacturing value added products for import substitution.
- Difficult to target all segments of society,
- Emerge of hyper and super markets trying to provide customer with value, variety and volume,
- The unorganized sector has dominance over the organized sector because of low investment needs.
- Governments ambitious targets and attractive policies opens up many avenues for investment,
- Opportunities exist all along the solar PV business value chain, not just for power plants.
- It can become one of the largest industries in terms of numbers of employees and establishments,

Threats

- Excessive grazing pressure on marginal and small community lands has resulted in almost complete degradation of land.
- Indiscriminate crossbreeding for raising milk productivity could lead to disappearance of valuable indigenous breeds.
- There is a gross lack of awareness among farmers about the quality parameters, including microbiological and chemical contaminants as well as residual antibiotics.
- Entry of multinationals could result in a large portion of milk being diverted towards value added products which, though it augers well for the producers, is likely to affect the availability of liquid milk supply for mass consumption especially for the poor urban class
- Rural retailing is still unexploited Indian market.
- Off-peak seasons reduce cash flow.
- Industry is new, so finding skilled workforce could be a problem.

EXEMPTION FROM ATTACHING THE BALANCE SHEETS, ETC. OF THE SUBSIDIARY COMPANIES WITH THE BALANCE SHEET OF THE COMPANY

The Ministry of Corporate Affairs (“MCA”) has granted a general exemption under Section 212(8) of the Companies Act, 1956 from attaching copies of the Balance Sheet, Statement of Profit and Loss, Directors’ Report and Auditors’ Report of its subsidiary companies with the Balance Sheet of the Company, subject to fulfillment of certain conditions.

In terms of the said circular, copies of the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. The Company has presented Consolidated Financial Statements comprising Heritage Foods Ltd (HFL) and its subsidiaries

duly audited by the Statutory Auditors of the Company. The Consolidated Financial Statements prepared by the Company are in compliance with the Accounting Standard (AS-21) as prescribed by the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement with the Stock Exchanges. The annual accounts and related documents of all the Subsidiary Companies are made available for inspection to the shareholders of the Company and its subsidiaries at the Registered Office of the Company from Monday to Friday between 11.00 A.M. to 1.00 P.M. The Company will also make available physical copies of such documents on request by any Member of the Company (or its subsidiaries) interested in obtaining the same and the same would also be made available on the website of the Company.

DIRECTORS

Dr. A. Appa Rao (DIN: 00003745), Non Executive Independent Director of the Company had passed away on 30th April, 2014. On sudden / untimely death of Dr A. Appa Rao, the Board of Directors had expressed their deep condolence to the departed soul. The Board placed on record the invaluable contribution made by him towards the progress of the company from the date of appointment (27th January 2000) until his death.

Dr.V.Nagaraja Naidu (DIN: 00003730), Non-Executive Director of the Company retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting as per the provisions of Section 152 of the Companies Act 2013 and rules made thereof.

The Board of Directors of the Company has appointed Sri D.Seetharamaiah (DIN: 00005016), Director as Non-Executive Independent Director (designated as Chairman of the Company) for a term upto 5 years as per the provisions of Section of 149 & 152 of the Companies Act, 2013 and rules made thereof from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in 2019, not liable to retire by rotation.

The Board of Directors at their meeting held on 22nd October, 2013 appointed N. Sri Vishnu Raju (DIN: 00025063) as an Additional Director in accordance with Section 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and rules made thereof and in terms of the Articles of Association of the Company. N. Sri Vishnu Raju is proposed to be appointed for a term upto 5 Years as a Non-Executive Independent Director from this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in 2019, not liable to retire by rotation.

The Board of Directors at their meeting held on 30th July, 2014, has appointed Sri. M. Siva Rama Vara Prasad (DIN: 00170919) as an Additional Director in accordance with Section 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and rules made thereof and in terms of the Articles of Association of the Company. Sri. M.Siva Rama Vara Prasad is proposed to be appointed for a term upto 5 Years as a Non-Executive Independent Director from this Annual General

Meeting till the conclusion of 27th Annual General Meeting to be held in 2019, not liable to retire by rotation.

The Board of Directors at their meeting held on 30th July, 2014 appointed Sri. K. Durga Prasada Rao (DIN: 06888949) as an Additional Director w.e.f. 1st August, 2014 in accordance with Section 161 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and in terms of Articles of Association of the Company. Sri. K.Durga Prasada Rao has been appointed as a Whole Time Director for a term upto 5 years effective from 1st August, 2014 as per the provisions of Sections 196 & 197 and rules made thereof and read with Schedule V of the Companies Act, 2013.

The Board at its meeting held on 30th July, 2014 on recommendation of Nomination & Remuneration Committee and subject to the approval of the members at the ensuing Annual General Meeting had re-appointed Smt. N. Bhuvanewari as whole time Director designated as Vice Chairperson & Managing Director of the Company, for a period of 5 (five) years with effect from 1st July, 2014 as per the provisions of Sections 196 & 197 and rules made thereof and read with Schedule V of the Companies Act, 2013.

The Board at its meeting held on 30th July, 2014 on recommendation of Nomination & Remuneration Committee and subject to the approval of the members at the ensuing Annual General Meeting had re-appointed Smt. N. Brahmani as whole time Director designated as Executive Director of the Company, for a period of 5 (five) years with effect from 1st June, 2014 as per the provisions of Sections 196 & 197 and rules made thereof and read with Schedule V of the Companies Act, 2013.

During the year under report Dr Arvind Pandalai (DIN: 00352809), who was appointed as an Additional Director by the Board of Directors at their meeting held 22nd October 2013 has submitted his resignation from the office of Director due to his personal reasons and resigned from the Board on 23rd October 2013.

Dr. N.R Sivaswamy (DIN: 00003749), Non - Executive Independent Director of the Company had resigned from the Board w.e.f 16th July, 2014 due to his personal reasons and other commitments. The Board placed on record the invaluable contribution made by him, towards the progress of the company from the date of appointment until his resignation.

The Board of Directors of the Company appointed Smt N.Bhuvanewari, Vice Chairperson & Managing Director, Smt N.Brahmani, Executive Director, Sri A Prabhakara Naidu, Chief Financial Officer(CFO) and Sri Umakanta Barik, Company Secretary as Key Managerial Persons (KMP) as per the provisions of Section 203 of the Companies 2013, during the year under review.

Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of the Board/Committee as stipulated by Clause

49 of the listing agreement with the stock exchange are provided elsewhere in the Annual Report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors: M/s. Raju & Prasad, Chartered Accountants, Hyderabad, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

As per the Section 139 of the Companies Act 2013 M/s. Raju & Prasad, Chartered Accountants, Hyderabad Statutory Auditors of the Company will be appointed for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the Twenty Fifth Annual General Meeting and the Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under section 141 of the Companies Act 2013 and rules made thereof.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Secretarial Auditor: As a measure of good corporate governance practice and as per the Section 204 of the Companies Act, 2013 and rules made thereof, the Board of Directors of the Company appointed Ms. Savita Jyoti, Practising Company Secretary, to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2014, is provided in the Annual Report.

Cost Auditor: The Central Government had approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad as Cost Auditor of the Company for the financial year 2013-14. The Cost Audit Report will be filed with Central Government within 180 days from the close of the Financial Year. The Cost Audit Report for the previous financial year 2012-13 signed by M/s. Sagar & Associates, Cost Accountants, Hyderabad was filed in extensible Business Reporting Language (XBRL) mode on September 06, 2013, within due date.

INTERNAL AUDIT & CONTROL SYSTEMS

Your Company has a well-defined and documented internal control system, which is adequately monitored. Checks & balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account. The Internal control systems are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

These are supplemented by internal audit of all divisions of the Company carried out by reputed firms of Chartered Accountants. Your Company has an Audit Committee consisting of Five Directors; in whom two are Non Executive and remaining of them are Non-Executive Independent Directors. The Audit Committee of the Board of Directors, Statutory Auditors and

the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. The Company has a robust Management Information System which is an integral part of the control mechanism. The Board of Directors has appointed Internal Auditors for the FY 2014-15, as per the provision of Section 138 of the Companies Act, 2013 and rules made thereof.

CONSTITUTION & RESTRUCTURING OF COMMITTEES:

i. Constitution of Corporate Social Responsibility Committee: The Board of Directors at their meeting held on 21st March 2014 has constituted the Corporate Social Responsibility Committee (CSR Committee) w.e.f. 1st April, 2014, as per the provisions of the Section 135 and other applicable provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 comprising of Sri. D. Seetharamaiah as the Chairman and N. Sri Vishnu Raju & Smt N. Bhuvanewari as members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities etc.

ii. Stakeholders Relationship Committee: During the year the Board of Directors of the Company has changed/alterd the name of the Share Transfer and Investor Grievance Redressal Committee to Stakeholders Relationship Committee w.e.f. 1st April, 2014, as per the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

iii. Nomination & Remuneration Committee: During the year the Board of Directors of the Company had changed/ altered the name of the Remuneration Committee to Nomination & Remuneration Committee w.e.f. 1st April, 2014 as per the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The details of the Committee members are provided in the corporate information Page.

INDUSTRIAL RELATIONS

Industrial relations in all the locations of your Company remained cordial and peaceful throughout the year.

INSURANCE

All the assets and insurable interest of your Company including inventories, buildings, plant & machineries etc., are adequately insured.

AWARDS & RECOGNITIONS

It is great honour to state that during the year Smt.N.Bhuvanewari, Vice Chairperson & Managing Director of your Company, named as one of the most powerful business women in India, and placed at 45th Rank in the list of Fortune-50 Most Powerful Business Women in India for the year 2013.

During the year your Company enlisted into the list of top 500 companies across the Country and also recognized as one of the top 16 Companies based in Hyderabad, that figured in top 500 Companies in India, listed by Economic Times for the year 2013. Your Company has positioned at 477th rank in the List of ET-top 500 Companies in India.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required are annexed to the Directors' Report. Having regard to the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

TRANSFER OF UN-CLAIMED DIVIDENDS

Pursuant to Section 205C (2) of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed dividend amount of ₹ 6,51,006/- (Rupees Six Lakh Fifty one Thousand and Six Only) for the year 2005-06 was transferred to the Investor Education and Protection Fund during the year and the unclaimed dividend for the year 2006-07 is due for transfer to the fund during the current Financial year.

FIXED DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with the requirements of Clause 49 of the Listing Agreement, a separate Report contains a detailed Management Discussion and Analysis, forms an integral part of this Report.

CORPORATE GOVERNANCE

In compliance with the requirements of Clause 49 of the Listing Agreement, a separate Report on Corporate Governance along with the Auditors Certificate on its compliance forms an integral part of this Report.

CSR ACTIVITIES

As a corporate citizen with enduring relationships in rural India, your Company has a history of collaboration with communities to enhance dairy productivity and the rural resource base. Inspired by the vision of making a contribution to the improvement of quality of life of dairy farmers your Company has started implementing the CSR activities through registered trust namely Heritage Farmers Welfare trust (HFWT). The trust has chosen Health, Safe drinking water and Livelihoods as the thrust areas for discharging its activities. Apart from the above thrust areas, your company strives to serve the society through various other measures like distribution of clothes and relief materials during natural calamities etc.

In the month of October, 2013 the Cyclone Phailin has hit Gopalpur in Odisha and Sompeta, Tekkali and Gara mandals of Srikakulam district in Andhra Pradesh and devastated trees, crops and cattle. To help the needy people your Company through its trust reached the victims and interacted with the people to understand their concerns and announced cyclone relief package, and started conducting 42 free veterinary health camps and supplied 1020 subsidised cattle feed bags those needy villages.

The Trust has Launched 6 Heritage Mobile Veterinary Clinic (HMVC) for providing door- step veterinary services to the Milch Animals and empowering cattle owners with advanced technology and knowledge on best cattle management and feeding practices through entertainment cum education mode. It is a Mobile Clinic equipped with necessary tools and trained human resources on Veterinary treatment and cattle management practices.

During the year your Company has started:-

Fodder resource development: Various locations of the Company distributed the fodder strips to the producers / farmers free of cost to produce consistency in milk production apart from improvement in the general health of the animals and quality of milk.

Veterinary Health Care Services: Various preventive and curative health care services are offered including medicines for free of cost by veterinary doctors through Heritage Mobile Veterinary Clinics.

Feed Ingredients supply: In view of the non-availability of good quality animal feed, the trust initiated to supply good quality of feed ingredients to the farmers at subsidized price.

Insurance: Group Personal Accident Scheme with Medical Extension & Disability Compensation – to the MCC Members and the Farmers Members enrolled in the Heritage Farmers Welfare Trust

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that,

- In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year 2013-14 and of the profit for that period;
- They have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

- They have prepared the annual accounts of the company on a going concern basis.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from shareholders, distributors, farmers, bankers and all other business associates, and from the neighborhood communities of the various locations. We look forward to continued support of all these partners in progress.

Your Directors look forward to the future with confidence.

For and on behalf of
HERITAGE FOODS LIMITED

Registered Office:

#6-3-541/C, Punjagutta,

Hyderabad – 500 082

CIN : L15209TG1992PLC014332

Ph : 04023391221/2

e-mail : hfl@heritagefoods.in

D. SEETHARAMAIAH

Chairman

(DIN: 00005016)

Date : 30th July, 2014

ANNEXURE TO THE DIRECTOR'S REPORT:

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

The Company has taken up green initiatives. The Company has adopted laudable practices like reducing the carbon foot prints, maximizing the utilization of natural light and reducing the electric light fittings, use of re-cycled material for the work stations' wood boards, provision of task lights for every work station to minimize the power consumption, central control switch for entire work station, rain water harvesting. Sufficient greenery is maintained at all the facilities of the Company.

Adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment. Air conditioners are used only when required and air-conditioned areas have been treated with heat resistant material like sun control film to reduce heat absorption.

We believe that energy saved is energy produced.

At periodic intervals, the management sends emails to the employees of the Company creating awareness on the energy conservation, pollution control and efficient use and disposal of paper.

The board is regularly updated about the various environmental conservation and pollution control measures implemented by the company.

Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products. To create adequate infrastructure, your Company continues to invest in the latest design of plant machinery, hardware and software.

The above measures have resulted in savings on account of consumption of power and fuel.

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken:

FORM A

(Form for disclosure of particulars with respect to Conservation of Energy)

	2013-14	2012-13
A. POWER AND FUEL CONSUMPTION		
1. Electricity (Dairy)		
a. Purchased		
Units – KWH	26254112	22373032
Total Amount	165925987	134677983
Rate/Unit – ₹	6.32	6.02
b. Own generation		
i) Through Diesel generator		
Units – KWH	1674488	3921794
Unit per liter of diesel oil	2.62	2.48
Cost/Unit - ₹	20.99	19.83
ii) Through Solar Power		
Units – KWH	1032243	-
Unit per liter of diesel oil	7.44	-
2. Furnace Oil		
Quantity (Ltr)	1026192	2371836
Total cost	49176640	110994336
Average rate – ₹	47.92	46.80
B. CONSUMPTION PER UNIT OF PRODUCTION STANDARD		
Electricity (KWH/Ltr of milk)	0.23	0.22
Furnace oil (Ltr of milk)	0.17	0.18

TECHNOLOGY ABSORPTION (ENCLOSED IN FORM B)

FORM B

(Form for disclosure of particulars with respect to absorption)

(₹ in lakhs)

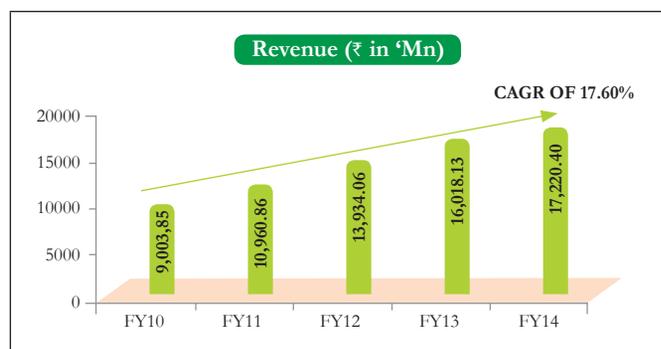
	2013-14	2012-13
Research & Development (R & D)		Nil
Technology absorption, adaptation & innovation		Nil
Foreign Exchange Earnings	770.84	293.66
Foreign Exchange Outgo:		
Assets Purchases	143.62	36.03
Term Loan repayment (incl. Interest)	822.35	1668.25
Software Support	Nil	Nil
Others	-	1704.33

Management Discussion and Analysis

OVERVIEW OF THE ECONOMY

The slowing down of the GDP which had reached 4.4 percent in Q1 of 2013-14 from 7.5 percent in the corresponding period in 2011-12, has been controlled by numerous measures taken by the Government. Growth in the third and fourth quarters of the year under report was expected to be 5.2 percent and that for the whole year had been estimated at 4.9 percent. The declining fiscal deficit, stable Exchange Rate and reducing Current Account Deficit, moderation in inflation, increasing exports are reflection of a more stable economy today.

Your Company anticipated that the moderation in the growth rates will show steady recovery in the short term and the growth momentum will revive soon. In this new reality and a volatile and uncertain environment, your Company believes that to ensure long term profitable and sustainable growth, we have to think ahead and constantly ask ourselves how we can be creating shared value. Your Company maintained a forward looking approach to ensure that it is well prepared to seize new opportunities and handle new challenges with speed. Since the success of your Company depends on the ability of the business to keep understanding the changing environment and to keep adapting its responses in a seamless manner as it was, continued to focus on realigning its initiatives internally and externally. Your Company remained focus on the principles of continuous excellence to drive efficiencies and strengthen the basic businesses and focused on the strengthening of its ability to provide nutrition, Health and Wellness through deeper insights bigger innovations faster responses and adequate capacity. Therefore your Company has grown constantly at CAGR of 18%.



Business Mix: In Dairy division, the business mix is improving with surge in Value Added Products which enjoy higher profit margins as against Liquid Milk.

Scale: The business is scalable both in terms of Dairy and Retail. There is a constant increase in procurement of milk, turnover of value added products, and addition of square feet in Retail space.

Technology Excellence: It's the first Company to implement ERP Applications of SAP for Dairy division for its business processes across all locations.

Geographical Presence: Having substantial presence in South India, the Company has successfully penetrated into all the 4 corners of India: Maharashtra; Delhi and Odisha.

Quality: The Company has dedicated quality assurance and product development team. Its infrastructure is backed by ISO 9001, ISO 22000, & ISO 14000.

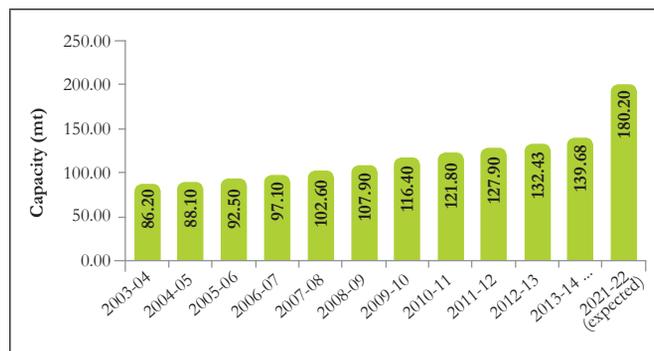
Strong Network: It enjoys strong relations from grass-root level to MNCs level. Currently it has strong network with over 3 lakh farmers for procurement of milk and is a packaging partner for curd for Nestle.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India ranks second worldwide in farm output in Agriculture and allied sectors like forestry, logging and fishing accounted for 17% of the GDP in 2012, employed 51% of the total workforce, and despite a steady decline of its share in the GDP, is still the largest economic sector and a significant piece of the overall socio-economic development of India. However, international comparisons reveal the average yield in India is generally 30% to 50% of the highest average yield in the world.

Dairy Industry:

Milk production in India is growing substantially year after year as shown in following table.



The growth in Dairy Industry in the West has come to a virtual halt. India is where the action is. The West is currently witnessing a stagnation in growth in dairy industry. Hence some players are looking to India where there is growth in liquid milk in general and in value-add products in particular. The value-add products which include: cheese, butter, ghee, ice cream, and others, have impressive profit margins, unlike the liquid milk. Thanks to the factors like, rapid urbanization, change in life styles, and rise in disposable income.

Highlights:

- The milk production in 2000 was at 78mn MT as compared to 140 MT in 2014 and is expected to cross 200 MT mark by 2020.
- According to FAO estimates the milk production in India accounts for more than 15% of the total world output and 60% of total Asia's production.

- However, 'milk yield per cow' in US and New Zealand is around 11 times and 5 times higher than that of India respectively.
- India is lowest cost producer of per liter of milk in the world, at 40 cents, compared with the US' 93 cents, and Japan's \$3.2 dollars.

India with its 200 Mn cows and 170 Mn buffaloes has the largest population of cattle in the world. The co-operative societies are federated into 200 district milk producers unions spread over various States.

In terms of total production, India is the leading producer of milk in the world followed by USA. According to FAO estimates, the milk production in India accounts for more than 15% of the total world output and 60% of total Asia's production. The top five milk producing nations in the world are India, USA, Russia, Germany and France.

Current Scenario:

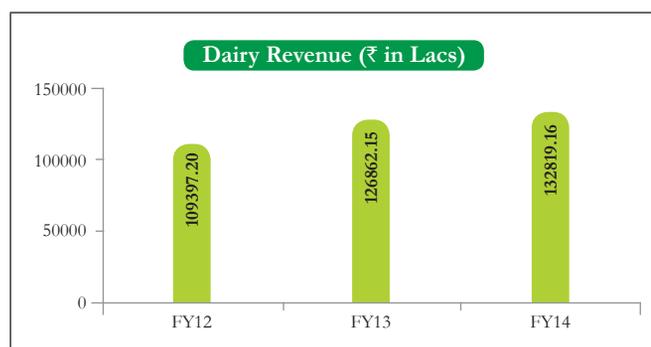
Milk prices are rising due to shortage and this is reflected generally even in the prices of chocolates, milkshakes, ice creams and such other milk-based products. The procurement prices of milk from farmers have gone up. The Milk production is directly linked to the monsoon and the absence of rains has caused the rise in prices of dairy products. There is a clear shortage of milk, of about 15%. The situation could be like this till we get monsoon showers. Milk yield will then increase and shortage would reduce.

This apart, the prices of Skimmed Milk Power (SMP) have gone up from ₹ 170/kg last year to ₹ 260/kg at present. When there is shortage of liquid milk the dairy companies add SMP, hence the dairy companies in India are currently storing SMP. According to the industry statistics there is a deficit in SMP to the tune of about 10,000 tonnes.

Dairy Business vertical:

₹ 1,32,819 Lakh Revenue	77% Revenue Contribution	₹ 11,370 Lakhs EBITDA
₹ 22,700 Lakhs Revenue from Value added products	₹ 17,611 Lakhs Capital Employed	

The Dairy division accounting for 77% of revenue at ₹ 132,820 lakh is the flagship business vertical for Your Company. The last 3 financial year's revenue of the Company is given below.



Over the last 2 decades your Company was able to grow the Dairy business multi fold from about 20,000 liters per day to present day of over 8 lakh liters per day. We are proud to announce that this was made possible through effective building of relations with over 3 lakh famers for collecting liquid milk. In the Dairy division, while the liquid milk has been contributing to the topline, the Value Added Products have been effectively contributing to the Company's bottom line.

Value-add products include curd, butter milk, paneer, flavored milk and others. With the increase in population and rise in income levels there is a shift in consumption pattern in favor of value added products besides the growth in liquid milk.

Nowadays, many consumers prefer quality products and there is also a shift from artificial ingredients to natural ones in dairy products. Consumers prefer traditional dairy products like butter milk, lassi and others as compared to carbonated beverages. We leveraged on this trend as we do have flexibility of product mix, leading to improvement in our value add product line.

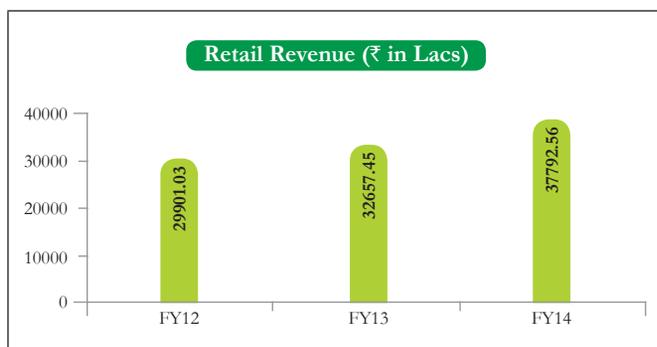
The profit margins in this division are almost double. Over the last 3 years, we have improved our value-add products' revenue by over ₹ 500 mn every year. Presently about 15% of our dairy revenues are coming from value-add products, we are keen to double the value-add contribution to 30% in 5 years.

Retail Business vertical:

₹ 37,792 Lakhs Revenue	22% Revenue Contribution	74 Stores
2,56,000 Sq.Ft Operating Contribution	₹ 6,460 Lakhs Capital Employed	

Your Company forayed into Retail in 2006. Now there is a sizeable presence in Retail in cities like Hyderabad, Chennai, and

Bangalore with as many as 74 stores operating in 2.56 lakh sq.ft. Owing to economies of scale, the Retail division is expected to breakeven after achieving a total square feet of about 4 lakh sq.ft. Your Company is confident of making net profits in Retail in 3 years from now. At EBITDA level, the Retail division may turn positive by end of current fiscal year.



Agri & Bakery Business vertical:

₹ 6,783 Lakhs Revenue From Agri	₹ 3,368 Lakhs Capital Employed in Agri	₹ 366 Lakhs Revenue from Bakery
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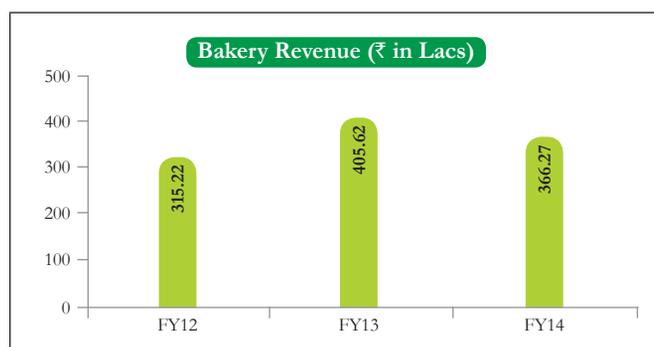
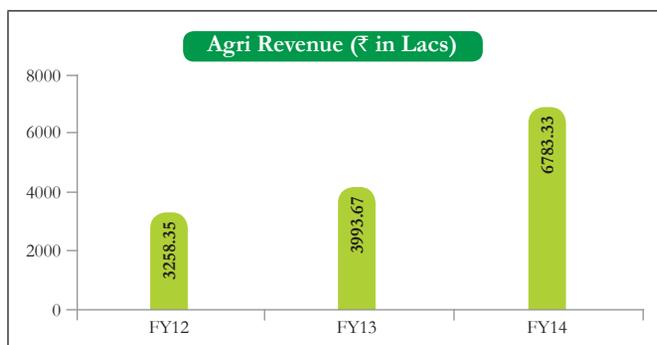
₹ 1.120 Lakhs Capital Employed in Bakery	Agri & Bakery to Support Retail Operation
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To support Retail division, your Company went for a backward integration into Agri and Bakery business. Agri and Bakery business verticals are likely to turnaround soon thereby contributing to the topline and bottomline, though in a minimal way.

Your Company has integrated food supply chain, provides extension services to farmers by taking up production through custom farming.

The two Integrated Pack Houses of fruits and vegetables will help in catering to own Heritage Retail Store & other Modern Retail stores.

The last 3 financial year's revenue of the Agri and Bakery Division are given below.



Solar for Captive Consumption:

Since Dairy business vertical alone requires power of 65,000 KWH per day, Your Company set up 2.34 MW Solar power for captive consumption. The Solar unit has started to generate power of over 10,000 KWH per day since Q1FY14. A Capital of ₹ 1,675 Lakh was deployed to set up the solar unit. The solar power cost of generation is lesser than the tariff levied by public utilities.



Emerging as Pan-India Player:

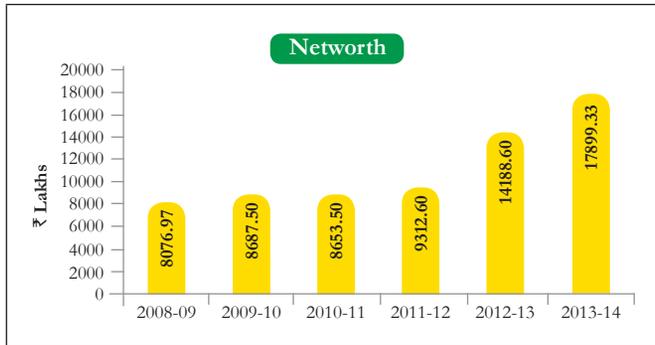
Your Company is well entrenched in South in general and in Andhra Pradesh, Telangana, Tamil Nadu, and Karnataka in particular. On the West side, Your Company forayed into Maharashtra and has already acquired a plant in Sangavi for processing the milk. On the Northern side, Your Company entered Delhi and commenced operation there too. Both Mumbai and Delhi markets put together have a demand of around 11 million liters of milk per day. On the Eastern side, Heritage penetrated into Odisha.

Discussion on financial and Operational performances

Value Addition since last five years

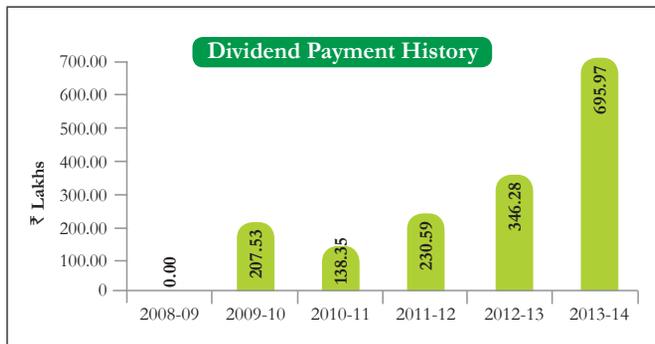
Increase in Net worth:

The current Net worth of the Company for the Financial year 2013-14 is ₹ 17899.33 Lakhs



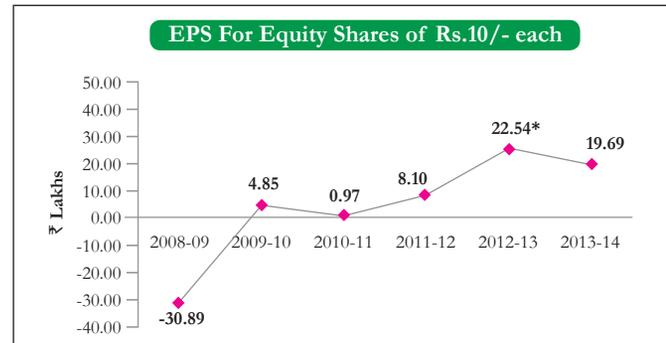
Dividend Payment History

The Company has a track record of dividend payment.



Earnings per Share

Earnings per share (EPS) (Equity Shares of ₹ 10/-)

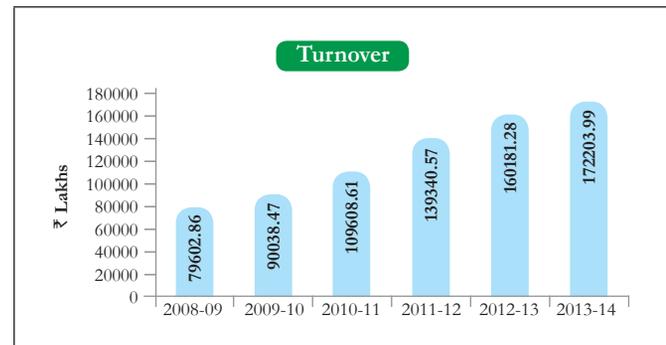


* The Board of Director issued / allotted 1:1 Bonus shares on 30th July 2013. Earnings Per Share (EPS) has been calculated after considering the bonus issue during the Financial Year ended March 31, 2014 and adjusted for all the periods presented as per AS-20 "Earnings Per Share (EPS)".

OPERATIONAL EXCELLENCE

Revenue Trend

Revenues grew to a record high of ₹ 172203.99 Lakhs in 2013-14.



STANDALONE FINANCIAL PERFORMANCE REVIEW

A. FINANCIAL PERFORMANCE

The following information is a Standalone information of your Company and it should be read in conjunction with the financial statements and related notes for the Financial Year ended March 31, 2014.

Overview of Standalone Financial Results

Particulars	2013 - 14		2012 - 13	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
Net Sales	169506.35	98.43	158030.00	98.66
Other operating income	2697.64	1.57	2151.28	1.34
Total Revenue	172203.99	100.00	160181.28	100.00
Total Expenditure	162705.84	94.48	150072.33	93.69
Other Income	495.40	0.29	419.95	0.26
Profit before Finance Cost Depreciation and Tax	9993.55	5.80	10528.90	6.57
Finance Cost	1322.12	0.77	1670.20	1.04
Depreciation & Amortisation	2500.23	1.45	2202.03	1.37
Profit / (Loss) before tax	6171.20	3.58	6656.67	4.16
Extraordinary Items	50.00	0.03	291.34	0.18
Provision for current taxation(Including taxation of earlier year)	1290.59	0.75	1231.41	0.77
Provision for deferred taxation	299.38	0.17	137.76	0.09
Profit / (Loss) after tax	4531.23	2.63	4996.16	3.12

Standalone Segment results:

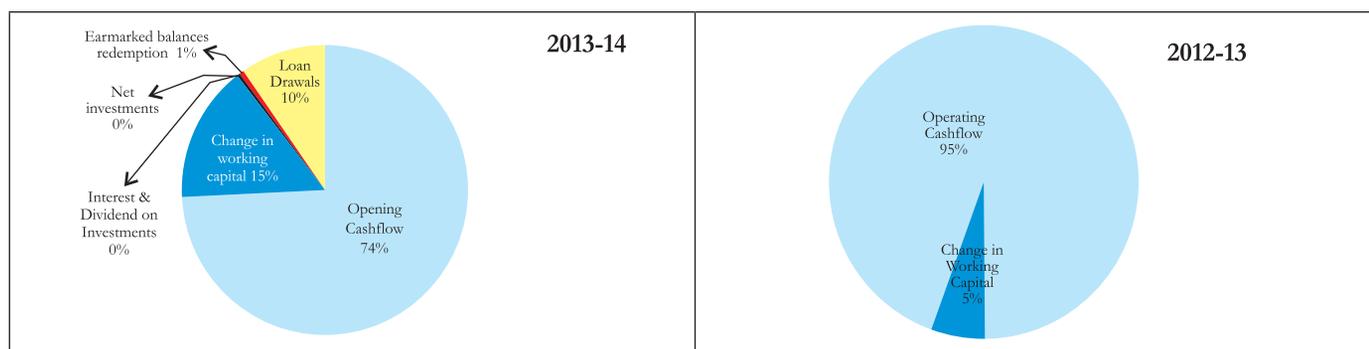
Particulars	2013 -14		2012 -13	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
1. Total Revenue				
a. Dairy	132819.16	74.69	126862.15	77.39
b. Retail	37792.56	21.25	32657.45	19.92
c. Agri	6783.33	3.81	3993.67	2.44
d. Bakery	366.27	0.21	405.62	0.25
e. Renewable Energy	77.35	0.04	-	-
Total Revenue	177838.67	100.00	163918.89	100.00
2. Inter-segment Revenue				
a. Dairy	1681.15	29.84	1670.93	44.71
b. Retail	230.19	4.09	289.26	7.74
c. Agri	3542.38	62.87	1605.80	42.96
d. Bakery	103.60	1.84	171.61	4.59
e. Renewable Energy	77.35	1.37	-	-
Total Inter-segment Revenue	5634.67	100.00	3737.60	100.00
3. External Revenue				
(Incl other operating income)				
a. Dairy	131138.01	76.15	125191.22	78.16
b. Retail	37562.36	21.81	32368.20	20.21

Particulars	2013 -14		2012 -13	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
c. Agri	3240.95	1.88	2387.87	1.49
d. Bakery	262.67	0.15	234.00	0.15
e. Renewable Energy	-	-	-	-
Net Sales / Income from Operations	172203.99	100.00	160181.29	100.00
4. Segment Results				
(Profit (+) / (Loss) (-) before tax and finance costs)				
a. Dairy	9869.18	7.53	10889.78	8.70
b. Retail	(1992.16)	(5.30)	(2198.59)	(6.79)
c. Agri	(298.70)	(9.22)	(257.27)	(10.77)
d. Bakery	(102.13)	(38.88)	(153.16)	(65.45)
e. Renewable Energy	(11.54)			
Total Segment Results	7464.65	4.33	8280.76	5.17
Less: Finance Cost	1322.11	0.77	1670.20	1.04
Add: i. Interest income	43.70	0.03	44.25	
ii. Other un-allocable Income/(expenditure)	(15.04)	(0.01)	1.86	-
Total Profit before Tax	6171.20	3.58	6656.67	4.16

CASH FLOW ANALYSIS

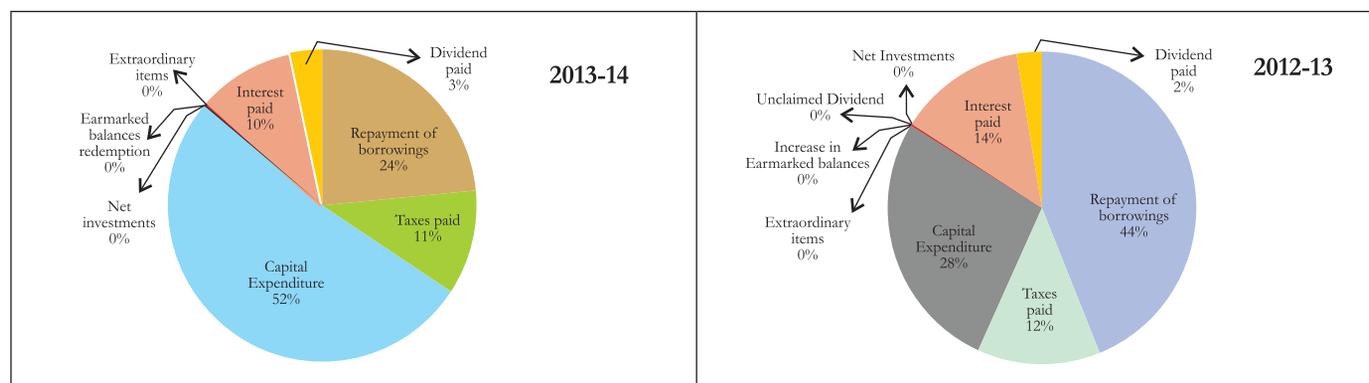
Cash inflows

Particulars	2013 - 14		2012 - 13	
	₹ in Lakhs	%	₹ in Lakhs	%
Operating Cashflow	9862.34	74.15	10413.36	94.47
Change in Working capital	2034.11	15.29	561.32	5.09
Interest & Dividend on Investments	43.84	0.33	46.11	0.42
Earmarked balances redemption	65.19	0.49	-	-
Unclaimed dividend	-	-	2.34	0.02
Loans Drawn	1294.75	9.73	-	-
Total	13300.22	100.00	11023.13	100.00



Cash Outflows

Particulars	2013 – 14		2012 – 13	
	₹ in Lakhs	%	₹ in Lakhs	%
Repayment of borrowings	2837.83	23.47	4767.44	44.42
Taxes paid	1307.55	10.81	1245.16	11.60
Capital Expenditure	6275.02	51.89	2960.10	27.58
Earmarked balances redemption	-	-	8.67	0.08
Net Investments	1.31	0.01	0.44	-
Unclaimed Dividend	5.12	0.04	-	-
Extra-ordinary items	50.00	0.41	-	-
Interest Paid	1210.84	10.01	1483.86	13.82
Dividend Paid	405.13	3.35	268.00	2.50
Total	12092.80	100.00	10733.66	100
Net increase/(decrease) in cash and cash equivalents	1207.43		289.47	
Add: Opening Cash and Cash Equivalents	3161.37		2871.90	
Cash and Cash Equivalents at the end of the period	4368.80		3161.37	



FORWARDLOOKING STATEMENTS

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the Management and the efforts being put into place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.

Report on Corporate Governance

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decisions vis-à-vis all its stakeholders – in particular, shareholders, creditors, the State and employees. Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever shareholder maximises value must necessarily maximise corporate value, and satisfy the claims of creditors, employees and the State in best manner.

A Company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders. Your Company therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximisation of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance – the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

Transparency and accountability are the two basic requirements of Corporate Governance. Our actions are governed by our values and principles which are reinforced at all lurch in the Company. Our code of business is reflected in our continued commitments to ethical business practices across the dealings.

To succeed, we believe requires highest standards of Corporate behaviour towards everyone. We work with the Commitment and the environment on which we have an impact.

BOARD OF DIRECTORS

Your Company's policy towards the composition of the Board is to have an appropriate mix of Executive and Non- executive & Independent & women Directors to maintain the independence of the Board and to separate its functions of governance and management. The Company is having a Non-Executive Independent Chairman and the number of Independent Directors is more than 1/3 rd of the total number of directors on the Board. The Board consists of 9 members, 2 of whom are Executive/Whole-time Directors and 7 are Non -Executive Directors as on 31st March, 2014.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he/she is a director. The Directors have made the necessary disclosures regarding Committee positions.

i. Composition and Categories of Board of Directors as on 31st March, 2014.

Name	Category
Sri D Seetharamaiah	Non Executive Independent -Chairman
Dr N R Sivaswamy [#]	Non Executive Independent
Dr A Appa Rao [*]	Non Executive Independent
N. Sri Vishnu Raju [§]	Non Executive Independent
Dr V Nagaraja Naidu	Non Executive
Sri N P Ramakrishna	Non Executive
Sri N.Lokesh	Non Executive
Smt.N Bhuvaneshwari	Vice Chairperson and Managing Director
Smt. N Brahmani	Executive Director

[#] Dr. N R Sivaswamy resigned from the board of the Company w.e.f. 30th July, 2014.

^{*} Dr. A. Appa Rao, passed away on 30th April, 2014 & ceased to be director from the Board & Committees w.e.f. 30th April, 2014.

[§] N. Sri Vishnu Raju appointed as an additional Director on 22-10-2013

ii. Attendance of Each Director at the Board Meetings and the Last Annual General Meeting

During the financial year 2013-14, 9 (Nine) meetings of the Board of Directors were held on 22nd April 2013, 30th May 2013, 17th July 2013, 30th July 2013, 22nd October 2013, 18th November 2013, 22nd January 2014, 28th February 2014 and 21st March 2014. All material information is circulated to the directors before the meeting or placed at the meeting, including information required to be made available to the Board under Clause 49 of the Listing Agreement with stock exchanges. The attendance record of each director is as under:-

Name	No of Board Meetings		Attendance at last AGM
	Held	Attended	
Sri D Seetharamaiah	9	9	Yes
Dr N R Sivaswamy	9	9	Yes
Dr A Appa Rao	9	5	Yes
N. Sri Vishnu Raju	9	3	No
Dr V Nagaraja Naidu	9	8	No
Sri N P Ramakrishna	9	6	Yes
Sri N.Lokesh	9	9	Yes
Smt.N Bhuvaneshwari	9	9	Yes
Smt. N Brahmani	9	8	Yes

iii. Number of Board /Committees of which a Director is a member or chairman.

Director	No. of other Directorships #	Committee memberships [§] (Including Heritage Foods)	
		Member	Chairman
Sri D Seetharamaiah	5	3	1
Sri N P Ramakrishna	1	-	-
Dr N R Sivaswamy	2	2	-
Dr A Appa Rao	2	2	-
Smt.N Bhuvaneswari	5	1	-
Dr V Nagaraja Naidu	2	1	1
Sri N.Lokesh	5	1	-
N. Sri Vishnu Raju	5	1	-
Smt. N Brahmani	2	-	-

The directorships held by directors as mentioned above, do not include directorships in Private Companies

§ In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committee, Shareholders'/Investors' Grievance Committee of all Public Limited Companies have been considered

BOARD COMMITTEES

As on 31st March, 2014, the Board has 4 (four) Committees i.e. Audit Committee, Remuneration Committee, Share Transfer & Shareholders'/Investors' Grievances Redressal Committee and Management Committee.

The quorum for meeting is either two members or one-third of the members of the committee, whichever is higher.

Audit Committee

The Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, (Section 177 of the Companies Act, 2013) besides other terms as may be referred by the Board of Directors.

a) The Audit Committee Comprises as on 31st March, 2014:

Name	Designation
Sri D Seetharamaiah	Chairman
Dr V Nagaraja Naidu	Member
Dr N R Siva Swamy	Member
Dr A Appa Rao	Member
Sri N.Lokesh	Member

All members of the Audit Committee are financially literate. The Statutory Auditors and the lead Internal Auditors are also invited to the Meetings of the Audit Committee. The President and Vice

President – Finance & Accounts are permanent invitees to the Meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

b) Attendance of the Members at the Committee Meeting

The Audit Committee had 5 (five) meetings during the period April,2013 to March,2014 viz., 30th May 2013, 17th July 2013, 22nd October 2013, 22nd January 2014 and 21st March 2014 The attendance of members as follows:-

Name	No. of Meetings	
	Held	Attended
Sri D Seetharamaiah	5	5
Dr V Nagaraja Naidu	5	5
Dr N R Siva Swamy	5	5
Dr A Appa Rao	5	2
Sri N.Lokesh	5	3

c) The terms of reference

The terms of reference of the Audit Committee are as stated in under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956,(Section 177 of the Companies Act,2013) and include:

- i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- iii. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956 (Section 134 of Companies Act, 2013).
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management
 - d) Compliance with listing and other legal requirements relating to financial statements
 - e) Disclosure of any related party transactions

- iv. Reviewing, with the management, the Quarterly Financial statements before submission to the Board for approval.
- v. Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- vi. Reviewing the adequacy of Internal Audit function.
- vii. Discussion with Internal Auditors any significant findings and follow up there on.
- viii. Reviewing mandatorily the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions, submitted by management;
 - c) Management letters / letters of internal control weaknesses issued by the statutory auditors, if any.
 - d) Internal audit reports relating to internal control weaknesses; and
 - e) The appointment, removal and terms of remuneration of the Internal Auditors

Remuneration Committee

The Remuneration Committee of the Board comprises of three Non-Executive Independent Directors and the Executive Director as on 31st March, 2014. The Remuneration Committee has been constituted to recommend / review the remuneration of Managing Director / Whole Time Director/Executive Director and Executives two level below the Board based on their performance and expertise.

The Remuneration Committee of the Board has re-named & reconstitutes w.e.f 1st April, 2014, as Nomination and remuneration Committee with the terms of reference as specified in Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing agreement.

The Remuneration Committee comprises as on 31st March, 2014 :

Name	Designation	No. Of Meetings	
		Held	Attended
Sri D Seetharamaiah	Chairman	2	2
Dr N R Siva Swamy	Member	2	2
Dr A Appa Rao	Member	2	2
Sri N Lokesh	Member	2	1

Details of remunerations paid/payable to directors for the year ended 31st March, 2014 is as under:

(in Rupees)

Name	Sitting Fees	Remuneration	Perquisites/ Perks	Commission	Total
D Seetharamaiah	1,70,000	0.00	0.00	0.00	1,70,000
N P Ramakrishna	60,000	0.00	0.00	0.00	60,000
N R Siva Swamy	1,25,000	0.00	0.00	0.00	1,25,000
A Appa Rao	1,05,000	0.00	0.00	0.00	1,05,000
V Nagaraja Naidu	1,25,000	0.00	0.00	0.00	1,25,000
Sri. N. Lokesh	1,00,000	0.00	0.00	55,20,000.00	56,20,000.00
N. Sri Vishnu Raju	40,000	0.00	0.00	0.00	40,000
Smt. N Brahmani	10,000	45,50,000	0.00	1,60,73,000	2,06,33,000
Smt. N. Bhuvaneshwari	0.00	1,12,50,000	8,09,000	1,59,43,000	2,80,02,000

The Company has not granted any stock option to any of its directors. Dr. V. Nagaraja Naidu, Sri N.P Ramakrishna and Sri N. Lokesh Non Executive Directors of the Company are holding 58,000, 1,00,000 and 23,66,400 equity shares of the Company as on 31st March, 2014 respectively.

Besides dividend on equity shares, if any, held by the Directors and payments as mentioned above no other payments have been made nor have the Directors of the company entered into any transactions of pecuniary nature.

Management Committee

The terms of reference of the Management Committee is to consider and dispose of any day to day matters, with a view to ensuring smooth operation and timely action/compliances. The Committee meets at frequent intervals and disposes matters which are of routine but urgent in nature without having to wait for the next Board Meeting.

The Management Committee comprises as on 31st March, 2014

Name	Designation
Sri D Seetharamaiah	Chairman
Dr. A Appa Rao	Member
Smt. N Bhuvaneswari	Member
Sri N.Lokesh	Member
N. Sri Vishnu Raju	Member

Smt. N. Brahmani, Executive Director, Dr.M.Sambasiva Rao President and Sri.A.Prabhakar Naidu Chief Financial Officer of the Company are the permanent invitees to the Committee Meeting, Sri.Umakanta Barik, Company Secretary is the Secretary to the Committee.

The Committee met 5 (Five) times during the year 2013-14

Share Transfer & Shareholder/Investors' Grievance Redressal Committee

The terms of reference of the Share transfer and Shareholder/Investors' Grievance Redressal Committee is to approve, transfer and transmission of shares and issue of new/duplicate share certificates, whenever requested for by the shareholders of the Company. The Committee authorised Vice-Chairperson & Managing Director and Executive Director of the Company to sign the Memorandum of Share Transfer/Transmissions submitted by Registrar of Transfer Agent and counter signed by Company Secretary of the company and same to be rectified by the Committee in subsequent meeting.

The Share transfer and Shareholder/Investors' Grievance Redressal Committee of the Board has re-named & reconstitutes w.e.f 1st April, 2014, as Stakeholders Relationship Committee with the terms of reference as specified in Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing agreement

The Share transfer and Shareholder/Investors' Grievance Redressal Committee comprises the following members as on 31st March,2014;

Name	Designation
Dr V Nagaraja Naidu	Chairman
Sri D Seetharamaiah	Member
Smt N Bhuvaneswari	Member
Dr. A. Appa Rao	Member

The committee met 4 (four) times during the year 2013-14 on 22nd April 2013, 30th July 2013, 22nd October 2013 and 22nd, January 2014.

Name	No. of Meetings	
	Held	Attended
Sri D Seetharamaiah	4	4
Dr V Nagaraja Naidu	4	4
Smt N Bhuvaneswari	4	4
Dr. A. Appa Rao	4	2

Sri Umakanta Barik, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

Status Report of investor's complaint/ request for the year ended 31st March, 2014

Number of Complaint/ request Received- 28

Number of Complaint/ request Resolved- 28

Number of Complaint/ request Pending – NIL

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

Annual General Meetings

a. The last three Annual General Meetings were held as under.

Year	Date	Venue	Time
2011	29-09-2011	Auditorium Hall, 2 nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500045	11.00 a.m
2012	29-09-2012	Auditorium Hall, 2 nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500045	11.00 a.m
2013	17-07-2013	Auditorium Hall, 2 nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad-45	10.30 a.m.

- All the Special Resolutions were passed only on show of hands at the Annual General Meeting held on 17-07-2013.
- At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.
- The Company sought the approval of shareholders through Postal Ballot for enhancement of Borrowing Powers of the Board of Directors and Creation of Charges etc., of the assets of the Company.

Disclosures

During the year 2013-14, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interest of the company at large. Transaction with related parties are disclosed in the notes on accounts forming part of the Annual Report.

The Company had complied with the requirements of regulatory authorities on capital markets and no penalties or strictures have been imposed or passed on the Company by Stock Exchange, SEBI or any other statutory authority(ies), on any matter relating to the capital markets, during the last three years.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The status of adoption of the non-mandatory requirements of Clause 49 of the Listing Agreement is as under:

- (a) **Tenure of Independent Director:** 5 consecutive Years tenure has been prescribed for Independent Directors.
- (b) **Remuneration Committee:** Separate Remuneration Committee has been constituted.
- (c) **Shareholders Rights:** Quarterly/Half Yearly/Annually Financial Statements are published in newspapers and uploaded on Company website: www.heritagefoods.in
- (d) **Audit Qualification:** The Company already has a record of un-qualified financial statements. Auditors have raised no qualification on the financial statements.
- (e) **Whistle Blower Policy:** The Company have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern. The full text of the Whistle Blower Policy is available in the company's website: www.heritagefoods.in

Means of Communication

The Quarterly / Half yearly / Annual Financial Results are published in the English and Regional Language News Papers. The shareholders are provided with the necessary information with notices sent for the Annual General Meeting / Extraordinary General Meeting. Any other information sought by shareholders is being provided on request.

News Releases, Presentations etc: The Quarterly results, Shareholding Patterns, Official News releases, analysis and

information to investors, etc., are displayed on the company's website: www.heritagefoods.in

Website: The Company's website i.e., www.heritagefoods.in contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of Clause 47 of the Listing Agreement.

Annual Report: Annual Report containing inter-alia Audited Annual Accounts (Standalone & Consolidated), Directors' Report, Auditors Report (Standalone & Consolidated), Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report and other important information is circulated to Members and others entitled thereto.

General Shareholder Information

Annual General Meeting - Date and Time Venue	Friday, 26 th September, 2014 at 10.30 am Auditorium Hall, 2 nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises (Formerly NISEIT), Yousufguda, Hyderabad-45
Financial Year	April 01 st to March 31 st
Financial Calendar (Tentative) First Quarterly Results Second Quarterly Results Third Quarterly Results Fourth Quarterly/Annual Results	Last week of July 2014 Last week of October 2014 Last week of January 2015 Last week of May 2015
Date of Book Closure	22-09-2014 to 26-09-2014 (both days inclusive).
Dividend payment date	On 30 th September, 2014 subject to shareholder's approval.
Listing on Stock Exchanges	BSE Limited (BSE), Mumbai National Stock Exchange of India Limited (NSE), Mumbai The Annual Listing & Custodian fees for the year 2014-15 has been paid.
Stock /Scrip Code	BSE – 519552 NSE - HERITGFOOD
ISIN Number	NSDL & CDSL - INE978A01019
Company Identification No. (CIN)	L15209TG1992PLC014332

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:
NIL

Dematerialisation

95.26 % of the Company's paid-up Equity share capital has been dematerialised as on 31st March, 2014. The total holdings of shares of promoters / PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

Total Shares in Demat and Physical form as on 31st March, 2014

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2312	1100744	4.74
2	NSDL	4717	19201198	82.77
3	CDSL	2098	2897058	12.49
Total		9127	23199000	100.00

Plant Locations

Plant Locations are attached to the report.

Code of Conduct

The Board has adopted the Code of ethics and business conduct for Directors and Senior Management. The code of conduct is available on the website of the Company www.heritagefoods.in

The Vice Chairperson & Managing Director of the company has affirmed that the Directors and Senior Management have given an annual affirmation of compliance with the code of conduct during the year 2013-14

Code for Prevention of Insider Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has framed a comprehensive code for prevention of insider trading practices for its management and staff. The code for prevention of Insider Trading is available on the website of the Company www.heritagefoods.in

CEO and CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. Vice Chairperson & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the Chairman & Managing Director and the Chief Financial Officer is form part of the Annual Report.

Secretarial Audit

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and physical share with the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

As a measure of good corporate governance practice and Section 204 of the Companies Act, 2013 and the Rules made thereof, the Board of Directors of the Company appointed Ms. Savita Jyoti, Practicing Company Secretary, to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2014, is form part of the Annual Report.

Compliance Certificate from Auditors

Certificate from Statutory Auditors of the Company M/s Raju & Prasad, Chartered Accountants, Hyderabad confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is forming part of the Annual Report.

This Certificate has been forwarded to the Stock Exchange where the securities of the company are listed

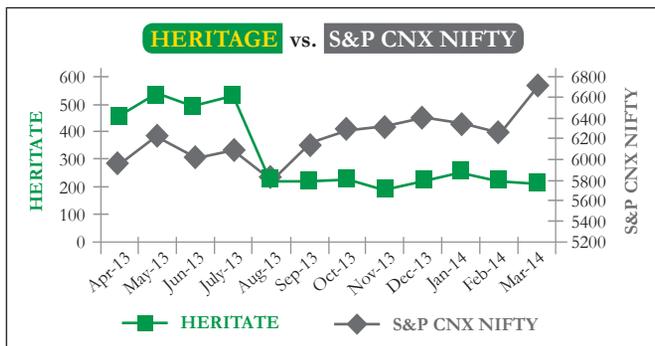
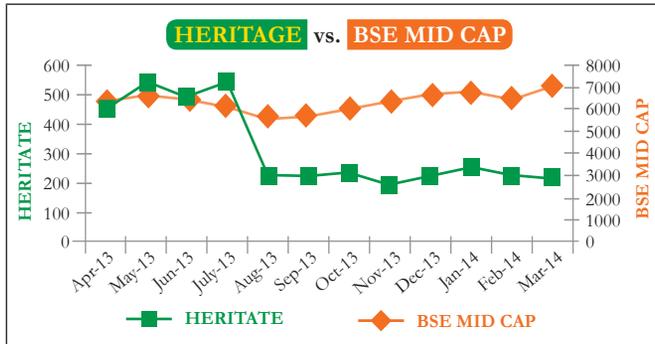
Market Price Data:

Closing High/Low Share Price during each month of the financial year 2013-14.

Month	NSE (in per share)		BSE (in per share)	
	HIGH	LOW	HIGH	LOW
April, 2013	458.00	400.10	454.65	392.10
May, 2013	540.00	427.05	544.00	418.00
June, 2013	497.30	393.00	491.90	342.65
July, 2013	528.90	208.10*	542.00	210.00*
August, 2013	230.90	189.90	230.00	194.50
September, 2013	224.30	203.05	224.70	201.50
October, 2013	236.15	175.00	236.40	175.20
November, 2013	194.80	171.20	194.00	175.10
December, 2013	224.75	169.00	224.75	169.00
January, 2014	256.40	201.15	255.70	186.55
February, 2014	227.20	198.10	228.00	196.00
March, 2014	216.50	195.10	215.95	197.00

* The Board of Directors issued / allotted 1:1 Bonus shares on 30th July 2013.

Performance in comparison to broad based indices –BSE MID CAP & NSE NIFTY



Share Transfer Systems

Transfer in physical form are registered by the Registrar and share Transfer Agents immediately on receipt of completed documents and certificates are issued within 15 days of date of lodgement of transfer. Invalid share transfer are returned within 7 days of receipt.

Register and Transfer Agent

M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Phone: 040-23420815-28.

Address for Correspondence

Share holding related queries	General Correspondence
Karvy Computershare Private Limited, Plot No 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081, Telangana Phone No: +91-40-23420818, 23420814 Email: inward@karvy.com	Heritage Foods Ltd, (Formerly Known as Heritage Foods (India) Ltd.) CIN:L15209TG1992PLC014332 #6-3-541/C, Panjagutta, Hyderabad-500082 Phone No: +91-40-23391221, 23391222 Email: hfl@heritagefoods.in

Distribution of Shareholding as on 31st March, 2014

Category (No. of Shares)		No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
From	To				
1	500	7814	85.61	11339000	4.89
501	1000	568	6.22	4477460	1.93
1001	2000	307	3.36	4981380	2.15
2001	3000	104	1.14	2729690	1.18
3001	4000	68	0.75	2545510	1.10
4001	5000	68	0.75	3227260	1.39
5001	10000	91	1.00	6864000	2.96
10001 & Above		107	1.17	195825700	84.41
TOTAL		9127	100.00	231990000	100.00

Categories of Shareholding Pattern as on 31st March, 2014

Sl. No	Description	Cases	Shares	% of Shares
1	Banks	1	4141	0.02
2	Clearing Members	36	63988	0.28
3	Employees	10	143002	0.62
4	Foreign Institutional Investor	10	616458	2.66
5	H U F	140	457570	1.97
6	Indian Financial Institutions	1	1310	0.01
7	Bodies Corporates	293	4797379	20.68
8	Mutual Funds	8	156318	0.67
9	Non Resident Indians	148	263115	1.13
10	Overseas Corporate Bodies	2	8000	0.03
11	Persons Acting In Concert	12	364820	1.57
12	Promoters-Bodies Corporate	1	1223800	5.28
13	Promoters-Individuals	2	7697226	33.18
14	Resident Individuals	8463	7401873	31.91
Total:		9127	23199000	100.00

Plant Locations

Processing and Packing Stations

Main Dairy Plant

1. **Gokul**
Kasipentla Village,
Chittoor (Dt) A.P.-517112
2. **Chittoor**
Sundarajapuram VII,
E.R Palli Post, G.D Nellore Mandal,
Chittoor Dt- 517125
3. **B.Kotha Kota**
Bering Village, Sankarapuram (Post)
B. Kotha Kota Mandal,
Chittoor Dst-517370
4. **Bhattiprolu**
Battiprolu Village & Mandal
Guntur Dist, A.P- 522256
5. **Kalluru**
Korlagudem (V), Kalluru (M),
Khammam Dist., T.S
6. **Pamaru**
Yendagandi (Via), Pamarru
East Godavari Dist, A.P
7. **Bayyavaram,**
Anakapalli (V), Kasimkota (M),
Vishakhapatnam Dist, A.P
8. **Bobbili**
Mettavalasa (V), Bobbili (M),
Vizianagaram Dist., A.P
9. **Narketpally**
Cherugattu Village,
Narketpally, Nalgonda, T.S.
10. **Uppal**
C-10, Road No: 7, IDA Uppal,
Hyderabad, T.S – 500 039.
11. **Vadamadurai,**
Morepatti Village,
Dindigul Dist, Tamilnadu. 624802
12. **Bangalore**
Yadavanhalli Village,
Bangalore(South), Karnataka-562107
13. **Sangvi**
Vijayanagar Sangvi,
Satara District, Maharashtra

Chilling Centers

1. **Atmakuru**
Atmakuru Post, Nellore Dist., AP
2. **Hindupur**
Cholasamudram (V), Lepakshi (M),
Hindupur, Anantapur Dist.AP
3. **Piler**
Yerraguntla (V),
Piler (M), Chittoor Dist., AP
4. **Madanapalli**
Basinikonda Village,
Madanapalli Mandal, Chittoor Dist., AP
5. **Darsi**
Darsi Post, Prakasam Dist., A.P
6. **Kandukuru**
Katuturu Grampanchayat,
Veletivaripalem(M),Kandukuru,
Prakasam Dist., A.P

7. **Kondepi**
Kondepi Village & Mandal,
Prakasam Dist., A.P
8. **Muppavaram**
Bytamanjuluru Post, J Pangaluru (M),
Prakasam Dist., A.P
9. **Kavali**
Gouravaram (V), Kavali (M),
Potti Sree Ramulu, Nellore Dist, A.P
10. **Madhira**
Rayapatnam Village, Madhira (M),
Khammam Dist, T.S
11. **Kotananduru**
Indugapalli (V), Kotananduru (M),
East Godavari Dist., A.P
12. **Namakkal**
Navani Vellali Patti Village,
Namakkal Dist., T.N
13. **Tiruvannamalai**
Somaspadi Pudur,
Tiruvannamalai Dist., T.N
14. **Uthangarai**
Koorsampatti Village,
Dharmapuri Dist., T.N
15. **Santhipuram**
Chittoor (Dt), A.P.
16. **Karmala**
Solapur Dt, Maharashtra - 413106

Mini Chilling Centers

1. **Kalakada**
Kalakada Mandal, Chittoor Dt,
2. **Podalakuru**
Nellore Dist. AP-524345
3. **Kanigiri**
Kanigiri (Md), Prakasam (Dt),
4. **Gantyada**
Gantyada (V&M),
Vizianagaram Dist., A.P
5. **L.Kota**
C/o Sree Sravani Milk Chilling Center,
L.Kota (V&M), Vizianagaram Dist.
6. **Somavaram**
Krlampudi Mandalam,
Visakhapatanam, A.P
7. **Chagarlamarri**
Kallugotlapalli (V), Allagadda (M)
Kurnool Dist. A.P
8. **Vinukonda**
Guntur (Dt), A.P
9. **Kaligiri**
Basireddypalem (V), Kaligiri (M)
Potti Sree Ramulu Nellore Dist, A.P
10. **Challagundla,**
Nakrikal (M), Guntur Dist, A.P.
11. **Kodada**
Nalgonda Dist., T.S
12. **Satyawada**
Undrajavaram (M), West Godavari, A.P
13. **Velvadam**
Mylavaram (M), Krishna Dt., A.P

14. **Veeravalli**
Bapulapadu (M), Krishna Dt., A.P
15. **Nandigama**
Krishna Dist. A.P - 521185
16. **Ravikamatam**
Visakhapatnam Dist. A.P
17. **Poosapatirega**
Vizianagaram Dist., A.P
18. **Berigai**
Berigai (V) & (P),
Krishnagiri (Dt), Tamil Nadu.
19. **Bestavaripeta**
Prakasam Dt, A.P.
20. **Rapthadu**
SY. NO.486/1, Near Railway Gate,
Rapthadu V & M - 515721
Ananthapur (Dt), A.P.
21. **Kothacheruvu**
Sy.No.232/1, Near Railway Gate,
Penukonda Road, Kothacheruvu V &M,
Anantapuram Dt – 515133., A.P
22. **Redihalli**
Adhiyaman Kotai-Hosur By-Pas Road,
Reddihalli panchayt, Sogathur (Post),
Dharmapuri(Dt), T.N., Pin: 636705.
23. **Devarajapalem**
Devarajapalem Village, Molaiyanur (post),
Papireddipati Taluk, Dharmapuri (Dt),
T.N., Pin: 636905.
24. **Mulugu**
Medak Dist, T.S -50227
25. **Bodhan**
Auto Nagar, Achanpally (V), Bodhan (M),
Nizamabad (Dt), T.S – 503180

Bulk Coolers

1. **Santhamaguluru**
Puthavaripalem (V), Santhamaguluru (M),
Prakasam Dist., A.P
2. **Banganapalli,**
Yagantipalli (V) & PO,
Kurnool, A.P-518124
3. **Venkatagiri**
Anjaneya Puram(V), Sri Kalahasti(M),
Chittoor Dist., A.P.
4. **Sri Kalahasti**
PeddaKannali (V) & Post,
Chittoor Dist., A.P.
5. **Sathenapalli**
Industrial Estate, Guntur Dist., A.P
6. **Duttaluru**
Nellore Dist., A.P
7. **Alagadapa**
Miryalaguda (M), Nalagoda Dist, T.S
8. **Vatsavai**
Krishna Dist., A.P
9. **Wyra**
Khammam Dist. T.S
10. **Guraja**
Mudinepalli Mandal, Krishna Dist., A.P

- 11. Dubacharla**
Nachugunta (V), Unguturu (M),
West Godavari Dist. A.P
- 12. Modavalasa**
Denkada (M), Vijayanagaram (Dt), A.P
- 13. Samarlakota**
E-1 Industrial Estate, E.G.(Dt), A.P
- 14. Chinnagammuluru**
Kota Vuratla (M), Vizag (Dt), A.P
- 15. Narsingi**
Chegunta (M), Medak (Dt), T.S.
- 16. Vepanapalli**
Thalipalli (V), Krishnagiri (Dist), T.N
- 17. Avanigadda,**
D.No-1-360, Yalavarthy Complex,
1st Ward, Mandali Nagar, Koduru Road,
Avanigadda, Krishna (Dt),
A.P., Pin: 521121
- 18. Kanaganapalli**
Kanaganapalli (V&M),
Ananthapur (Dt), A.P., Pin: 515641
- 19. Sompeta**
Chandi puttada (Village),
Rajupuram (post), Kaviti (M), Srikakulam
(Dist), Pin: 532322
- 20. Seethanagaram (V&M),**
East Godavari (Dt), A.P., Pin: 533287
- 21. Nirgudi**
Phaltan (Taluk), Satara(Dt),
Maharashtra. Pin: 515523.
- 22. Laveru**
Laveru (V&M), Srikakulam(Dt),
AP, Pin: 532407
- 23. Garividi**
Garbam road, near surya pittam
Kondapalli village, Garividi (M)
Vijayanagaram Dt. A.P
- 24. Korukonda**
Sairam chilling center, Jambhupatnam road
Korukonda V & M, East Godavari(Dt), A.P
- 25. Sakharwadi**
Phaltan(Tal),
Satara Dt - 415522, Maharashtra. A.P
- 26. Dhammapeta**
Dammmapeta (V & M),
Khammam(Dt). Pin – 507306, T.S.
- 27. P.Gannavaram**
Amalapuram road, Near Gromore
Fertilizers, P.Gannavaram V & M
East Godavari(Dt), AP
- 28. T.Narasapuram**
C/o Aditya rice mill, Guruvai Gudem Rd,
T.Narasapuram (V & M),
West Godavari (Dt), AP.
- 29. Kakkadasam**
Kakkadasam Village & Post,
D.Kotta to Tally Rd, Denkanikotta Taluk,
Krishnagiri Dt, TN.
- 30. Ponduru**
Ponduru village, Srikakulam Dt.
- 31. Gara**
Boravanipeta village, Gara (M), Srikakulam
Dt., AP
- 32. Bikavolu**
Vulpalli road, Bikkavolu V&M,
East Godavari(Dt), AP
- 33. Nagamangalam**
Nagamangalam (V) & (P),
Denkanikotta Taluk, Krishnagiri Dt., TN.
- 34. Ragolu**
Gudam Road ,Near Jems Hospital,
Srikakulam(Dt), A.P - 532484
- 35. Peruru**
Peruru (V), Ramagiri (M),
Ananthapur (D), AP. Pin-515621
- 36. Palakonda**
Tumarada Village, Tampatapalli Post,
Palakonda, Srikakulam(Dt) A.P -532440
- 37. Siddipet**
Opp.Rural Police station, Siddipet(V&M),
Medak Dist, T.S -502103
- 38. Dwarapudi**
Opp rly station, Dwarapudi,
East Godavai (Dt), A.P - 533341
- 39. Tekkali**
Tekkali(V&M), Srikakulam(Dt).,
A.P., Pin: 533201
- 40. Venkannapalem,**
Venkannapalem(Village),
Chowdaram(Mandal), Vishakapatnam (Dt),
A.P., Pin:
- 41. Porumamilla,**
Kammavaripalli (Village),
Porumamilla (Mandal), Kadapa (Dt)., A.P.,
- 42. Taradgoan**
Phaltan (Taluk), Satara(Dt), Maharashtra.
A.P., Pin:
- 43. Kondapuram**
Gudavalluru (V), Kondapuram (PO & M),
SPSR Nellore District, A.P Pin:524201
- 44. Sempatti**
Sevugam patty (V&P)
Near badrakaliamman kovil, Sempatty
to Battlagundu road, Nelakotti T.K,
Dindigul(Dt), T.N - pin:624211
- 45. Atchutapuram**
Atchutapuram(V&M),
Visakhapatnam (Dt), A.P - 531011
- 46. Rajale**
Milkat No: 808, A/P, Rajale,
Phaltan (Tal), Satara (Dt), Maharashtra
- 47. Oddanchatiram**
no.1/7 Ellapatty (V), Puduchathram(P),
Oddanchathram (T.K) Dindigal (Dt),
T.N - Pin:624619
- 48. Nidamanur**
Main Road, Opp. Check post,
Nidamanur(V&M),
Nalgonda Dist-T.S - 508278
- 49. P.Velore**
K.K.Thottam, West Vannandurai,
Pandamangalam (P), Paramathi Velur,
Namakkal (Dt), T.N Pin:637208
- 50. Nimmada**
Kotabommali, Srikakulam(Dt),
A.P - 532001
- 51. Krishnapuram**
Krishnapuram (V), Chillakuru (M), SPSR
(Dt), A.P - 524412
- 52. Bondapalli**
Bondapalli (M&P), Vizianagaram(Dist),
A.P - 535270

Bulk Coolers – Franchisee

- 1. Toopran**
Medchal (M), Medak (Dt), T.S 502334
- 2. Medchal**
Ranga Reddy Dist, T.S-501401
- 3. Gummadidhala**
Medak District. T.S
- 4. Narsapur**
Gummadidhala (V),
Narsapur Mandal, Medak (Dt), T.S
- 5. Kowdipalli**
Medak (Dt), T.S.
- 6. Pagnapur**
Ibrahimpur (V), Chegunta (M), Medak
(Dt), T.S.
- 7. Masaipeta**
Chegunta (M), Medak (Dt),
T.S. Pin: 502247
- 8. Kothaindu**
P.B.Natham post, Kuppam (M),
Chittoor dist, AP.
- 9. Aushapur**
Aushapur (V), Ghatkesar (M),
R.R. District, Pin: 501301. T.S.
- 10. Kandukur**
Kandukur (V & M), R.R. District
Pin: 501359, T.S.
- 11. Juluru**
Juluru (V) & (M) Nalgonda (Dt)
Pin: 508284, T.S.
- 12. Manasanpalli**
Mansanpally (V), Maheswaram (M), R.R.
District, Pin: 501325, T.S
- 13. Doulatabad**
Doulatabad(V&M), Medak(Dt), T.S
- 14. Jagdevpur**
Bhonagiri road,
Jagdevpur (V&M), Medak(Dt), T.S
- 15. Dabilpur**
Dabilpur(V), Medchal(M),
Rangareddy(Dt), T.S
- 16. Aler**
kolanpaka road, Aler(V&M),
Nalgonda(Dt), T.S
- 17. Medak,**
Chegunta road opp Balaji Function Hall,
Medak (V&M), Medak(Dt).T.S

18. Sivampet

Narsapur main road, Sivampet(V&M), Medak(Dt), T.S

19. Kothapet

Kothapet(Village), Kesvapatanam(M), Mahabubnagar, T.S.

20. Dhanamaiahgaripalli

Dhanamaiahgaripalli(V&P), V.Kota (M), Chittoor(Dt), A.P., Pin: 517424

21. Thoguta

Thogutta (V&M), Opp. FCI Godown, Medak(Dt), T.S - 502372

22. Jogipet

Jogipet(V&M), Narayanakhed Main Road, Medak (Dt), T.S - 502273

23. Pudur

Pudur (V), Shamirpet(M), Ranga reddy(Dt), T.S - 501401

24. Anajipur

Anajipur(V), Bhogir (M), Nalgonda(Dt), T.S - 508116

25. Meerkhanpet

Meerkhanpet (V), Kandukur (M), Ranga reddy(Dt), T.S - 501509

26. Kamareddy

Kamareddy(V&M), Sirisilla Road, Nizamabad(Dt), T.S - 503111

27. Kukunoorpalli

Kukunoorpalli (V), Kondapak (M), Medak(Dt), T.S - 502103

Milk chilling at Ice Plants

1. Amalapuram

Batinavilli, Amalapuram, East Godavari Dist., A.P

2. Bansur

Kotaputali Raod, Bansur, Alwar (Dt), Rajasthan

3. Sikar

Plot No: 15 & 16, Major Colony, NH-11, Fathehpur Road, Sikar (Dt), Rajasthan.

Regional Offices

Ongole Regional Office

1. Heritage Foods Limited,

D.No: 5-400/1, Raavianjaneyulu road, Venkateswara Nagar, 2nd Lane, Ongole, AP Pin: 523 001.

2. Vizag Regional Office

Heritage Foods Limited, Door No: 50-48-15/2, 3rd Floor, P&T Colony, Near Gurudwara junction, Seethammadhara, Vizag-13

3. Vijayawada Regional Office

Heritage Foods (India) Limited, Door No: 54-20-6, Kanaka Durga Gazetted Officers Colony, Street No:1, Ring Road, Vijayawada - 520 008

4. Tirupati Regional Office

Heritage Foods Limited, Dr.No 19-12-154, Arch Road, Byragipatteda, Tirupati-517 501,

5. Krishnagiri Regional Office

Heritage Foods Limited, No. 1/1263-2, IInd Phase, New Housing Board, (Land Mark: HIG-82 Opp. (or) HIG-47 behind road) Krishnagiri -635001

6. Sangvi Regional Office

Vijayanagar Sangvi, Phaltan Taluk, Satara District.

7. Heritage Foods Limited,

Sikara Gandhi House, C-10, Road No: 7, IDA Uppal, Hyderabad-500039.

Sales Offices

Andhra Pradesh

1. Visakhapatnam Sales Office

D.No: 50-48-15/2, P&T Colony, Near Gurudwar Bus Stop, Seethammadhara, Visakhapatnam - 520013

2. Tirupati Sales Office

D.No: 19-12-154, RC Road, Bairagipatteda, Tirupati. 517501

3. Rajahmundry Sales Office

D.No:85-17-13, Beside Cherukuri Kalyana MAndapam, JN Road, Rajahmundry. 533103.

4. Vijayawada Sales Office

Plot No:188, Block No: C6, Enkepadu, Kanuru Road, Auto Nagar, Vijayawada - 523008

5. Bobbili Sales Office

Plot No.248&249, Growth Centre, Bobbili, Vizianagaram Dist., Andhra Pradesh

6. Tanuku Sales Office

Heritage Foods Limited NH-5, Sowmya Residency, Opp: Mullapudi Harichandra Prasad Kamma Kalyana Mandapam, Tanuku 534111

Telangana

1. Hyderabad Sales Office 1, 3 & 6

HFL, C-10, Kargandi Building, Road NO.7, IDA, Uppal, Hyderabad-500039

2. Hyderabad Sales Office 2

No: 8-3-166/5/2, Register Office Road, Behind Bata Show Room, Erragadda, Hyderabad. 500080

3. Hyderabad Sales Office 4

H.No:3-8-113, Shop No:23 & 24, Road No:5, Chandrapuri colony, L.B Nagar, Hyderabad

4. Hyderabad Sales Office 5

Shop No: 1 & 2 Cellar, Mamatha Estates, Indhra Reddy Allwyn Colony, Besides Subcourt, Miyapur 500049

5. Hyderabad Sales Office 7

Heritage Foods Limited H.No 1.4-164/2, Old Alwal Mangloni Chilaka, Opp to Mediplus (Near) Reliance Fresh, Hyd-500010

6. Chittoor Sales Office

Sundararaja Puram, E.R Palli Post, Chittoor - Puttoor Road, Chittoor

7. Kalluru Sales Office

Heritage Foods Limited, Korlagudem(Vill), Kalluru(Mand), Khammam Dist 507209

Karnataka

1. Bangalore Sales Office 1

No: 42, Survey No: 5&6, Bikasipura, Banashankari 5th Stage, Near Saibaba Temple, Bangalore 560061

2. Bangalore Sales Office 2

HFL, D.No: 525, 2 nd floor, 7 th cross, 6 th main, HBR Layout (Near BDA Complex), Bangalore 560043

3. Bangalore Sales Office 3

Yadavanahalli Village, Anekal Taluk, Gudahatti Road, Bangalore (South) - 562107

Tamil Nadu

1. Chennai Sales Office 1

Survey No: 16/6, Pariwakkam Main Road, Seneerkuppam Village, Poonamalle, Chennai - 600056

2. Chennai Sales Office 2

HFL, H.No.45, Lakshmi Nagar, Adambakkam, Chennai - 600088, TN

3. Chennai Sales Office 3

Plot No:13, 1 st Street, Mari Ammal Nagar, Kavangarai(East), Puzhal, Chennai

4. Chennai Sales Office 4

No:377/B, 1St Street, Samayapuram, Karambakkam, Porur, Chennai - 116

5. Chennai Sales Office 5

No:28, Agasthiyar street, East Tambaram, Opp to Gandhi Park, Chennai - 59

6. Vadamadurai Sales Office

HFL, NH-45, Trichy Rad, Moorpatti Village, Vadamadurai Post, Dindigul District - 624802

Maharashtra

1. Mumbai Sales Office

Shop No. 1-2, Plot No. 17, Mangal Murti Co-Op Hsg. Soc. Ltd, Sector 30, Opp. Sanpada Railway Station, Vashi, Navi Mumbai. 400703

2. Sangvi Sales Office

Vijayanagar Sangvi, Phaltan Taluk, Satara District.

Delhi

Delhi Sales Office

Heritage Foods Limited Flat No.301, Satya Mansion, A-1 & A-2, Ranjit Nagar, Commercial Complex, New Delhi - 110008

Addresses of Retail Stores at Hyderabad

1 AS Rao Nagar

Yasmai Arcade, P.no. A-6/1,
A-6/3, SY no. 500, Kapra,
AS Rao Nagar, Hyderabad – 500 062
Carpet Area:3850

2 Alwal

Premises no.1-5-909, 909/1, & 909/2,
Father Balaiah Nagar Colony,
Old Alwal, Alwal Village, Malkajgiri Mandal,
R.R.District - 500 010.

3 Bachupally

Ground Floor, Plot no.1
(Northern & Southern Portion),
House No.3-1 & 3-1/P, Survey No.20 &
28/1, Miyapur Residential Complex,
HUDA Colony, Hyderabad
Carpet Area:4195

4 Balapur

Ground Floor, Municipal No.6-317/3, Plot
no.334, Triveni Nagar, Meerpet Village,
SaroorNagar Mandal, Ranga Reddy District
Carpet Area:3200

5 Banjara Hills Road No.12

8-2-686/k3/1, P.no. 3,
Kimtee Banjara Heights, Road No.12,
Banjara Hills, Hyderabad – 500 034
Carpet Area:4476

6 Banjara Hills Road No.14

Ground Floor,
Premises No.8-2-309/3/B/1 & 2
Road No.14, Banjara Hills, Hyderabad
Carpet Area:4301

7 Bowenpally

Ground Floor, Plot No.1-10-316,
Sy.No.130, Bapuji Nagar X Roads,
Bowenpally, Thokatta Village,
Secunderabad- 500011
Carpet Area:8079

8 D.D Colony

Ashoka Satyam Enclave,
P.No. 2-2-7/1, Durgabai Deshmukh
Colony, Hyderabad – 500 007
Carpet Area:4303

9 Dammaiguda

Ground Floor, Plot No.2,3, 10 & 11
Dammaiguda Main Road, Keesara Mandal,
Rangar Reddy District
Carpet Area:3680

10 Film Nagar

Opp To More SuperMarket, Previously
UTI Bank, Film Nagar, Hyderabad – 34
Carpet Area:8347

11 Gacchi Bowli

Plot No.2, Survey No.91, Ground Floor,
Telecom Employees Co-Operative,
Housing Society Ltd, Gacchi Bowli,
Hyderabad – 500 032
Carpet Area:1950

12 Gaddiannaram

Ground Floor,
Plot No.10 to 13 & 18 to 20, Sy No.317/2,
Premises No.16-11-740/9, 16-11-740/9/7,
Gaddiannaram, Hyderabad.
Carpet Area:9662

13 Hayath Nagar

Ground Floor, Plot no.2, Survey No.268,
Ward No.4, Block No.7, Bagh Hayath
Nagar Village, Hayath Nagar,
Revenue Mandal, Ranga Reddy District.
Carpet Area:3325

14 HMT Nagar (Habsiguda)

Plot No. A 128, A 129,
Bapuji Nagar, Nacharam Road,
(Beside Trinetra Super Market),
Habsiguda, Hyderabad – 500 004
Carpet Area:2031

15 Jubilee Hills Road No. 36

Ground Floor, Plot no.1244,
Jubilee Hills Colony, Road no.36,
Banjara Hills Locality, Hyderabad
Carpet Area:5249

16 Karmanghat

Karmanghat, Sagar Road,
Saroor Nagar, Ranga Reddy District
Carpet Area:10025

17 Kompally

Sree Vensai Towers varuna Block,
Shop no.GF2, Sy. No. 128 (P),
Grampanchayath of Kompally,
Qutbullapur mandal, R.R. District
Carpet Area:2690

18 Kondapur

“Park View”, Plot no.5, Sy.No.6,
Kondapur Village, Serilingampally
Municipality, R.R. District
Carpet Area:3184

19 Kondapur Camelot Layout

Heritage Fresh Select
Ground Floor, Dr.Raju Center,
Botanical Garden Road, Camelot Layout,
Kondapur, Hyderabad
Carpet Area:7200

20 Madinaguda

Rajamma Commercial Complex,
Sy.No.95, 96, Plot no. 5,6,7,8, Madinaguda,
Sherilingampally (M), Hyderabad
Carpet Area:3570

21 Malkajgiri

22-1-1/1, Radha Krishna Nagar,
Beside Bank of Maharashtra,
Malkajgiri, Hyderabad
Carpet Area:1871

22 Manikonda Secretariat Colony

Ground Floor, Plot No.202& 209
Sri Ram Nagar Colony (Secretariat Colony),
Puppallaguda Village, Rajendra Nagar
Mandal, R R District, Hyderabad - 500 089
Carpet Area:4553

23 Miyapur (New)

Survey No.44/1,50 & 51,
Shop No.2/A, 2/B, 2/C & 2/D, Miyapur
Village, Serilingampally Mandal, R.R
District
Carpet Area:4751

24 Moti Nagar

Ground Floor, Plot No.32,
Survey No.19 & 20, Babbuguda village,
Moosapet Gram Panchayat,
Kukatpalli Municipality, R R District.
Carpet Area:2773

25 Nagole

1 to 6, Survey No. 128,
Part and 129/2, Nagole (Village),
LB Nagar Municipality,
Hyderabad – 500 035
Carpet Area:2021

26 New Tirumalagiri

Survey No.104, Situated at Pedda Kamala,
Near Hasmathpet, Tirumalagiri,
Hyderabad - 500 011
Carpet Area:10943

27 Nizampet

Sy.No.57, MCK Block, No.2,
Hyder nagar Village (Nizampet Rd),
Kukatpally municipal sub Division,
GHMC, Bala nagar Mandal,
Hyderabad – 500 072

Carpet Area:1936

28 Nizampet Village

Ground Floor, Shop No.G1/A, G1/B,
G2, G3/A & G3/B, Plot No.34,35,36 & 37,
Balaji Nagar, Nizampet Village, Hyderabad
Carpet Area:13066

29 PadmaRao Nagar

Plot no 15, H.no. 6-1-289/9,
Opp. Swarajya Printing Press,
Secunderabad – 500 025
Carpet Area:1675

30 Pragati Nagar

Ground Floor, Plot No.159,
160,161,178,179 & 180,
Pragati Nagar, Opp: JNTU, Kukatpally,
Quthbullapur, Hyderabad – 500 090
Carpet Area:7050

31 Rajeew Nagar

Madhura Heights, Ground Floor,
H No. 8-3-167/M/20/6/3/A & B/G-1,
Rajeew Nagar, Yousufguda,
Survey No. 128/3, Ward No.8,
Block No.3, Hyderabad-500 045
Carpet Area:2750

32 Red Hills

11-6-872/1 to 6,872/A&B, 872/A/1,
Lakdikapool, Hyderabad – 500 026
Carpet Area:2236

33 Santhosh Nagar

Gilbert Plaza, 12-1-210/4, Near 1S-7,
Hyderabad – 500 028
Carpet Area:2161

- 34 Shanthi Nagar**
Ground Floor,
Premises No.10-2-289/115,
Flat no.101,102 & 103, Shanthi Nagar,
Masab Tank, Hyderabad
Carpet Area:3730
- 35 Sindhi Colony**
H-no. 1-8-142 & 143, Prendergasth Road,
Secunderabad – 500 003
Carpet Area:2940
- 36 Srinagar Colony**
Door No.8-3-986 & 986/1, Plot No.124,
Srinagar Colony, Hyderabad
Carpet Area:2091
- 37 Tolichowki**
Ground Floor,
MCH No.8-1-366/B/12, & 8-1-366/B/13,
Situated at Tolichowki, Hyderabad
Carpet Area:6444
- 38 Vanasthalipuram**
Plot No. 1 & 2, Sy. No. 53 & 54,
Saheb Nagar Khund, Vanasthalipuram, R
R District
Carpet Area:2304
- 39 Vengalrao Nagar**
Plot No. 63/A, Municipal No. 8-3-191/67,
Vengalrao Nagar, Hyd-500038
Carpet Area:1724
- 40 Vivekananda Nagar Colony**
Plot no.2, Sy.No.116/A/P,
MCK Block No.22,
(Leading Road to Allwyn colony),
Kukatpally Village & Municipality,
Balanagar Mandal, R.R. District
Carpet Area:1440
- 41 West Marredpally**
H.no. 10-2-98 & 99, Tejaswini Arcade,
Plot No. 78, Secunderabad – 500 080
Carpet Area:2872
- 42 Yousufguda**
Ground Floor, H.No.8-3-224/4/1
Plot No.4, Yellareddyguda,
Hyderabad-500080.
Carpet Area:3258

Addresses of Retail Stores at Chennai

- 1 Adambakkam**
New No. 17, Old No. 16A,
Secretariat Colony Main Road,
Adambakkam, Chennai-600088
Carepet Area: 1610
- 2 Adayar**
Ground floor, Old no.6/1,
New No.17/1, Indira Nagar,
1st Avenue, Adyar, Chennai –20
Carepet Area:1739
- 3 Ayanavaram**
No. 9/5, VP Colony South Street;
(Next to ESI Hospital), Ayanavaram,
Chennai – 600 023
Carepet Area:1315

- 4 Choolaimedu**
Ground floor, Commercial Shop,
Greaa Pearl Apartments, No. 174,
Choolaimedu High Road, Chennai-94
Carepet Area:1985
- 5 Gopalapuram**
No.17&19, Conron smith road,
Gopalapuram, Chennai – 600 086
Carpet Area:3141
- 6 KB Dasan Road**
New Door No.32, (Old -43), Kavingnar
Bharathi Dasan Road, Teynampet,
Chennai – 600 018
Carpet Area:1943
- 7 Kotturpuram**
No.1, 3rd Main Road, Kottur Garden,
Kotturpuram, Chennai – 600 085
Carpet Area:1893
- 8 Madipakkam**
Baggyam Ceilo, No.1 & 2,
Bazaar Road, Baliah Garden,
Madipakkam, village, Chennai – 600 091
Carpet Area:1910
- 9 Madipakkam (New Store)**
No.9, Madipakkam Main Road, Balaiah
Garden, Madipakkam, Chennai - 600 061
Carpet Area:5190
- 10 Maduravoyil**
Ground Floor, Plot No.484 to 488,
Survey No.127/7C3A1A1A1A to 1E,
Poonamallee High Road,
Maduravoyil, Chennai - 600 095
Carepet Area:2505
- 11 Mogapiyyar West**
No. PC-1, 80 Feet Road (Poison Biotech),
Mogappair west, Chennai – 600 037
Carpet Area:3093
- 12 Mylapore**
Rabiya Building, Old 187/1, New 238,
Rayapeta High Road, Mylapur, Chennai.
Carpet Area:1738
- 13 Nanganallur (New Store);**
Old No.37, New No.23, First Main Road,
Nanganallur, Chennai – 600 061
Carpet Area:3452
- 14 Padur**
Survey No.520/2B, Ground Floor,
Door No.1/362, OMR, 43Padur Village,
Kanchipuram district, Pin Code.603 103.
Carepet Area:2600
- 15 Pallikaranai**
Plot No.36,
Natwest Venkatramana Apartments,
Kamokoti Nagar main Rd.
(Opp. road to Balaji Dental College),
Pallikaranai, Chennai – 601 100
Carpet Area:1994
- 16 Perumbakkam**
Ground Floor, Plot No.1 & 2, Survey
No.429/2C (Part), No.139, Perumbakkam
Village, Tambaram Taluk, Kancheepuram
District, Chennai
Carepet Area:5500

- 17 Perungudi**
Plot No.60, 2nd Main Road,
Thirumalai Nagar Annexe,
Perungudi, Chennai – 600 096
Carpet Area:1643
- 18 Porur**
Ground Floor, Door No.38, Mount
Poonamallee Road, Old Survey No.51/1,
New Survey No.51/1A2, Porur Village,
Ambattur Taluq, Thiruvallur District,
Chennai
Carepet Area:11170
- 19 Shenoy Nagar**
No.1/2, 7th Cross Street, Tulasi Apartments,
Pulla Reddy Avenue Road,
Shenoy Nagar (west), Chennai
Carepet Area:1909
- 20 T. Nagar**
19/3, Bajullah Road, T. Nagar,
Chennai-600017
Carepet Area:1807
- 21 Tambaram East**
457/152, Velachery Main Road
(Opp. To Air Force station Road,
Next to UCO Bank), East Tambaram,
Chennai – 600 059
Carepet Area:2730
- 22 Tambaram West**
No.2, Venkatesan Street,
Tambaram West, Chennai – 600 045
Carepet Area:1932
- 23 TTK Road (Alwarpet)**
No.26, TT Krishnamachari Road,
Alwarpet, Chennai 600 018
Carpet Area:1933
- 24 Valasaravakkam**
Green's Riviera, Door no.75,
Dr. Radhakrishnan Road,
Valasaravakkam, Chennai-600 087
Carepet Area:2199
- 25 Venkatnarayana Road**
16/5, Venkatanarayana Road,
T. Nagar, Chennai-600017
Carepet Area:2204

Addresses of Retail Stores at Bangalore

- 1 Banashankari 2nd Stage**
Corporation No.1036, 14th C Main,
BSK IInd Stage, Bangalore – 560 050
Carpet Ara:2647
- 2 Basaveshwara Nagar**
Chamundi Towers, Coporation No.104,
LIC Colony, WOC Road, Sri Siddiah
Puranik Marg, Bhimajyothi Co-operative
Housing Society, Basaveshwara Nagar,
Bangalore - 560 079
Carpet Area:5177
- 3 BTM Layout**
37/-1, 16th main Road, Opposite to lake,
Nayanappasetty pallya, BTM Layout,
Bangalore
Carpet Area:4346

- 4 Coffee Board Colony**
Site No 3, Village Khata No650,
Sy No.10/1,12/1, Kemapura Village,
Yelahanka Hobli, Bangalore
Carpet Area: 2015
- 5 Indira Nagar**
Sai Shakti , Municipal No.2207,
HAL III Stage, Ward No.74,
80 Feet Road, Kodihalli, Bangalore
Carpet Area:2681
- 6 Jayanagar 5th Block**
Ground Floor, BBMP Khatha No.68.
Ward No.58. 10th Main Road,
36th Cross, 5th Block. Jayanagar,
Bangalore-560041.
Carpet Area:1523
- 7 Koramangala**
Ground Floor on 383,
T.V.R Pride, 16th Main Road,
3rd Block, Koramangala Extension,
Bangalore – 560034
Carpet Area:2007
- 8 Magadi Road**
173/1, 3rd Cross,1st Main Road,
HVR Layout Housing, Magadi Main Rd,
Bangalore - 560 079
Carpet Area:2007
- 9 Mallechwaram**
Corporation No.92, 3rd Main Road,
Margosa Road, Bangalore – 560 003
Carpet Area:3595
- 10 Rammurthy Nagar**
No.7, Khata No.81/89/1, Kowdenahalli,
Rammurthy Nagar Hobli,
Bangalore South Taluk, Bangalore
Carpet Area:1942

- 11 Uttarahalli (NEW)**
No.007, Beneka Towers,
Subramanyapura Main Road,
Chikalasandra, Padmanaba Nagar,
Bangalore – 61
Carpet Area:7000
- 12 Vijaya Bank Colony**
Site No.441, Vijaya Bank Employees
Housing Co-Operative Society Limited
Layout, Situated at Bilekahali, Begur Hobli,
Bangalore South Taluk, Bangalore
Carpet Area:1800
- 13 Yelahanka**
Corporation No.325, HIG 1st Stage, Sector
A, Yelahanka, Bangalore - 560 064
Carpet Area:2885

Addresses of Distribution Centers

- 1. Hyderabad DC**
Heritage Foods Limited
Survey No.171, Opp: M/S Coca Cola,
Ameenpur, Sanga Reddy, taluq, Medak,
Andhra Pradesh- 502294.
- 2. Chennai DC (FMCG and F&V)**
Heritage Foods Limited.,
Survey No.16/4, Parivakkam Road,
Sennurkupam Village,
Poonamalli Taluq, Chennai-600056
- 3. Bangalore DC (FMCG, F&V and Staples)**
Heritage Foods Ltd, Distribution Center,
Survey no: 178/2,Hullahally, C K Palya,
Sakalavasa Post,
B.G. Road, Bangalore -83.

Addresses of Regional Offices

- 1. Bangalore RO**
3rd Floor, BTM Layout 37/1,
16th Main Road, opposite to lake,
Narayanappasetty Pallaya,
BTM Layout Bangalore-560076
- 2. Chennai RO**
No.26., 1st Floor, TTK Road,
Opp:Raj Park Hotel,
Alwerpet, Chennai-600018
- 3. Hyderabad RO**
Municipal No: 6-3-542,
S.B.H.Lane, Farhath Manzil,
Panjagutta, Hyderabad – 500082

Addresses of Agri Division

Integrated Pack Houses:

- 1. Mulugu**
Masjid Adavi Village, Mulugu Mandal,
Medak Dist., Telangana
- 2. Mattam**
Mattam Village, Shanthipuram,
Chittoor Dist. 517423

Address of Bakery Division

Uppal (Bakery)
C-10, IDA, Uppal, Hyderabad-500039

Address of Renewable Energy Division

Mulugu
Masjid Adavi Village, Mulugu Mandal,
Medak Dist., Telangana

CEO & CFO Certification

To
The Board of Directors,
Heritage Foods Limited,
(Formerly known as Heritage Foods (India) Limited)
Hyderabad.

We, N. Bhuvaneshwari, Vice-Chairperson and Managing Director and A. Prabhakara Naidu, Chief Financial Officers of Heritage Foods Limited certify that

- a. We have reviewed the Financial Statements and the Cash Flow Statements for the year ended 31st March, 2014 and to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.

- c. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - i. Significant changes in internal controls during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - iii. That there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system

For **Heritage Foods Ltd.**

N Bhuvaneshwari
Vice Chairperson & Managing Director
(DIN : 00003741)

Place : Hyderabad
Date : 23-05-2014

A. Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Auditors' Certificate on Corporate Governance

To
The Members of
HERITAGE FOODS LIMITED
(Formerly known as Heritage Foods (India) Limited)
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by **HERITAGE FOODS LIMITED**, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best our information and explanations given to us, we certify that the Company has complied with the

conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2014, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/investors grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **RAJU & PRASAD**
Chartered Accountants
(FRN: 003475S)

Place : Hyderabad
Date : 23-05-2014

M. Sivaram Prasad
Partner
(M No. 18943)

Secretarial Audit Report

To
The Members,
M/s. HERITAGE FOODS LIMITED
(Formerly known as HERITAGE FOODS (INDIA) LIMITED)
CIN:L15209AP1992PLC014332

I have conducted, the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. HERITAGE FOODS LIMITED, (Formerly known as HERITAGE FOODS (INDIA) LIMITED) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31/03/2014 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. HERITAGE FOODS LIMITED, (Formerly known as HERITAGE FOODS (INDIA) LIMITED) for the financial year ended on 31/03/2014 according to the provisions of:

- (i) The Companies Act, 1956 & 2013 and the Rules made there under ;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue

of Capital and Disclosure Requirements) Regulations, 2009;

- (vi) The Listing Agreements entered into by the Company with BSE Limited (Bombay Stock Exchange) and National Stock Exchange of India Limited, Mumbai.

Based on my examination and verification of the books, papers, minute books, forms and returns filed and other records produced to me and according to information and explanations given to me by the Company, I report that the Company has in my opinion, complied with the provisions of the Companies Act, 1956 & 2013 and the Rules made thereunder, the Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements, etc.

I report that, during the year under review:

1. The status of the Company is Listed Public Company
2. During the year under review the name of the Company had changed from HERITAGE FOODS (INDIA) LIMITED to HERITAGE FOODS LIMITED and the Company had obtained necessary approvals from the Share holders and also Statutory Authorities i.e ROC, BSE & NSE
3. The Company has two subsidiary companies i.e Heritage Foods Retail limited and Heritage Conpro Limited. The company has not been a Government company.
4. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

During the year under review the Board of Directors of the Company had appointed two Directors, out of which one Director had resigned from the Board due to his personal reasons.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried.

5. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, independence and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
6. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.

7. The company has not advanced loans, given guarantees and provided securities to directors and/or persons or firms or companies in which directors were interested, and has complied with the provisions of the Companies Act, 1956.
8. The Company has not made loans and investments; or given guarantees or provided securities to other business entities other than Subsidiary Companies and has complied with the provisions of the Companies Act, 1956 and any other statutes as may be applicable.
9. The amount borrowed by the Company from bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
10. During the Year under the Company had increased the Authorized Capital.
11. During the year under review the Company had issued/ allotted Bonus Shares and complied with all the necessary compliances.
12. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s) / financial institution(s).
13. The Company has created & modified charges on the assets of the company and complied with the applicable laws.
14. All registrations under the various state and local laws as applicable to the Company are valid as on the date of report.
15. The Company has declared and paid dividends to its shareholders as per the provisions of the Companies Act, 1956 and other relevant statutes.
16. The Company has credited and paid to the Investor Education and Protection Fund within the stipulated time, all the unpaid dividends as required to be so credited to the Fund.
17. The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.
18. The Company, being a listed entity has complied with the provisions of the Listing Agreement.
19. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

I further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Savitha Jyoti Associates**
Company Secretaries

Savitha Jyoti

Place : Hyderabad
Date : 23/04/2014

Member Ship No. F3738
CP No.: 1796

Independent Auditors' Report

To
The Members of
HERITAGE FOODS LIMITED.
(Formerly known as
Heritage Foods (India) Limited)

Report on the Financial Statements:

We have audited the accompanying financial statements of **M/s Heritage Foods Limited**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and Regulatory Requirements:

1. As required by the Companies (Auditors' Report) Order, 2003, as amended by the companies (Auditor' Report) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the

manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Raju and Prasad**
Chartered Accountants
(FRN 003475S)

Date: 23-05-2014
Place: Hyderabad

M. Siva Ram Prasad
Partner
M No. 018943

Annexure to the Auditors' report

The Annexure referred to in our Report of even date to the members of Heritage Foods Limited on the accounts of the company for the year ended 31st March, 2014.

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management during the year and discrepancies noticed on such verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets.
- c) No substantial part of fixed assets has been disposed off during the year.
- ii. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the companies act 1956 or to companies under the same management as defined in section 370(1-B) of the companies act,1956. Consequently, clauses (iii) (b), (iii) (c) and (iii)(d) are not applicable.
- e) The company has not taken any loans secured or unsecured loan from companies, firms or parties covered in the register maintained under section 301 of the companies act 1956. Accordingly, paragraphs 4(iii)(e) to 4(iii)(g) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, considering the size of the company and nature of business of various divisions of the company with regard to purchase of inventory and fixed assets and with regard to sale of goods and services, the internal control system commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- vi. The company has not accepted deposits from the public governed by section 58A and 58AA of the Companies Act, 1956 for the year under reference.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has prescribed maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of its products manufactured during the year. We are of the opinion that, prima facie, the prescribed accounts and records are properly prepared and maintained. We have not, however, carried out detailed examination of the same.
- ix. a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities including Provident Fund, Investor Education and Protections Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and Other Statutory dues applicable to it. There are no undisputed statutory dues outstanding for more than six months as on 31.3.2014.
- b) According to the information and explanations given to us following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st march, 2014:

Name of the Statute	Nature of the Dispute	Amount (₹ In Lakhs)	Period to which the amounts relate (A.Y)	Forum where the disputes is pending.
The A.P.G.S.T ACT 1957	General sales tax	7.41	2000-01 2002-03	Commercial Tax Officer.
The A.P.G.S.T ACT 1957	General sales tax	83.75	2001-02	Writ petition filed with H.C (WP No: 3814/2014).
AP VAT ACT	Input tax credit disallowance	127.06	2007-08	A.P.S.T.A.T (Tribunal)
The C.S.T ACT	General sales tax	37.34	2002-03	A.P.S.T.A.T (Tribunal)
AP C.S.T ACT	Filing Of “C” Forms	1.42	1998-99	Appeal Pending before AP H.C (W.P No: 3818 /2014).
AP VAT	Input tax credit disallowance and others	62.04	2008-09 2009-10	Additional Commissioner

- x. The company does not have any accumulated losses as at the end of the financial year under reference and the company has not incurred cash loss in the financial year under reference and in the financial year immediately preceding such financial year.
- xi. The Company has not defaulted in the repayment of its dues to financial institutions or banks.
- xii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the companies (Auditors’ Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Investments have been held by the company in its own name.
- xv. The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion, the term loans taken by the Company were applied for the purpose for which they were taken.
- xvii. In our opinion and according to explanations and information given to us, funds raised on short-term basis have not been used for long term investment.
- xviii. According to the information and explanation given to us, during the year the company has not made any preferential allotment of equity shares/warrants to parties and companies covered in the register maintained under section 301 of the companies act, 1956.
- xix. The company has not issued any debentures
- xx. The company, during the year, has not raised money by public issues.
- xxi. Based on the audit procedures performed and the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For **Raju & Prasad**
Chartered Accountants
(FRN: 003475S)

Place : Hyderabad
Date : 23-05-2014

M.Siva Ram Prasad
Partner
M No. 018943

Balance Sheet as at March 31, 2014

(₹ in lakhs)

Particulars	Note No	As at March 31, 2014	As at March 31, 2013
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	2319.90	1159.95
b. Reserves and Surplus	3	15579.43	13028.65
Sub-Total Shareholders' funds		17899.33	14188.60
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	3916.81	4056.29
b. Deferred tax liabilities (Net)	5	2252.30	1952.92
c. Other Long term liabilities	6	934.38	754.78
d. Long term provisions	7	93.39	77.23
Sub-Total Non-Current Liabilities		7196.88	6841.22
3. CURRENT LIABILITIES			
a. Short-term borrowings	8	8825.19	5761.72
b. Trade payables	9	6897.65	5681.76
c. Other current liabilities	9	7097.45	7764.67
d. Short-term provisions	10	1287.75	841.89
Sub-Total Current Liabilities		24108.04	20050.04
TOTAL EQUITY AND LIABILITIES		49204.25	41079.86
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	11	26823.57	23305.29
ii) Intangible assets	11	324.55	374.04
iii) Capital work-in-progress	11	1111.81	827.49
		28259.93	24506.83
b. Non-current investments	12	97.94	112.43
c. Long term loans and advances	13	2052.25	1746.99
d. Other non-current assets	14	68.58	44.45
Sub-Total Non-Current Assets		30478.70	26410.70
2. CURRENT ASSETS			
a. Current Investments	12	0.64	-
b. Inventories	15	10855.39	8209.20
c. Trade receivables	16	1661.05	1507.26
d. Cash and Bank balances	17	4442.18	3294.82
e. Short-term loans and advances	13	1766.29	1657.88
Sub-Total Current Assets		18725.55	14669.16
TOTAL ASSETS		49204.25	41079.86
Significant Accounting Policies and Notes on Accounts	(1 to 45)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvaneshwari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Statement of Profit and Loss for the year ended March 31, 2014

(₹ in lakhs)

Particulars	Note No	Year Ended March 31, 2014	Year Ended March 31, 2013
1. Revenue from operations (Gross)	18	172291.58	160259.49
Less : Excise Duty		87.59	78.21
Revenue from operations (Net)		172203.99	160181.28
2. Other Income	19	495.40	419.95
3. TOTAL REVENUE (1 +2)		172699.39	160601.23
4. EXPENSES:			
a. Cost of materials consumed	20	103058.17	93973.45
b. Purchase of Stock-in-Trade	21	32210.89	26274.64
c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(888.39)	3441.50
d. Power and fuel		2986.20	3640.63
e. Employee benefits expense	23	10009.46	8718.25
f. Finance costs	24	1322.12	1670.20
g. Depreciation and amortization expense	25	2500.23	2202.03
h. Other expenses	26	15329.51	14023.86
TOTAL EXPENSES		166528.19	153944.56
5. Profit before exceptional and extraordinary items and tax (3-4)		6171.20	6656.67
6. Exceptional Items		-	-
7. Profit before extraordinary items and tax (5 -6)		6171.20	6656.67
8. Extraordinary Items	27	50.00	291.34
9. Profit before tax (7 - 8)		6121.20	6365.33
10. Tax expense:			
a. Current tax		1291.05	1275.80
b. Prior period tax		(0.46)	(44.39)
c. Deferred tax		299.38	137.76
11 Profit for the year (9-10)		4531.23	4996.16
12. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		19.69	22.54
ii. Diluted		19.69	22.54
b. After Extraordinary items			
i. Basic		19.53	21.64
ii. Diluted		19.53	21.64

Significant Accounting Policies and Notes on Accounts

(1 to 45)

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvanewari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Cash Flow Statement for the year ended March 31, 2014

(₹ in lakhs)

PARTICULARS	YEAR ENDED March 31, 2014	YEAR ENDED March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax and extra-ordinary items	6171.20	6656.67
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	2500.23	2202.03
(Profit) / loss on sale or write off Fixed Assets	-	122.92
Loss on Impairment of Assets	32.49	0.34
Diminution in value of Investments	15.17	-
Interest expense	1193.34	1483.86
Subsidy transferred to P&L	(6.25)	(6.34)
Interest income	(43.70)	(44.25)
Dividend received	(0.14)	(1.86)
Operating Profit before Working Capital Changes	9862.34	10413.36
Movements in working capital :		
Increase / (decrease) in trade payables	1215.88	(842.09)
Increase / (decrease) in long term provisions	16.16	2.48
Increase / (decrease) in short term provisions	36.75	68.00
Increase / (decrease) in other current liabilities	736.38	760.61
Increase / (decrease) in other long term liabilities	179.61	89.72
Decrease/ (increase) in trade receivables	(153.80)	(386.99)
Decrease/ (increase) in inventories	(2646.19)	1135.76
Decrease / (increase) in long term loans and advances	(298.57)	111.29
Decrease / (increase) in short term loans and advances	(91.46)	(437.44)
Decrease / (increase) in other non-current assets	(24.12)	59.96
Cash Generated from / (used in) operations	8832.98	10974.68
Direct taxes paid (net of refunds)	(1307.55)	(1245.16)
Net Cash flow from / (used) in Operating activities before extra-ordinary items	7525.43	9729.52
Less: Extra-ordinary items	50.00	-
Net Cash flow from / (used) in Operating activities (A)	7475.43	9729.52

(₹ in lakhs)

PARTICULARS	YEAR ENDED March 31, 2014	YEAR ENDED March 31, 2013
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	(6422.86)	(3069.34)
Proceeds from sale of Fixed Assets	147.85	109.24
Purchase of Current / non-current investments	(1.31)	(0.44)
Investment in Subsidiaries	-	-
(Investment) in / redemption of bank deposits having original maturity more than three months	65.19	(8.67)
State Subsidy received	-	-
Interest received	43.70	44.25
Dividend received	0.14	1.86
Net Cash used in Investing Activities (B)	(6167.30)	(2923.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares		-
Proceeds from long-term borrowings	1294.75	-
Repayment of long-term borrowings	(2837.83)	(3470.71)
Short-term borrowings (net)	3063.47	(1296.72)
Interest paid	(1210.84)	(1483.86)
Unclaimed dividend paid	(5.12)	2.34
Dividend paid (including dividend tax)	(405.13)	(268.00)
Net Cash flow from / (Used) in Financing Activities (C)	(100.70)	(6516.95)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1207.43	289.47
Cash and Cash equivalents at the beginning of the year	3161.37	2871.90
Cash and Cash equivalents at the end of the period	4368.80	3161.37
Components of cash and cash equivalents		
Cash on hand	1023.73	701.57
Cheques / drafts on hand	34.04	47.56
Balances with banks in current accounts	3311.03	2412.24
Total cash and cash equivalents	4368.80	3161.37

Significant accounting policies and notes on accounts (1 to 45)

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvanewari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

0.1. Basis of Preparation of financial statements

The financial statements of the Company have been prepared under the historical cost convention and on accrual basis in accordance with Indian Generally Accepted Accounting Principles (Ind GAAP) which comprises mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the applicable provisions of the Companies Act, 1956.

1.2 Changes in Accounting Policies

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use or for the purpose of better presentation of financial statements. Management evaluates all recently issued or revised Accounting Standards on an ongoing basis and accordingly changes the Accounting policies as applicable.

1.3 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which requires management to make judgments, estimates and assumptions that affect the reported balances of assets, liabilities, income and expenses the disclosures of contingent liabilities at the end of reporting period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from operations includes revenue from sale of products, services and other operating revenue.

Revenue from sales of products: Revenue from sale of products is recognized when all the significant risks and rewards of ownership of products have been passed to the buyer, usually on delivery of the products. The revenue from sale of products is inclusive of Excise duty and net of discounts, value added taxes and sales tax.

With respect to Renewable Energy business, Revenue from Power supply and transmission charges are accounted for on the basis of billing to other divisions under inter-segment

and includes unbilled revenues accrued up to the end of the accounting period. The inter-segment revenue is based on arms length price under comparable uncontrolled price (CUP) method as per the Specified Domestic Transfer Pricing regulations.

Interest Income : Interest is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend Income: Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

1.5 Fixed Assets

Tangible Assets: Tangible Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Intangible Assets: Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Capital Work-in-Progress : Capital work-in-progress is recognized at cost. It comprises of fixed assets that are not yet ready for their intended use at the reporting date and capital stores issued

Gain or loss arising from de-recognition of fixed assets (tangible and intangible) are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.6 Depreciation and Amortization

Depreciation on Tangible Assets: Depreciation on tangible assets is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except depreciation on cans and crates which is based on the estimated useful life of two years. Improvements to leasehold property is depreciated over a period of nine years. Depreciation on assets which are commissioned during the year is charged on pro-rata basis from the date of commissioning.

Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates / methodology

prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

Amortization on Intangible Assets : Intangible assets are amortized over their respective individual estimated useful lives not exceeding five years on a straight-line basis, commencing from the date the asset is available to the Company for its use.

1.7 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, till the time such assets are ready for intended use, are capitalized as part of the cost of such assets as defined in Accounting Standard (AS-16) on “Borrowing Costs”. Other Borrowing costs are recognized as expenses in the year in which they are incurred.

Borrowing cost includes interest, amortization of ancillary cost incurred in connection with arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

1.8 Impairment of Fixed assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value and the resultant impairment loss is charged to profit and loss account in the year in which impairment is identified. Impairment loss of earlier years is reversed in the event of the estimated recoverable amount is higher.

1.9 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date of such investments are classified as current investments. Current investments are carried at the lower of cost and fair value of each investment individually. All other investments are classified as long-term investments which are carried at cost less provisions for decline (if any), other than temporary, in the carrying value of each investment.

1.10 Government Grants

The investment subsidies (Non-refundable) received from Government in lieu of promoters contribution are treated as capital reserve. Subsidies received towards acquisition of assets are treated as deferred Government grants and the amount in proportion to the depreciation is transferred to statement of profit and loss.

1.11 Employee Retirement Benefits

Provident Fund : Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the

Central Government under the Provident Fund Act, 1952, are charged to the statement of profit and loss for the year in which the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity : Accrued liability is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15

Leave Encashment : Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15.

1.12 Foreign Exchange transactions :

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Foreign currency monetary items remaining unsettled at the year end are translated at the contract rates, when covered by firm commitment forward cover contracts and at the year end rates in other cases. Gains and losses on foreign currency transactions are recognized in the profit and loss account as per AS-11.

1.13 Leases

Operating leases (Lessee): The Company has taken properties on operating lease, Civil works and other improvements of enduring nature are capitalized. Operating lease payments for properties and other assets are recognized as an expense in the statement of profit and loss.

1.14 Inventories

Inventories are valued as under

S. No.	Particulars	Valuation	Method
1	Raw Materials	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
2	Finished Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
3	Stores, Spares and Consumables	At cost	Cost has been ascertained on FIFO basis
4	Work-in-progress	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
5	Tradable Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on moving weighted average basis

1.15 Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS-22) on “Accounting for Taxes on Income”. Income tax expenses comprises current tax (i.e., amount of tax for the period determined in accordance with the Income Tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liability/ assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized. Taxes on distributed profits payable in accordance with the Guidance note on “Accounting for Corporate Dividend Tax” regarded as a tax on distribution of profits and is not considered in determination of profits for the year. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specific period.

1.16 Cash flow statement

The cash flow statement is prepared as per the “Indirect Method” set out in Accounting Standard (AS-3) “Cash Flow Statements” and presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.17 Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, cash at bank, cash on deposits with banks.

1.18 Earnings PerShare

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity

shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.19 Segment Reporting

The Company is engaged in Dairy, Retail, Agri, Bakery and **Renewable Energy** businesses which are identified as reportable segments as per the Accounting Standard (AS-17) –“Segment Reporting”.The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company accounts for inter-segment sales and transfers at cost plus appropriate margins. Allocation of common allocable costs allocated to each segment according to the relative contribution of each segment to the total common costs.

1.20 Provisions

Provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end. These estimates are reviewed at each year end and adjusted to reflect the current best estimates.

1.21 Contingent Liabilities

Contingent liabilities are identified and disclosed as per the requirements of “Accounting Standard AS-29”

Standalone Notes to Accounts

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Authorised Share Capital		
i) Equity Share Capital		
4,80,00,000 Equity Shares of ₹ 10/- each (Previous year : 1,80,00,000 Equity Shares of ₹ 10/- each)	4800.00	1800.00
ii) Convertible cumulative Preference Share Capital		
20,00,000 Preference Shares of ₹ 10/- each (Previous Year 20,00,000 Convertible cumulative Preference Shares of ₹ 10/- each)	200.00	200.00
Total	5000.00	2000.00
b) Issued,Subscribed and Paidup Share Capital :		
Equity Share Capital		
2,31,99,000 Equity Shares of ₹ 10/- each (Previous year 1,15,99,500 Equity Shares of ₹ 10/- each)	2319.90	1159.95

c) Reconciliation of number of equity shares outstanding and the amount of share capital

Particulars	March 31, 2014		March 31, 2013	
	Number of Shares	Amount (₹ in lakhs)	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	11599500	1159.95	11529500	1152.95
Shares issued during the year	11599500	1159.95	70000	7.00
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	23199000	2319.90	11599500	1159.95

d) Rights, preferences and restrictions attached to equity shares

The Company has only one class of Issued, subscribed and paid up equity shares having a par value of ₹ 10/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

70,000 Equity Shares allotted as fully paid up Sweat Equity Shares for consideration other than cash to an employee of the Company during the financial year ended March 31, 2013 and 70,000 Equity Shares issued as bonus Shares during the year against these Sweat Equity Shares shall be locked in for a period of 3 years from the date of allotment.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

e) Details of Shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Equity Shares of ₹ 10/- each fully paid				
1. Nara Bhuvaneswari	5330826	22.98	2665413	22.98
2. Nirvana Holdings Private Limited	2572842	11.09	1286421	11.09
3. Nara Lokesh	2366400	10.20	1183200	10.20
4. V Sudha Sarada	1321000	5.69	660500	5.69
5. Megabid Finance & Investment Pvt Ltd	1223800	5.28	611900	5.28

f) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date :

	March 31, 2014 No. of Shares	March 31, 2013 No. of Shares
Equity Shares allotted as fully paid up as Sweat Equity shares for consideration other than cash	70000	70000
Equity Shares allotted as fully paid-up as Bonus shares for consideration other than cash	11599500	-

Note 3: Reserves and Surplus

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
a) Capital Redemption Reserve		
Opening Balance	81.00	81.00
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	81.00	81.00
b) Securities Premium Reserve		
Opening Balance	4944.09	4659.75
Add: Securities premium credited on share issue *	-	284.34
Less: Security Premium utilized for issuing fully paid-up bonus shares	1159.95	-
Closing Balance	3784.14	4944.09
* Security premium credited during the financial year ended March 31, 2013 is related to fully Paid-up Sweat Equity Shares issued to an employee of the Company for consideration other than cash		
c) Deferred Government Grants		
Opening Balance	73.99	80.33
Add: Subsidy Received during the year	-	-
Less: Transfer to Profit and Loss statement	6.25	6.34
Closing Balance	67.74	73.99
d) Warrants Money Appropriated		
Opening Balance	318.69	318.69
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	318.69	318.69

Contd...

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at	
	March 31, 2014	March 31, 2013
e) General Reserve		
Opening Balance	5000.71	2500.71
Add: Transfer from Surplus	1000.00	2500.00
Closing Balance	6000.71	5000.71
f) Surplus / (Deficit)		
Opening Balance	2610.18	519.15
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	4531.23	4996.16
Amount available for appropriations	7141.41	5515.31
Appropriations :		
Transferred to General Reserve	1000.00	2500.00
Proposed Dividend amount per share ₹ 3.00 (Previous Year :₹ 3.00 per share)	695.97	346.28
Tax on Proposed Dividend	118.28	58.85
Closing Balance	5327.16	2610.18
Total	15579.43	13028.65

NON-CURRENT LIABILITIES :
Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars	Non-Current portion		Current Maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a) Term Loans				
i) From Banks (secured)				
- Indian rupee loans	2967.50	3119.06	1351.42	2295.13
- Foreign currency loans	-	-	-	514.00
ii) From others (secured)	36.23	-	36.14	-
b) Deferred Payment liabilities				
Sales tax deferment (secured)	913.08	937.23	24.16	6.18
c) Loans and Advances from related parties				
Loan (unsecured)	-	-	-	-
Total	3916.81	4056.29	1411.72	2815.31

Installments falling due in respect of the above loans upto March 31, 2014 (Previous Year: March 31, 2013) have been grouped under "Current maturities of long term borrowings" (Ref Note 9)

Contd...

Term Loan from Banks (Secured) includes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
a. Foreign Currency Loans from Banks:							
i. Foreign Currency Term Loan (FCTL)	Bank of Baroda	-	514.00	6285.99	@200 bps over 6 months US\$ LIBOR (Previous year: '@200 bps over 6 months US\$ LIBOR)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from December 2007
Total Foreign Currency Loans		-	514.00				
b. Rupee Term Loans from Banks							
i. Rupee Term Loan (Previous Year: Foreign Currency Non-Resident (B) Loan (FCNRB))	Bank of Baroda	-	264.75	3206.00	@base rate plus 4%(Previous year:@base rate plus 4%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from December 2007
ii. Rupee Term Loan	Bank of Baroda	129.76	416.91	1435.00	@base rate plus 2.75% (Previous year :@base rate plus 4%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 20 quarterly installments commencing from Nov, 2009
iii. Rupee Term Loan	Andhra Bank	-	245.04	1500.00	@BMPLR minus 0.50% plus TP (Previous year :@BMPLR minus 0.50% plus TP)	First pari passu charge on entire fixed assets (present and future) of the Company along with consortium bankers	Repayable in 24 quarter installments commencing from April' 2008
iv. Rupee Term Loan	Andhra Bank	-	166.67	1000.00	@BMPLR (Previous year :@BMPLR)	First pari passu charge on entire fixed assets (present and future) of the Company along with consortium bankers	Repayable in 24 quarter installments commencing from April' 2008
v. Rupee Term Loan	ICICI Bank	160.00	800.00	3000.00	1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy (Previous year :1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy)	First pari passu charge on fixed assets of the Company and Second charge on current assets of the Company	Repayable in 21 quarterly installments commencing from April 2009
vi. Rupee Term Loan	ICICI Bank	125.00	225.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly installments commencing from August 2012

Contd...

Term Loan from Banks (Secured) includes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
vii. Rupee Term Loan	ICICI Bank	704.16	920.82	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on both on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company , along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011
viii. Rupee Term Loan	ICICI Bank	2,000.00	2,375.00	2500.00	a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year:IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	First pari passu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company, along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012
ix. Rupee Term Loan	ICICI Bank	1,200.00	-	1200.00	IBASE and spread per annum subjected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any (Previous year: Nil)	First pari passu charge on both movable and immovable fixed assets of the Company, second pari passu charge on entire current assets of the company both present and future, along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014
Total rupee loans from banks		4,318.92	5,414.19				
c) Rupee loans from others:							
i. Retail Finance (Auto-Loan)	BMW Financial Services	72.37	-	94.75	Interest at the rate of 9.89% per annum	Hypothecation of Vehicle BMW 7 series 730LD	Repayable in 30 monthly installments commencing from August, 2013
Total Rupee Term Loans		4,391.29	5,414.19				
Total (Foreign Currency Loans + Rupee Term Loans)		4,391.29	5,928.19				
Deferred Payment Liabilities							
Deferred Payment Liabilities represent sales tax collected under deferral scheme of State Government of Andhra Pradesh and is being repaid as per the sales tax deferral scheme. The Company availed scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14th year for Gokul and Bayyavaram plants and 10th year for Narketpalle plant without interest and is secured by fixed assets of the respective dairy plants.							

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	2127.63	1959.06
Add: Deferred Tax Liability during the year on account of : Depreciation	317.36	168.57
Closing Deferred Tax Liability	2444.99	2127.63
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	174.71	143.90
Add: Deferred Tax Asset during the year on account of : Provision for unavailed leave	17.98	30.81
Closing Deferred Tax Asset	192.69	174.71
Net Deferred Tax Liability there on	2252.30	1952.92

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Other payables: Security Deposits	934.38	754.78
Total	934.38	754.78

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits				
Unavailed Leave	93.39	77.23	473.50	436.76
Other Provisions				
Proposed Dividend	-	-	695.97	346.28
Provision for tax on dividend	-	-	118.28	58.85
Provision for Income Tax	-	-	-	-
Total	93.39	77.23	1287.75	841.89

CURRENT LIABILITIES :**Note 8: Short-Term Borrowings**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Working Capital Loan from banks (secured)	6599.04	5667.22
b) Loan Repayable on demand: Short -Term Loans from banks (secured)	2226.15	94.50
c) Inter Corporate Deposit	-	-
Total	8825.19	5761.72

Contd...

Working Capital Loans from Banks:

(₹ In lakhs)

Name of the Bank	Type of Loan Facility	Loan Outstanding As on		Working Capital Loan Limit	Rate of Interest	Security / Guarantee
		31.03.2014	31.03.2013			
Bank of Baroda	Cash Credit	2,911.13	2,298.10	3000.00	Base rate plus 2.50%	First pari passu charge on current assets of the Company by way of hypothecation of raw material, work-in-progress, finished goods such as Milk, Milk Powder, Ghee, Skimmed Milk, Butter, Curd etc., and packing materials, spares, stores. Extension of first pari passu charge on the fixed assets of the Company
Andhra Bank	Open Cash Credit	1,396.30	1,161.51	1500.00	Base rate plus 2.75%	Hypothecation of inventory, receivables and advances to suppliers by way of first pari passu charge under consortium arrangement with Bank of Baroda and ICICI Bank Ltd.,
ICICI Bank	1. Cash Credit	2,291.61	707.61	3000 (with sublimit of WCDL-FCNR(B), WCDL-Rupee	IBASE plus "spread" per annum subject to minimum rate of I Base plus 3.25% per annum plus applicable interest tax or other statutory levy, if any.	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
	2. WCDL - FCNR(B)	-	1,200.00		The rate of interest (Spread plus Libor) for each drawl of the facility will be stipulated by ICICI Bank at the time of disbursement plus applicable interest tax or other statutory levy, if any	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
	3. WCDL - Rupee	-	300.00		IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.75% per annum plus applicable interest tax or other statutory levy, if any.	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
		6,599.04	5,667.22	7500.00		

Short Term Loans from Banks

- The short term loan outstanding as on March 31, 2014 is 999.58 lakhs (sanction limit :₹ 1000 lakhs)(Previous year :₹ Nil) from Kotak Mahindra Bank carries interest rate @ base rate plus 1.5% repayable in three installments on 25th day of 4th, 5th and 6th month from the date of disbursement and is secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and extension of mortgage of industrial property belonging to Vice Chairperson & Managing Director of the Company and personal guarantees of Vice Chairperson & Managing Director, Executive Director and Non-Executive Director.
- The short term loan outstanding as on March 31, 2014 is 1185.79 lakhs (Sanction limit: ₹ 3000 lakhs)(Previous year :₹ Nil) from Andhra Bank carries interest rate @ base rate plus 2.75% repayable in three equal monthly installments commencing from the end of fourth month from the date of disbursement and is secured by first pari passu charge on the current assets of the Company and extension of first pari passu charge on net fixed assets of the Company as a collateral security alongwith consortium banks.
- The Company has overdraft facility outstanding as on March 31, 2014 of ₹ 40.77 lakhs (Previous year: ₹ 94.50 lakhs) (Sanction limit: ₹ 100 lakhs) from Kotak Mahindra Bank carrying interest @ 12.50% and secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Vice Chairperson & Managing Director, Executive Director and one of the Non-Executive Director.

Note 9: Trade Payables and Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including acceptances)	6897.65	5681.76
Other Current Liabilities		
Current maturities of long-term borrowings (Ref Note 4)	1387.56	2809.13
Interest Accrued but not due on borrowings	17.30	12.60
Interest accrued and due on borrowings	-	-
Unpaid Dividends	42.07	36.95
Other Payables :		
Employee Related payables	1136.82	1293.48
Advance from Customers	698.09	519.32
Capital Creditors	920.59	693.23
Statutory Payables	322.46	252.30
Security Deposits	349.52	328.50
Deferred sales tax liability (Ref Note 4)	24.16	6.18
Freight Payables	482.12	493.27
Other payables	1716.76	1319.71
Total	7097.45	7764.67

Note 10: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Unavailed Leave	473.50	436.76
Other Provisions :		
Proposed Dividend	695.97	346.28
Provision for tax on proposed dividend	118.28	58.85
Total	1287.75	841.89

NON-CURRENT ASSETS

Note.11 Fixed Assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation / Amortization				Net Block	
	Balance as at 01.04.2013	*Additions / other adjustments during the year	Deductions / Retirement during the year	Balance as at 01.04.2013	Depreciation charge for the year	Deductions / adjustments during the year	Impairment loss for the year	Balance as at 31.03.2014	Balance as at 01.04.2013
a. Tangible Assets									
Land	1530.07	26.44	12.32	1544.19	-	-	-	1,544.19	1,530.07
Buildings	9063.58	648.05	9.71	9701.92	316.25	-	-	7,419.94	7,097.86
Improvements to leasehold property	1452.17	160.63	31.56	1581.24	157.82	13.04	-	776.94	792.65
Plant and Machinery	18885.30	4399.79	431.63	22853.46	1,489.88	352.38	32.49	14,568.70	11,770.53
Furniture and Fixtures	1635.57	385.92	9.54	2011.95	191.05	2.73	-	1,345.07	1,157.01
Office Equipment	2170.74	290.57	11.79	2449.52	192.88	8.67	-	895.69	801.12
Vehicles	236.51	165.23	27.17	374.57	30.14	9.06	-	273.04	156.06
Total - a	34973.94	6076.63	533.72	40516.85	2,378.02	385.88	32.49	26,823.57	23,305.30
b. Intangible Assets									
Computer Software	1373.69	72.71	-	1446.40	122.21	-	-	324.55	374.05
Total - b	1373.69	72.71	-	1446.40	122.21	-	-	324.55	374.05
Total (a+b)	36347.63	6149.35	533.72	41963.25	2,500.23	385.88	32.49	27,148.12	23,679.34
Previous year	31749.70	3036.27	195.71	34590.26	2,118.65	137.38	5.11	23,026.34	-
c. Capital Work-in-progress								1,111.81	827.49

* Borrowing cost as per AS-16 : During the year, borrowing cost of ₹ 16.59 lakhs has been capitalized to Plant & Machinery, ₹ 0.80 lakhs to Buildings and ₹ 0.11 lakhs to Office Equipment

(Previous year: ₹ 31.35 lakhs has been capitalized to Plant & Machinery and ₹ 2.82 lakhs to Buildings) and it is included in other adjustments.

Disclosure of details of impairment losses pursuant to Note. I (iv) and J(iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	(₹ in lakhs)			
	2013-2014	2012-2013	2011-2012	2010-2011
Balance as at the beginning of the year	5.87	5.53	0.42	-
Impairment loss during the year	32.49	0.34	5.11	0.42
Reversal of accumulated impairment loss	1.46	-	-	-
Balance as at the end of the year	36.90	5.87	5.53	0.42

Note 12 :Non-current Investments

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Other Investments at cost				
Investment in Equity Instruments				
a) Subsidiaries	24.10	24.10	-	-
b) Associates	65.00	65.00	-	-
Investment in Government securities	2.88	2.20	0.64	-
Other non-current investments	21.13	21.13	-	-
Total	113.11	112.43	0.64	-
Less: Provision for diminution in value of investments	15.17	-		
Total	97.94	112.43	0.64	-

(₹ in lakhs)

Particulars	Book Value		Market value	
	41729.00	41364.00	41729.00	41364.00
Aggregate of quoted investments	1.13	1.13	2.74	2.70
Aggregate of un-quoted investments	112.62	111.31		
Total	113.74	112.44		

Details of Other Investments

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2014	As at March 31, 2013
Investment in Subsidiaries:			
a) Heritage Foods Retail Limited	Unquoted	16.50	16.50
165000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 165000 Equity Shares of ₹ 10/- each fully paid up)			
b) Heritage Conpro Limited	Unquoted	7.60	7.60
76000 Equity Shares of ₹ 10/- each fully paid up (Previous year: 76000 Equity Shares of ₹ 10/- each fully paid up)			
Total investments in Subsidiaries (a+b)		24.10	24.10
Investment in Associates :			
Skil Raigam Power (India) Limited	Unquoted	65.00	65.00
650000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 650000 Equity Shares of ₹ 10/- each fully paid up)			
Total		65.00	65.00
Investment in Government securities			
National Savings Certificates	Unquoted	3.52	2.21
Total		3.52	2.21

Contd...

Note 12 :Non-current Investments

Details of Other Investments

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2014	As at March 31, 2013
Other investments in :			
Andhra Bank 363 Equity Shares of ₹ 10/- each at a premium of ₹ 80/- each fully paid up (Previous year:363 Equity shares of ₹ 10/- each at a premium of ₹ 80/- each fully paid up)	Quoted	0.33	0.33
Bank of Baroda 348 Equity shares of ₹ 10/- each at a premium of ₹ 220/- each fully paid up (Previous year:348 Equity shares of ₹ 10/- each at a premium of ₹ 220/- each fully paid up)	Quoted	0.80	0.80
Heritage Finlease Limited 200000 Equity shares of ₹ 10/- each fully paid up (Previous year: 200000 Equity Shares of ₹ 10/- each fully paid up)	Unquoted	20.00	20.00
Total		21.13	21.13
Total		113.74	112.44

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a) Capital Advances				
Unsecured , considered good	218.32	211.62		
b) Security Deposits				
Unsecured , considered good	1674.87	1339.07	271.69	304.86
Doubtful	-	-	41.14	18.35
	1674.87	1339.07	312.83	323.21
Less: Provision for doubtful security deposit	-	-	41.14	18.35
Total	1674.87	1339.07	271.69	304.86
c) Advances recoverable in cash or kind				
Unsecured , considered good	-	-	1116.18	1016.46
Doubtful	-	-	27.94	31.38
	-	-	1144.13	1047.84
Less: Provision for doubtful advances	-	-	27.94	31.38
Total	-	-	1116.18	1016.46

Contd...

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
d) Advance to related parties	-	-	-	-
e) Other loans and advances				
Unsecured, considered good :				
Advance income tax and TDS receivable (Net of provision for taxation)	-	-	131.78	114.82
Prepaid expenses	8.09	2.68	140.19	114.81
Loans and advances to employees	23.90	66.55	102.25	104.76
Balances with Statutory / Government Authorities	127.07	127.07	4.20	2.17
Total	159.06	196.30	378.42	336.56
Total (a+b+c+d)	2052.25	1746.99	1766.29	1657.88

Loans and advances due by directors or
other officers etc.

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Loans and advances to employees include dues from				
Other officers of the Company	17.46	60.53	60.52	63.05

Note: 14 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2014	As at March 31, 2013
A) Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 17)	60.02	38.68
Total -A	60.02	38.68
B) Others :		
Interest accrued on margin money and other deposits	8.56	5.77
Total - B	8.56	5.77
Total (A+B)	68.58	44.45

Note 15 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials (Includes in-transit of ₹ 493.64 lakhs (Previous year of ₹ Nil)	4287.74	2746.20
Work-in-Progress	65.59	36.76
Finished Goods	2600.76	2188.42
Stock-in-Trade	2937.02	2489.80
Packing Material	790.69	565.45
Stores and spares	173.59	182.57
Total	10855.39	8209.20

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
A. Inventory : Raw Materials		
a) Dairy		
Skimmed milk powder	4197.20	2702.07
Other materials	81.27	35.40
Total	4278.47	2737.47
b) Bakery		
Bakery raw materials	9.27	8.73
Total	9.27	8.73
Total (a + b)	4287.74	2746.20
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	64.45	32.85
b) Bakery-in-process material	1.14	3.91
Total	65.59	36.76
C. Inventory: Finished Goods		
a) Dairy		
Milk	921.31	684.66
Value Added Products	411.88	271.31
Fat Products	968.80	901.60
Skimmed milk powder	194.37	270.17
Total	2496.36	2127.74
b) Agri		
Fruits and vegetables	102.57	59.48
Total	102.57	59.48
c) Bakery		
Bakery products	1.83	1.20
Total	1.83	1.20
Total (a + b + c)	2600.76	2188.42

Contd...

Details of Inventory

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2014	As at March 31, 2013
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	36.87	38.50
Total	36.87	38.50
b) Retail		
FMCG - Food	1408.82	970.88
FMCG - Non-food	1439.00	1440.52
Fruits and vegetables	45.55	36.71
Total	2893.37	2448.11
c) Agri		
Others	6.78	3.18
Total	6.78	3.18
Total (a + b + c)	2937.02	2489.80

Note: 16 Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2014	As at March 31, 2013
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	9.78	137.32
b) Unsecured, considered doubtful	79.51	66.73
Total (a+b)	89.29	204.05
Less : Provision for bad and doubtful receivables	79.51	66.73
Total - A	9.78	137.32
B. Other trade receivables		
a) Unsecured, considered good	1651.27	1369.94
b) Unsecured, considered doubtful	15.32	0.41
Total (a+b)	1666.59	1370.35
Less : Provision for bad and doubtful receivables	15.32	0.41
Total - B	1651.27	1369.94
Grand total (A+B)	1661.05	1507.26

Note: 17 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
i) Cash and Cash Equivalents :				
a) Balances with banks:				
In current accounts			3311.03	2412.24
Deposits with original maturity of less than three months			-	-
b) Cheques, drafts on hand			34.04	47.56
c) Cash on hand			1023.73	701.57
Total Cash and Cash Equivalents			4368.80	3161.37
ii) Other Bank Balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	-	-	42.07	36.95
- Other deposits	14.10	14.10	0.09	68.75
b) Margin money deposit	54.48	30.35	31.22	27.58
c) Deposits with original maturity for more than 12 months	-	-	-	0.17
Total Other Bank Balances	68.58	44.45	73.38	133.45
Total Cash and Bank Balances	68.58	44.45	4442.18	3294.82

Non-current portion of other bank balances are included in other assets (Ref.Note 14)

Note : 18 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Revenue from operations :		
A. Sale of Products		
i) Finished goods		
Domestic Sales	129130.97	123728.06
Export Sales	383.04	236.78
Total	129514.01	123964.84
ii) Traded goods		
Domestic Sales	39069.67	33189.59
Export Sales	493.10	180.41
Total	39562.77	33370.00
Total		
Domestic Sales	168200.64	156917.65
Export Sales	876.14	417.19
Total - A (i+ii)	169076.78	157334.84
B) Sale of services		
Job work	517.16	773.37

Contd...

Note : 18 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
C) Other operating revenues		
Scrap Sales	86.94	72.80
Others :		
i) Display & Visibility Income	253.44	284.59
ii) Promotional Income	2199.00	1660.61
iii) Concessionary income	158.26	133.28
Total - C	2697.64	2151.28
Revenue from operations (gross) (A+B+C)	172291.58	160259.49
Less: Excise duty	87.59	78.21
Revenue from operations (net)	172203.99	160181.28
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	93573.79	88827.53
Value Added Products	23694.14	18462.23
Fat Products	10027.48	14309.46
Skimmed milk powder	80.84	66.76
Total	127376.25	121665.98
b) Agri		
Fruits and Vegetables	1867.46	2052.96
c) Bakery		
Bakery products	270.30	245.90
Total (a+b+c)	129514.01	123964.84
ii) Traded goods sold		
a) Dairy		
Tradable goods	3320.61	2856.20
b) Retail		
FMCG - Food	21168.48	18178.84
FMCG - Non-Food	8029.87	7250.46
Fruits and Vegetables	5729.02	4831.49
Total	34927.37	30260.79
c) Agri		
Fruits and Vegetables	-	180.41
Other Tradable goods	1314.79	72.60
Total	1314.79	253.01
Total (a+b+c)	39562.77	33370.00
B) Details of sale of services		
a) Dairy	459.07	692.19
b) Agri	58.09	81.18
Total (a+b)	517.16	773.37
C) Details of other operating revenues		
a) Dairy	60.81	43.16
b) Retail	2635.00	2107.40
c) Agri	0.62	0.72
d) Bakery	1.21	-
Total (a+b+c+d)	2697.64	2151.28

Note: 19 Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Interest Income on :		
Bank and other deposits	30.88	22.40
Others	12.82	21.85
b) Dividend Income on :		
Long-term investments	0.14	1.86
c) Subsidy transferred from Deferred Govt.grants	6.25	6.34
d) Lease rental income	111.65	107.69
e) Provisions no longer required	199.41	188.42
f) Foreign Exchange differences (net)	18.35	-
g) Export Incentives	29.45	9.99
h) Profit on Sale of Assets	7.73	-
i) Other non-operating income	78.72	61.40
Total	495.40	419.95

Note : 20 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Raw material :		
Inventory at the beginning of the year	2746.20	472.03
Add: Purchases	99747.80	91958.35
	102494.00	92430.38
Less: Inventory at the end of the year	4287.74	2746.20
Raw Material consumed (a)	98206.26	89684.18
b) Packing material :		
Inventory at the beginning of the year	565.45	496.11
Add: Purchases	5077.15	4358.61
	5642.60	4854.72
Less: Inventory at the end of the year	790.69	565.45
Packing Material Consumed (b)	4851.91	4289.27
Cost of materials consumed (a+b)	103058.17	93973.45
Details of Raw materials consumed		
a) Dairy		
Raw Milk	82125.65	81872.26
Skimmed Milk Powder	11199.96	3423.03
Other Raw materials	1475.18	976.28
Total	94800.79	86271.57
b) Agri		
Fruits and Vegetables	3260.58	3216.35
Total	3260.58	3216.35

Contd...

Note : 20 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
c) Bakery		
Bakery raw materials	144.89	196.26
Total	144.89	196.26
Total (a + b + c)	98206.26	89684.18

Note : 21 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
FMCG - Food	16173.81	13042.94
FMCG - Non-Food	7034.77	6162.58
Fruits and Vegetables	4436.52	4183.92
Others	4565.79	2885.20
Total	32210.89	26274.64
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	1562.11	2857.59
b) Retail		
FMCG - Food	16173.81	13042.94
FMCG - Non-Food	7034.77	6162.58
Fruits and Vegetables	4436.52	4063.90
Total	27645.10	23269.42
c) Agri		
Fruits and Vegetables	-	120.02
Other Tradable goods	3003.68	27.60
Total	3003.68	147.62
Total (a + b + c)	32210.89	26274.64

Note : 22 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
A) Inventory at the end of the year :		
Work-in-progress	65.59	36.76
Finished goods	2600.76	2185.32
Stock-in-Trade	2937.02	2492.90
Total - A	5603.37	4714.98
B) Inventory at the beginning of the year :		
Work-in-progress	36.76	18.76
Finished goods	2185.32	5832.98
Stock-in-Trade	2492.90	2304.74
Total - B	4714.98	8156.48
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(888.39)	3441.50

Note : 23 Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Salaries, wages, bonus and allowances (Refer Note No.36)	9242.72	8004.48
Contribution to Provident and other funds	485.06	410.28
Contribution to gratuity fund	34.77	107.52
Staff Welfare Expenses	246.91	195.97
Total	10009.46	8718.25

Note: 24 Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest Expense	1193.34	1483.86
Other borrowing cost	125.98	167.49
Applicable loss on foreign currency transactions and translation	0.07	0.25
Interest on income tax	2.73	18.60
Total	1322.12	1670.20

Note: 25 Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Depreciation on tangible assets	2378.02	2063.59
Amortization of Intangible assets	122.21	138.44
Total	2500.23	2202.03

Note: 26 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Consumption of Stores ,spares and consumables	1266.85	1334.50
Rent	2171.46	1930.50
Bank Charges	209.25	271.38
Insurance	92.84	70.36
Travelling and conveyance	385.22	372.23
Communication cost	225.52	219.05
Safety and Security	469.20	388.75
Printing and Stationery	105.78	99.24
Office Maintenance	53.07	48.47
House Keeping Expenses	132.11	118.91
Books and periodicals	0.76	0.71
Electricity Charges	778.16	683.21
Rates and taxes	215.05	189.25
Repairs and maintenance :		
Buildings	94.07	60.47
Machinery	236.07	204.08
Others	494.27	411.20
Wheeling Charges	22.30	-
Operation & Maintenance Charges	6.95	-
Legal and Professional Charges	402.36	354.96
Payment to Auditors :		
As Auditor:		
Audit Fee	13.48	13.48
Tax Audit fee	4.49	4.49
Limited Review	3.37	3.37
Corporate Governance	1.12	1.12
In other capacity :		
Taxation matters	3.88	3.68
Certification fee	1.28	1.36
Reimbursement of expenses	2.58	3.73
Advertisement expenses	231.15	157.95
Selling and Distribution expenses	1099.93	874.94
Warehouse and logistics	248.19	232.71
Freight outwards	6041.56	5451.01
Directors' sitting fees	8.30	4.90
Provision for bad and doubtful advances	25.22	46.31
Bad Debts written off	2.92	26.83
Bad and doubtful advances written off	4.57	39.39
Provision for doubtful debts	64.69	70.65
Loss on sale/discard of fixed assets (net)	-	122.92
Impairment loss on fixed assets	32.49	0.34

Contd...

Note: 26 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Recruitment and Training expenses	34.59	35.36
Contribution to Heritage Farmers Welfare Trust	99.32	106.41
Exchange differences (net) (other than considered as finance cost)	-	1.52
Prior Period items (net) *	6.31	44.73
Miscellaneous expenses	23.61	19.40
Diminution in value of investments	15.17	-
Total	15329.51	14023.86
*Prior period items (net):		
Debits relating to earlier years	23.02	44.73
Credits relating to earlier years	16.71	-
Total	6.31	44.73

Note : 27 Extra-ordinary item represents:

(₹ in lakhs)

	As at March 31, 2014	As at March 31, 2013
Extra-ordinary items relates to ex-gratia amount paid to the families of the deceased in the accidents occurred in Dairy plants at Bayyavaram and Pamarru (Previous year :70,000 Equity Shares allotted to employee fully paid-up for consideration other than cash)	50.00	291.34

Note: 28 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

	As at March 31, 2014	As at March 31, 2013
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	475.68	423.24
Sales Tax	141.29	150.06
The Andhra Pradesh VAT Act	201.89	127.07
Excise duty	-	0.85
b) Others	17.45	29.88
ii. Guarantees	372.86	276.56
iii. Other money for which the company is contingently liable		
'C' forms under collection	82.50	59.27
B. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	664.02	609.11
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	3247.83	3913.69

Note: 29 Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unclaimed Dividend		
Opening Balance	36.95	39.29
Add: Unclaimed dividend amount of earlier years	2.14	-
Less Claims during the year	0.35	0.41
Less: Transfer to IEPF	6.51	9.74
Add: Current year's unclaimed dividend	9.84	7.81
Closing Balance	42.07	36.95
There is no amount outstanding to be credited to the Investor Education and Protection Fund		

Note: 30 As per the Accounting Standards AS-15 -"Employee Benefits" the disclosures of the Employee benefits as defined in the

Accounting Standard are given below

Defined Contribution Plan :

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Employers Contribution to Provident Fund	393.68	332.21

Defined Benefit Plan :**Gratuity (Funded) :** As per Actuarial Report dated 19.04.2014

(₹ in lakhs)

Particulars	As at 31-Mar-2014	As at 31-Mar-2013
1. Assumption		
Discount Rate	9.00%	8.20%
Salary Escalation	5.00%	5.00%
Rate of Return on Plan Assets	9.25%	9.25%
Expected Average remaining working lives of employees (years)	29 yrs	29 yrs
2. Table showing change in present value of obligations		
Present value of obligations as at beginning of year	369.92	271.00
Acquisition adjustments	-	-
Interest cost	30.33	23.58
Current Service Cost	75.22	71.65
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(29.49)	(33.57)
Actuarial (gain)/ loss on obligations	(40.22)	37.25
Present value of obligations as at end of year	405.76	369.92

Contd...

Gratuity (Funded) : As per Actuarial Report dated 19.04.2014

(₹ in lakhs)

Particulars	As at 31-Mar-2014	As at 31-Mar-2013
3. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	382.06	280.21
Acquisition adjustments	-	-
Expected return on plan assets	30.56	24.96
Contributions	103.71	110.46
Benefits paid	(29.49)	(33.57)
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at end of year	486.84	382.06
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	382.06	280.21
Acquisition adjustments	-	-
Actual return on plan assets	30.56	24.96
Contributions	103.71	110.46
Benefits paid	(29.49)	(33.57)
Fair value of plan assets at the end of year	486.84	382.06
Funded Status	81.08	12.14
Excess of Actual over estimated return on plan assets	-	-
5. Actuarial Gain / Loss recognised		
Actuarial (gain)/ loss on obligations	40.22	(37.25)
Actuarial (gain)/ loss for the year -plan assets	-	-
Total (gain) / loss for the year	(40.22)	37.25
Actuarial (gain)/ loss recognised in the year	(40.22)	37.25
6. The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	405.76	369.92
Fair value of plan assets as at the end of the year	486.84	382.06
Funded Status	81.08	12.14
Net asset/ (liability) recognised in balance sheet	81.08	12.14
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	75.22	71.65
Past Service Cost	-	-
Interest cost	30.33	23.58
Expected return on plan assets	(30.56)	(24.96)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / loss recognised in the year	(40.22)	37.25
Expenses recognised in statement of profit and loss	34.77	107.52

Contd...

Defined Benefit Plan :

Leave Encashment & Sick Leave(Unfunded): As per Actuarial Report dated 19.04.2014

(₹ in lakhs)

1. Assumptions	Leave Encashment		Sick Leave	
	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2014	As at 31-Mar-2013
Discount Rate	9.00%	8.20%	9.00%	8.20%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	-	-	-	-
Expected Average remaining working lives of employees (years)	29 yrs	28 yrs	25 Yrs	25 Yrs
2. Reconciliation of Defined benefit obligation				
Particulars				
Present Value of Obligation as at the beginning of the year	429.55	381.06	84.43	62.44
Acquisition adjustment	-	-	-	-
Interest Cost	35.22	33.15	6.92	5.43
Past Service Cost	-	-	-	-
Current Service Cost	42.93	48.49	9.98	21.99
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(99.46)	(120.64)	(15.52)	(11.56)
Actuarial (gain)/ loss on obligations	64.24	87.49	8.60	6.13
Present Value of Obligation as at the end of the year	472.47	429.55	94.42	84.43
3. Actuarial Gain / Loss Recognised				
Particulars				
Actuarial (gain)/loss for the year – Obligation	(64.24)	(87.49)	(8.60)	(6.13)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-
Total (gain) / loss for the year	64.24	87.49	8.60	6.13
Actuarial (gain) / loss recognized in the year	64.24	87.49	8.60	6.13
Unrecognized actuarial (gains) / losses at the end of year	-	-	-	-
4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss				
Particulars				
Present Value of Obligation as at the end of the year	472.47	429.55	94.42	84.43
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(472.47)	(429.55)	(94.42)	(84.43)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(472.47)	(429.55)	(94.42)	(84.43)
5. Expenses Recognized in the statement of Profit & Loss				
Particulars				
Current Service Cost	42.93	48.49	9.98	21.99
Past Service Cost	-	-	-	-
Interest Cost	35.22	33.15	6.92	5.43
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	64.24	87.49	8.60	6.13
Expenses Recognized in the statement of Profit & Loss	142.38	169.13	25.51	33.56

Note: 31 Segment reporting for the year ended March 31, 2014

(₹ in lakhs)

Particulars	As at March 31, 2014			As at March 31, 2013		
	External Revenue	Inter- segment Revenue	Total	External Revenue	Inter- segment Revenue	Total
1. Segment Revenue:						
a. Dairy	131138.00	1681.15	132819.15	125191.22	1670.93	126862.15
b. Retail	37562.36	230.19	37792.56	32368.20	289.26	32657.45
c. Agri	3240.95	3542.38	6783.33	2387.87	1605.80	3993.67
d. Bakery	262.67	103.60	366.27	234.00	171.61	405.62
e. Renewable Energy	-	77.35	77.35	-	-	-
Total	172203.99	5634.67	177838.66	160181.29	3737.60	163918.89
Elimination	-	5634.67	5634.67	-	3737.60	3737.60
Net Sales / Income from Operations	172203.99	-	172203.99	160181.29	-	160181.29

	As at March 31, 2014	As at March 31, 2013
2 Segment Results		
Profit / (Loss) before finance costs and tax		
a. Dairy	9869.18	10889.78
b. Retail	(1992.16)	(2198.59)
c. Agri	(298.70)	(257.27)
d. Bakery	(102.13)	(153.16)
e. Renewable Energy	(11.54)	-
Total Segment Results	7464.65	8280.76
Less: Finance costs	1322.11	1670.20
Add: Interest income	43.70	44.25
Add: Net Unallocable Income / (Expenditure)	(15.04)	1.86
Profit / (Loss) before Extra-ordinary items and Tax	6171.20	6656.67
Less: Extra-ordinary items	50.00	291.34
Profit / (Loss) before Tax	6121.20	6365.33
Less:		
a. Current tax	1291.05	1275.80
b. Prior period tax	(0.46)	(44.39)
c. Deferred tax	299.38	137.76
Net Profit / (Loss)	4531.23	4996.16

Contd...

	As at March 31, 2014	As at March 31, 2013
3. Total Capital Employed		
(Segment Assets - Segment Liabilities)		
a. Dairy	17611.21	14837.28
b. Retail	6460.95	5851.02
c. Agri	3368.09	3404.07
d. Bakery	1119.33	1124.35
e. Renewable Energy	1675.05	-
Total Segment Capital Employed	30234.63	25216.72
Add: Unallocated Assets	1249.55	1119.88
Less: Unallocated Liabilities	1105.70	723.14
Total Capital Employed	30378.48	25613.46
4. Capital Expenditure incurred during the year		
a. Dairy	2999.53	2341.03
b. Retail	1167.03	517.98
c. Agri	74.96	51.15
d. Bakery	64.14	10.37
e. Renewable Energy	1714.02	-
Total Segment Capital Expenditure	6019.68	2920.53
Add: Unallocated Capital Expenditure	129.68	166.99
Total Capital Expenditure	6149.36	3087.52
5. Depreciation and Amortisation for the year		
Segment Depreciation		
a. Dairy	1422.15	1251.05
b. Retail	636.01	601.43
c. Agri	223.54	196.25
d. Bakery	53.26	52.61
e. Renewable Energy	40.83	-
Total Segment Depreciation and Amortisation	2375.79	2101.34
Add: Unallocated Depreciation	124.44	100.69
Total Depreciation and Amortisation	2500.23	2202.03
6. Significant Non Cash Expenditure (excluding depreciation and amortisation)	290.28	319.98

Note: 32 Related party disclosures as per AS-18 :

Name of the related party ==>	N Bhuvanewari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Particulars									
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Relative of Key Management Personnel (Non - Executive Director) since June 30, 2014	Key Management Personnel (Executive Director)	Key Management Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Subsidiary	Subsidiary	Associate	Key Management Personnel of Heritage Foods Ltd are Directors of Nirvana Holdings Private Limited	Key Management Personnel of Heritage Foods Ltd are Trustees of Heritage Farmers Welfare Trust
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Managerial Services	a) Investment b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	Investment	Investment	Investment	Loan taken by the Company	Contributions made by the Company
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 112.50 lakhs (Previous year: ₹ 90 lakhs) b) PF contribution of ₹ 8.10 lakhs (Previous year: ₹ 6.48 lakhs) c) Perks ₹ 8.09 lakhs (Previous year: ₹ 7.93 lakhs)	a) Managerial Remuneration of ₹ 21 lakhs (Previous year: ₹ 62.10 lakhs) b) PF contribution of ₹ 1.26 lakhs (Previous year: ₹ 3.73 lakhs) c) Perks ₹ 7.56 lakhs (Previous year: ₹ 6.01 lakhs)	a) Managerial Remuneration of ₹ 45.50 lakhs (Previous year: Nil) b) PF contribution of ₹ 3.28 lakhs (Previous year: Nil) c) Commission: ₹ 160.73 lakhs (Previous year : Nil)	a) Share Capital ₹ 20 lakhs (Previous year: ₹ 20 lakhs) b) Dividend Received ₹ Nil (Previous year: ₹ 1.80 lakhs) c) Cattle loans of ₹ 5195.66 lakhs (Previous year: ₹ 2823.97 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	a) Share Capital ₹ 16.50 lakhs (Previous year: ₹ 16.50 lakhs)	a) Share Capital ₹ 7.60 lakhs (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	Repayment of unsecured loan taken from Nirvana Holdings Private Limited Nil (Previous year: ₹ 100 lakhs)	Contributions by the Company during the year: ₹ 99.32 lakhs (Previous year: 106.41)
	d) Leave Encashment of ₹ Nil (Previous year: ₹ 3.75 lakhs) e) Commission: ₹ 159.43 lakhs (Previous year : Nil) f) (Previous year : Nil) Office rent of ₹ 43.92 lakhs paid by Company (Previous year: ₹ 41.83 lakhs)	d) Commission: ₹ 55.20 lakhs (Previous year: ₹ 112.33 lakhs)							

Contd...

Note: 32 Related party disclosures as per AS-18 :

Name of the related party ==>	N Bhuvanawari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL	NIL
Guarantees and collaterals	1 Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director						
	2 Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Bank and the loan is also secured by second charge by way of equitable mortgage on the industrial property of Vice Chairperson & Managing Director of the Company .	2. Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank	2. Given personal guarantee for the short term loan facility of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director						
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 168.72 lakhs (Previous year: ₹ 4.80 lakhs)	₹ 55.20 lakhs (Previous year: ₹ 118.37 lakhs)	₹ 164.04 lakhs (Previous year: ₹ Nil)	₹ 169,68 lakhs is outstanding to Heritage Finlease Ltd, towards cattle loans amount recovered from the milk producers and the same has been remitted subsequently (Previous year: ₹ 83.60 lakhs)	NIL	NIL	NIL	NIL	Contribution amount outstanding: ₹ 12.52 lakhs the same has been remitted subsequently (Previous year : ₹ 13.50 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 33 Lease

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Data Processing Equipments taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet is as under:		
- for a period not later than one year	---	---
- for a period later than one year and not later than five years	---	---
- for a period later than five years	---	---

 Total operating lease expenses debited to statement of profit and loss is ₹ **2171.46** lakhs (Previous year : ₹ 1930.50 lakhs)

Total sub-lease payments received /(receivable) credited to statement of profit and loss is ₹ 3.85 lakhs (Previous year : ₹ 14.75 lakhs)

Note: 34 Earning per share (EPS)

	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Calculation of weighted average number of equity shares of ₹10/-each :		
Number of Equity Shares outstanding at the beginning of the year	11599500	11529500
Add: Issue of shares during the year	11599500	70000
Number of Equity shares outstanding at the end of the year	23199000	11599500
Weighted average number of equity shares outstanding during the year	23199000	11542733
b) Net Profit / (Loss) after tax	4531.23	4996.16
c) Basic and diluted Earnings per share (Before Extraordinary items) of ₹10 each (₹)	19.69	22.54
d) Basic and diluted Earnings per share (After Extraordinary items) of ₹ 10 each (₹)	19.53	21.64

Earnings Per Share (EPS) has been calculated after considering the bonus issue during the Financial Year ended March 31, 2014 and adjusted for all the periods presented as per AS-20 "Earnings Per Share (EPS)".

Note: 35 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The particulars of outstanding (for more than 45 days) to Micro, Small and Medium Scale business enterprises are given below

(₹ in lakhs)

Principal amount outstanding as at 31/3/2014	Interest amount outstanding as at 31/3/2014	interest paid by the company in terms of section 16 of the Act, 2006 and the amount of the payment made beyond the appointed day during the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remaining unpaid asat 31/3/2014.	Interest remaining due until scuh date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
8.79	4.21	Nil	4.21	4.21	4.21

Note: 36 Managerial remuneration of 180.44 lakhs provided during the year 2012-13 to the Executive Director has exceeded the limits specified by the Central Government by ₹ 112.33 lakhs. The same has been paid during the year 2013-14 with the approval .

Note: 37 Value of Imports calculated on CIF basis in respect of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Capital Goods	143.62	36.03
Total	143.62	36.03

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Interest	37.03	253.86
b) Foreign travel	-	0.06
Total	37.03	253.92

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Export of goods calculated on FOB basis *	770.84	293.66
Total	770.84	293.66

* Exports to Nepal in INR during the year 2013-14 ₹ 105.30 lakhs is not included in Earnings in Foreign Currency

Note: 40 Remittance in Foreign Currency on account of dividends

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Year to which the dividend relate	2013 - 14	2012 - 13
b) Amount remitted in Foreign Currency	Nil	Nil
c) Number of non-resident shareholders to whom remittances were made	NA	NA
d) Number of shares on which remittances were made	NA	NA

Note: 41 Disclosures in respect of derivative instruments :

a) Derivative instruments outstanding at the balance sheet date (₹ in lakhs)

Particulars	March 31, 2014		March 31, 2013	
	USD	INR	USD	INR
i) Forward :				
FCNR(B) - Principal	-	-	22.22	1258.22
FCNR(B) - Interest	-	-	0.40	22.55
ii) Option :				
FCTL - Principal	-	-	12.85	507.58
FCTL - Interest	-	-	19.28	761.36
iii) Swap :				
FCTL - Interest	-	-	19.28	1048.35

b) The derivative instruments have been acquired for hedging purposes

c) Foreign currency exposures that are not hedged by derivatives : (₹ in lakhs)

Particulars	March 31, 2014		March 31, 2013	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Trade receivables	-	-	\$0.66 lakhs	36.00
	-	-	Euro 1.01 lakhs	70.43

Note: 42 Confirmation of balances for Trade Receivables / Payables, Loans and advances and others have been received from many parties. Wherever confirmation of balances have not been received, they are subject to adjustment and reconciliation, if any.

Note: 43 The financial statements for the year ended March 31, 2014 are prepared as per revised Schedule VI of the Companies Act, 1956 and in or form as near as thereto. The items which are not applicable as per revised Schedule VI are not disclosed.

Note: 44 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 45 The amounts in the financial statements are presented in Indian Rupees in lakhs

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvanewari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors,
M/s. **HERITAGE FOODS LIMITED**
(Formerly known as
HERIATAGE FOODS (INDIA) LIMITED)
Hyderabad.

We have audited the attached Consolidated Balance Sheet of **HERITAGE FOODS LIMITED** and its subsidiaries as at 31st March, 2014 and the consolidated statement of Profit and Loss and the consolidated Cash flow Statement for the year then ended on that Date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act) read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standards 21 "consolidated Financial Statements" {accounting standards (AS) 23,"accounting for investments in associates in consolidated financial statements" and accounting standard (AS) 27,"financial reporting of interest in joint ventures"} ,issued by the institute of Chartered accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting policies generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAJU & PRASAD**
Chartered Accountants
(FRN: 003475S)

Place : Hyderabad
Date : 23/05/2014

M.SivaRam Prasad
Partner
M No. 018943

Consolidated Balance Sheet as at March 31, 2014

		(₹ in lakhs)	
Particulars	Note No	As at March 31, 2014	As at March 31, 2013
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	2319.90	1159.95
b. Reserves and Surplus	3	15555.98	13006.44
Sub-Total Shareholders' funds		17875.88	14166.39
2. MINORITY INTEREST			
		1.77	1.82
3. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	3916.81	4056.29
b. Deferred tax liabilities (Net)	5	2252.30	1952.92
c. Other Long term liabilities	6	934.38	754.78
d. Long term provisions	7	93.39	77.23
Sub-Total Non-Current Liabilities		7196.88	6841.21
4. CURRENT LIABILITIES			
a. Short-term borrowings	8	8825.19	5761.72
b. Trade payables	9	6897.65	5681.76
c. Other current liabilities	9	7098.24	7765.51
d. Short-term provisions	10	1287.75	841.89
Sub-Total Current Liabilities		24108.83	20050.88
TOTAL EQUITY AND LIABILITIES		49183.36	41060.30
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	11	26823.57	23305.29
ii) Intangible assets	11	324.55	374.04
iii) Capital work-in-progress	11	1111.81	827.49
		28259.93	24506.83
b. Non-current investments	12	65.56	80.85
c. Long term loans and advances	13	2052.26	1746.99
d. Other non-current assets	14	68.58	44.45
Sub-Total Non-Current Assets		30446.33	26379.12
2. CURRENT ASSETS			
a. Current Investments	12	0.64	-
b. Inventories	15	10855.39	8209.20
c. Trade receivables	16	1661.05	1507.26
d. Cash and Bank balances	17	4453.66	3306.85
e. Short-term loans and advances	13	1766.29	1657.88
Sub-Total Current Assets		18737.03	14681.18
TOTAL ASSETS		49183.36	41060.30
Significant Accounting Policies and Notes on Accounts		(1 to 47)	

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvanewari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

		(₹ in lakhs)	
Particulars	Note No	Year Ended March 31, 2014	Year Ended March 31, 2013
1. Revenue from operations (Gross)	18	172291.58	160259.49
Less : Excise Duty		87.59	78.21
Revenue from operations (Net)		172203.99	160181.28
2. Other Income	19	495.40	419.95
3. TOTAL REVENUE (1 +2)		172699.39	160601.23
4. EXPENSES:			
a. Cost of materials consumed	20	103058.18	93973.45
b. Purchase of Stock-in-Trade	21	32210.89	26274.64
c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(888.39)	3441.50
d. Power and fuel		2986.20	3640.63
e. Employee benefits expense	23	10009.46	8718.25
f. Finance costs	24	1322.12	1670.20
g. Depreciation and amortization expense	25	2500.23	2202.03
h. Other expenses	26	15330.01	14024.92
TOTAL EXPENSES		166528.69	153945.62
5. Profit before exceptional and extraordinary items and tax (3-4)		6170.70	6655.61
6. Exceptional Items		-	-
7. Profit before extraordinary items and tax (5 -6)		6170.70	6655.61
8. Extraordinary Items	27	50.00	291.34
9. Profit before tax (7 - 8)		6120.70	6364.27
10. Tax expense:			
a. Current tax		1291.05	1275.80
b. Prior period tax		(0.46)	(44.39)
c. Deferred tax		299.38	137.76
11. Profit for the year (9-10) before minority interest and share of profit/(loss) of associates		4530.73	4995.10
Less: Minority interest		(0.05)	(0.13)
Add: Share of profit / (loss) of associates		(0.79)	(0.25)
Profit for the year after minority interest and share of profit/(loss) of associates		4529.99	4994.98
12. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		19.69	22.54
ii. Diluted		19.69	22.54
b. After Extraordinary items			
i. Basic		19.53	21.64
ii. Diluted		19.53	21.64
Significant Accounting Policies and Notes on Accounts	(1 to 47)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvaneshwari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax and extra-ordinary items	6,170.70	6655.61
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	2,500.23	2202.03
(Profit) / loss on sale or write off Fixed Assets	-	122.92
Loss on Impairment of Assets	32.49	0.34
Diminution in value of investments	15.17	-
Interest expense	1,193.34	1483.86
Subsidy transferred to P&L	(6.25)	(6.34)
Interest income	(43.70)	(44.25)
Dividend received	(0.14)	(1.86)
Operating Profit before Working Capital Changes	9,861.84	10412.31
Movements in working capital :		
Increase / (decrease) in trade payables	1,215.88	(842.09)
Increase / (decrease) in long term provisions	16.16	2.48
Increase / (decrease) in short term provisions	36.75	68.00
Increase / (decrease) in other current liabilities	736.33	760.78
Increase / (decrease) in other long term liabilities	179.61	89.72
Decrease / (increase) in trade receivables	(153.80)	(386.99)
Decrease / (increase) in inventories	(2,646.19)	1135.76
Decrease / (increase) in long term loans and advances	(298.57)	111.29
Decrease / (increase) in short term loans and advances	(91.46)	(437.44)
Decrease / (increase) in other non-current assets	(24.12)	59.96
Cash Generated from / (used in) operations	8,832.43	10973.79
Direct taxes paid (net of refunds)	(1,307.55)	(1245.16)
Net Cash flow from / (used) in Operating activities before extra-ordinary items	7,524.88	9,728.63
Less: Extra-ordinary items	50.00	-
Net Cash flow from / (used) in Operating activities (A)	7,474.88	9,728.63

Contd..

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	(6,422.86)	(3069.34)
Proceeds from sale of Fixed Assets	147.85	109.24
Purchase of non-current investments	(1.31)	(0.44)
Investment in Subsidiaries	-	-
(Investment) in / redemption of bank deposits having original maturity more than three months	65.19	(8.67)
State Subsidy received	-	-
Interest received	43.70	44.25
Dividend received	0.14	1.86
Net Cash used in Investing Activities (B)	(6,167.30)	(2923.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	1,294.75	-
Proceeds from long-term borrowings	(2,837.83)	(3470.71)
Repayment of long-term borrowings	3,063.47	(1296.72)
Interest paid	(1,210.84)	(1483.86)
Unclaimed dividend paid	(5.12)	2.34
Dividend paid (including dividend tax)	(405.13)	(268.00)
Net Cash flow from /(Used) in Financing Activities (C)	(100.70)	(6516.95)
Net increase /(decrease) in cash and cash equivalents (A+B+c)	1,206.88	288.57
Cash and Cash equivalents at the beginning of the year	3,173.40	2884.83
Cash and Cash equivalents at the end of the period	4380.28	3173.40
Components of cash and cash equivalents		
Cash on hand	1023.80	701.68
Cheques / drafts on hand	34.04	47.56
Balances with banks in current accounts	3322.44	2424.16
Total cash and cash equivalents	4380.28	3173.40
Significant accounting policies and notes on accounts (1 to 47)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvaneshwari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

Consolidated Notes to Accounts

Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

1.1 Basis of Preparation of financial statements

The consolidated financial statements of Heritage Foods Limited (referred to as “the Company”) and its Subsidiaries Heritage Foods Retail Limited, Heritage Conpro Limited (collectively referred to as “the Group”) have been prepared under the historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles (Ind GAAP) which comprises mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the applicable provisions of the Companies Act, 1956.

1.2 Principles of Consolidation: The consolidated Financial Statements have been prepared on the following basis:

- i) The Financial Statements of the Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
- ii) Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from such transactions are also eliminated unless cost cannot be recovered.
- iii) Minority Interest’s share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- iv) Minority Interest’s share of net assets of consolidated subsidiaries as on March 31,2014 is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company’s shareholders.

The Subsidiaries considered in the Consolidated Financial Statements are :

Company status / Name	Country of Incorporation	Ownership interest / %voting power held as at Mach 31, 2014	Ownership interest / %voting power held as at Mach 31, 2013
i) Subsidiary:			
a) Heritage Foods Retail Limited	India	99.64%	99.64%
b) Heritage Conpro Limited	India	75.70%	75.70%
ii) Associate:			
a) SKIL Raigam Power (India) Limited	India	44.83%	44.83%

1.3 Unrealized profits and losses resulting from transactions between the Company and the Associate are eliminated to the extent of the Company’s interest in the associate.

1.4 Changes in Accounting Policies

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use or for the purpose of better presentation of financial statements. Management evaluates all recently issued or revised Accounting Standards on an ongoing basis and accordingly changes the Accounting policies as applicable.

1.5 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which requires management to make judgments, estimates and assumptions that affect the reported balances of assets, liabilities, income and

expenses the disclosures of contingent liabilities at the end of reporting period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.6 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from operations includes revenue from sale of products, services and other operating revenue.

Revenue from sales of products: Revenue from sale of products is recognized when all the significant risks and rewards of ownership of products have been passed to the buyer, usually on delivery of the products. The revenue from sale of products is inclusive of Excise duty and net of discounts, value added taxes and sales tax.

With respect to Renewable Energy business, Revenue from Power supply and transmission charges are accounted for on the basis of billing to other divisions under inter-segment and includes unbilled revenues accrued up to the end of the accounting period. The inter-segment revenue is based on arms length price under comparable uncontrolled price (CUP) method as per the Specified Domestic Transfer Pricing regulations

Interest Income : Interest is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend Income : Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

1.7 Fixed Assets

Tangible Assets: Tangible Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Intangible Assets: Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Capital Work-in-Progress : Capital work-in-progress is recognized at cost. It comprises of fixed assets that are not yet ready for their intended use at the reporting date and capital stores issued.

Gain or loss arising from de-recognition of fixed assets (tangible and intangible) are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.8 Depreciation and Amortization

Depreciation on Tangible Assets: Depreciation on tangible assets is provided on the basis of straight line

method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except depreciation on cans and crates which is based on the estimated useful life of two years. Improvements to leasehold property is depreciated over a period of nine years. Depreciation on assets which are commissioned during the year is charged on pro-rata basis from the date of commissioning.

Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates / methodology prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

Amortization on Intangible Assets : Intangible assets are amortized over their respective individual estimated useful lives not exceeding five years on a straight-line basis, commencing from the date the asset is available to the Company for its use.

1.9 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, till the time such assets are ready for intended use, are capitalized as part of the cost of such assets as defined in Accounting Standard (AS-16) on "Borrowing Costs". Other Borrowing costs are recognized as expenses in the year in which they are incurred.

Borrowing cost includes interest, amortization of ancillary cost incurred in connection with arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

1.10 Impairment of Fixed assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value and the resultant impairment loss is charged to profit and loss account in the year in which impairment is identified. Impairment loss of earlier years is reversed in the event of the estimated recoverable amount is higher.

1.11 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date of such investments are classified as current investments. Current investments are carried at the lower of cost and fair value of each investment individually. All other investments are classified as long-term investments which are carried at cost less provisions for decline (if any), other than temporary, in the carrying value of each investment.

1.12 Government Grants

The investment subsidies (Non-refundable) received from Government in lieu of promoters contribution are treated

as capital reserve. Subsidies received towards acquisition of assets are treated as deferred Government grants and the amount in proportion to the depreciation is transferred to statement of profit and loss.

1.13 Employee Retirement Benefits

Provident Fund : Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the statement of profit and loss for the year in which the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity : Accrued liability is determined on actuarial valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15

Leave Encashment : Accrued liability for leave encashment including sick leave is determined on actuarial

1.16 Inventories : Inventories are valued as under

S. No.	Particulars	Valuation	Method
1	Raw Materials	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
2	Finished Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
3	Stores, Spares and Consumables	at cost	Cost has been ascertained on FIFO basis
4	Work- in- progress	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
5	Tradable Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on moving weighted average basis

1.17 Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS-22) on “ Accounting for Taxes on Income”. Income tax expenses comprises current tax (i.e., amount of tax for the period determined in accordance with the Income Tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liability / assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized. Taxes on distributed profits payable in accordance with the Guidance note on “Accounting for Corporate Dividend Tax” regarded as a tax on distribution of profits and is not considered in determination of profits for the year. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specific period.

valuation basis using PUC Method at the end of the year and provided in accounts as per AS-15.

1.14 Foreign Exchange transactions :

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Foreign currency monetary items remaining unsettled at the year end are translated at the contract rates, when covered by firm commitment forward cover contracts and at the year end rates in other cases. Gains and losses on foreign currency transactions are recognized in the profit and loss account as per AS-11.

1.15 Leases

Operating leases (Lessee): The Company has taken properties on operating lease, Civil works and other improvements of enduring nature are capitalized. Operating lease payments for properties and other assets are recognized as an expense in the statement of profit and loss.

1.18 Cash flow statement

The cash flow statement is prepared as per the “Indirect Method” set out in Accounting Standard (AS-3) “Cash Flow Statements” and presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.19 Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, cash at bank, cash on deposits with banks.

1.20 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average

number of equity shares outstanding during the period is adjusted for bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.21 Segment Reporting

The Company is engaged in Dairy, Retail, Agri, Bakery and **Renewable Energy** businesses which are identified as reportable segments as per the Accounting Standard (AS-17) –“Segment Reporting”. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company accounts for inter-segment sales and transfers at cost plus appropriate margins. Allocation of common allocable costs allocated to each segment according to the relative contribution of each segment to the total common costs.

1.22 Provisions

Provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end. These estimates are reviewed at each year end and adjusted to reflect the current best estimates.

1.23 Contingent Liabilities

Contingent liabilities are identified and disclosed as per the requirements of “Accounting Standard AS-29”.

Consolidated Notes to Accounts

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Authorised Share Capital		
i) Equity Share Capital		
4,80,00,000 Equity Shares of ₹ 10/- each (Previous year : 1,80,00,000 Equity Shares of ₹ 10/- each)	4800.00	1800.00
ii) Convertible cumulative Preference Share Capital		
20,00,000 Preference Shares of ₹ 10/- each (Previous Year 20,00,000 Convertible cumulative Preference Shares of ₹ 10/- each)	200.00	200.00
Total	5000.00	2000.00
b) Issued,Subscribed and Paidup Share Capital :		
Equity Share Capital		
2,31,99,000 Equity Shares of ₹ 10/- each (Previous year 1,15,99,500 Equity Shares of ₹ 10/- each)	2319.90	1159.95

c) Reconciliation of number of equity shares outstanding and the amount of share capital

Particulars	March 31, 2014		March 31, 2013	
	Number of Shares	Amount (₹ in lakhs)	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	11599500	1159.95	11529500.00	1152.95
Shares issued during the year	11599500	1159.95	70000.00	7.00
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	23199000	2319.90	11599500.00	1159.95

d) Rights, preferences and restrictions attached to equity shares

The Company has only one class of Issued, subscribed and paid up equity shares having a par value of ₹ 10/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

70,000 Equity Shares allotted as fully paid up Sweat Equity Shares for consideration other than cash to an employee of the Company during the financial year ended March 31, 2013 and 70,000 Equity Shares issued as bonus Shares during the year against these Sweat Equity Shares shall be locked in for a period of 3 years from the date of allotment.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

e) Details of Shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Equity Shares of ₹ 10/- each fully paid				
1. Nara Bhuvaneswari	5330826	22.98	2665413	22.98
2. Nirvana Holdings Private Limited	2572842	11.09	1286421	11.09
3. Nara Lokesh	2366400	10.20	1183200	10.20
4. V Sudha Sarada	1321000	5.69	660500	5.69
5. Megabid Finance & Investment Pvt Ltd	1223800	5.28	611900	5.28

Contd...

f) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date :

	March 31, 2014 No.of Shares	March 31, 2013 No.of Shares
Equity Shares allotted as fully paid up as Sweat Equity shares for consideration other than cash	70000	70000
Equity Shares allotted as fully paid-up as Bonus shares for consideration other than cash	11599500	-

Note 3: Reserves and Surplus

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
a) Capital Redemption Reserve		
Opening Balance	81.00	81.00
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	81.00	81.00
b) Securities Premium Reserve		
Opening Balance	4944.09	4659.75
Add: Securities premium credited on share issue *	-	284.34
Less: Security Premium utilized for issuing fully paid-up bonus shares	1159.95	-
Closing Balance	3784.14	4944.09
* Security premium credited during the financial year ended March 31, 2013 is related to fully Paid-up Sweat Equity Shares issued to an employee of the Company for consideration other than cash		
c) Deferred Government Grants		
Opening Balance	73.99	80.33
Add: Subsidy Received during the year	-	-
Less: Transfer to Profit and Loss statement	6.25	6.34
Closing Balance	67.74	73.99
d) Warrants Money Appropriated		
Opening Balance	318.69	318.69
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	318.69	318.69
e) General Reserve		
Opening Balance	5000.71	2500.71
Add: Transfer from Surplus	1000.00	2500.00
Closing Balance	6000.71	5000.71
f) Surplus / (Deficit)		
Opening Balance	2587.96	498.11
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	4529.99	4994.98
Amount available for appropriations	7117.95	5493.09
Appropriations :		
Transferred to General Reserve	1000.00	2500.00

Contd...

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Proposed Dividend amount per share ₹ 3.00(Previous Year :₹ 3.00 per share)	695.97	346.28
Tax on Proposed Dividend	118.28	58.85
Closing Balance	5303.70	2587.96
Total	15555.98	13006.44

NON-CURRENT LIABILITIES :
Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars	Non-Current portion		Current Maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a) Term Loans				
i) From Banks (secured)				
- Indian rupee loans	2967.50	3119.06	1351.42	2295.13
- Foreign currency loans	-	-	-	514.00
ii) From others	36.23	-	36.14	-
b) Deferred Payment liabilities				
Sales tax deferment (secured)	913.08	937.23	24.16	6.18
c) Loans and Advances from related parties				
Loan (unsecured)	-	-	-	-
Total	3916.81	4056.29	1411.72	2815.31

Installments falling due in respect of the above loans upto March 31, 2014 (Previous Year: March 31, 2013) have been grouped under "Current maturities of long term borrowings" (Ref Note 9)

Term Loan from Banks (Secured) includes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
a Foreign Currency Loans from Banks:							
i. Foreign Currency Term Loan (FCTL)	Bank of Baroda	-	514.00	6285.99	@200 bps over 6 months US\$ LIBOR (Previous year: @200 bps over 6 months US\$ LIBOR)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from December 2007
Total Foreign Currency Loans		-	514.00				
b. Rupee Term Loans from Banks							
i. Rupee Term Loan (Previous Year: Foreign Currency Non-Resident (B) Loan (FCNRB))	Bank of Baroda	-	264.75	3206.00	@base rate plus 4%(Previous year:@base rate plus 4%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from December 2007

Contd...

Term Loan from Banks (Secured) includes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
ii. Rupee Term Loan	Bank of Baroda	129.76	416.91	1435.00	@base rate plus 2.75% (Previous year :@base rate plus 4%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 20 quarterly installments commencing from Nov, 2009
iii. Rupee Term Loan	Andhra Bank	-	245.04	1500.00	@BMPLR minus 0.50% plus TP (Previous year :@BMPLR minus 0.50% plus TP)	First pari passu charge on entire fixed assets (present and future) of the Company along with consortium bankers	Repayable in 24 quarter installments commencing from April' 2008
iv. Rupee Term Loan	Andhra Bank	-	166.67	1000.00	@BMPLR (Previous year :@BMPLR)	First pari passu charge on entire fixed assets (present and future) of the Company along with consortium bankers	Repayable in 24 quarter installments commencing from April' 2008
v. Rupee Term Loan	ICICI Bank	160.00	800.00	3000	1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy (Previous year :1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy)	First pari passu charge on fixed assets of the Company and Second charge on current assets of the Company	Repayable in 21 quarterly installments commencing from April 2009
vi. Rupee Term Loan	ICICI Bank	125.00	225.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly installments commencing from August 2012
vii. Rupee Term Loan	ICICI Bank	704.16	920.82	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on both on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company , along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011
viii. Rupee Term Loan	ICICI Bank	2000.00	2375.00	2500.00	a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year:IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	First pari passu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company, along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012

Contd...

Term Loan from Banks (Secured) includes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
ix. Rupee Term Loan	ICICI Bank	1200.00	-	1200.00	IBASE and spread per annum subjected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any (Previous year: Nil)	First pari passu charge on both movable and immovable fixed assets of the Company, second pari passu charge on entire current assets of the company both present and future, along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014
Total rupee loans from banks		4318.92	5414.19				
c) Rupee loans from others:							
i. Retail Finance (Auto-Loan)	BMW Financial Services	72.37	-	94.75	Interest at the rate of 9.89% per annum	Hypothecation of Vehicle BMW 7 series 730LD	Repayable in 30 monthly installments commencing from August, 2013
Total Rupee Term Loans		4391.29	5414.19				
Total (Foreign Currency Loans + Rupee Term Loans)		4391.29	5928.19				
Deferred Payment Liabilities							
Deferred Payment Liabilities represent sales tax collected under deferrment scheme of State Government of Andhra Pradesh and is being repaid as per the sales tax deferrment scheme. The Company availed scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14th year for Gokul and Bayyavaram plants and 10th year for Narketpalle plant without interest and is secured by fixed assets of the respective dairy plants.							

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	2127.63	1959.06
Add: Deferred Tax Liability during the year on account of :		
Depreciation	317.36	168.57
Closing Deferred Tax Liability	2444.99	2127.63
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	174.71	143.90
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave	17.98	30.81
Closing Deferred Tax Asset	192.69	174.71
Net Deferred Tax Liability there on	2252.30	1952.92

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Other payables:		
Security Deposits	934.38	754.78
Total	934.38	754.78

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits				
Unavailed Leave	93.39	77.23	473.50	436.76
Other Provisions				
Proposed Dividend	-	-	695.97	346.28
Provision for tax on dividend	-	-	118.28	58.85
Provision for Income Tax	-	-	-	-
Total	93.39	77.23	1287.75	841.89

CURRENT LIABILITIES :**Note 8: Short-Term Borrowings**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Working Capital Loan from banks (secured)	6599.04	5667.22
b) Loan Repayable on demand:		
Short Term Loans from banks (secured)	2226.15	94.50
c) Inter Corporate Deposit	-	-
Total	8825.19	5761.72

Working Capital Loans from Banks:

(₹ In lakhs)

Name of the Bank	Type of Loan	Loan Outstanding As on		Working Capital	Rate of Interest	Security / Guarantee
	Facility	31.03.2014	31.03.2013	Loan Limit		
Bank of Baroda	Cash Credit	2911.13	2298.10	3000.00	Base rate plus 2.50%	First pari passu charge on current assets of the Company by way of hypothecation of raw material, work-in- progress, finished goods such as Milk, Milk Powder, Ghee, Skimmed Milk, Butter, Curd etc., and packing materials, spares, stores. Extension of first pari passu charge on the fixed assets of the Company
Andhra Bank	Open Cash Credit	1396.30	1161.51	1500.00	Base rate plus 2.75%	Hypothecation of inventory, receivables and advances to suppliers by way of first pari passu charge under consortium arrangement with Bank of Baroda and ICICI Bank Ltd.,
ICICI Bank	1. Cash Credit	2291.61	707.61		IBASE plus "spread" per annum subject to minimum rate of I Base plus 3.25% per annum plus applicable interest tax or other statutory levy, if any.	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
	2. WCDL-FCN-R(B)	-	1200.00	3000 (with sublimit of WCDL- FCN-R(B), WCDL-Rupee	The rate of interest (Spread plus Libor) for each drawl of the facility will be stipulated by ICICI Bank at the time of disbursement plus applicable interest tax or other statutory levy, if any	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
	3. WCDL-Rupee	-	300.00		IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.75% per annum plus applicable interest tax or other statutory levy, if any.	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
		6599.04	5667.22	7500.00		

Short Term Loans from Banks

- The short term loan outstanding as on March 31, 2014 is 999.58 lakhs (sanction limit :₹ 1000 lakhs)(Previous year :₹ Nil) from Kotak Mahindra Bank carries interest rate @ base rate plus 1.5% repayable in three installments on 25th day of 4th,5th and 6th month from the date of disbursement and is secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and extension of mortgage of industrial property belonging to Vice Chairperson & Managing Director of the Company and personal guarantees of Vice Chairperson & Managing Director, Executive Director and Non-Executive Director.
- The short term loan outstanding as on March 31, 2014 is 1185.79 lakhs (Sanction limit: ₹ 3000 lakhs)(Previous year :₹ Nil) from Andhra Bank carries interest rate @ base rate plus 2.75% repayable in three equal monthly installments commencing from the end of fourth month from the date of disbursement and is secured by first pari passu charge on the current assets of the Company and extension of first pari passu charge on net fixed assets of the Company as a collateral security alongwith consortium banks.
- The Company has overdraft facility outstanding as on March 31, 2014 of ₹ 40.77 lakhs (Previous year: ₹ 94.50 lakhs) (Sanction limit: ₹ 100 lakhs) from Kotak Mahindra Bank carrying interest @ 12.50% and secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Vice Chairperson & Managing Director, Executive Director and one of the Non-Executive Director.

Note 9: Trade Payables and Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including acceptances)	6897.65	5681.76
Other Current Liabilities		
Current maturities of long-term borrowings (Ref Note 4)	1387.56	2809.13
Interest Accrued but not due on borrowings	17.30	12.60
Interest accrued and due on borrowings	-	-
Unpaid Dividends	42.07	36.95
Other Payables :		
Employee Related payables	1136.82	1293.48
Advance from Customers	698.09	519.32
Capital Creditors	920.59	693.23
Statutory Payables	322.46	252.30
Security Deposits	349.52	328.50
Deferred sales tax liability (Ref Note 4)	24.16	6.18
Freight Payables	482.12	493.27
Other payables	1717.55	1320.54
Total	7098.23	7765.51

Note 10: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Unavailed Leave	473.50	436.76
Other Provisions :		
Proposed Dividend	695.97	346.28
Provision for tax on proposed dividend	118.28	58.85
Total	1287.75	841.89

NON-CURRENT ASSETS

Note.11 Fixed Assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation / Amortization				Net Block		
	Balance as at 01.04.2013	*Additions / other adjustments during the year	Deductions / Retirement during the year	Balance as at 01.04.2013	Depreciation charge for the year	Deductions / adjustments during the year	Impairment loss for the year	Balance as at 31.03.2014	Balance as at 31.03.2014	Balance as at 01.04.2013
a. Tangible Assets										
Land	1530.07	26.44	12.32	-	-	-	-	-	1544.19	1530.07
Buildings	9063.58	648.05	9.71	1965.72	316.25	-	-	2281.98	7419.94	7097.85
Improvements to leasehold property	1452.17	160.63	31.56	659.52	157.82	13.04	-	804.30	776.93	792.65
Plant and Machinery	18885.30	4399.79	431.63	7114.77	1489.88	352.38	32.49	8284.76	14568.70	11770.52
Furniture and Fixtures	1635.57	385.92	9.54	478.56	191.05	2.73	-	666.88	1345.07	1157.02
Office Equipment	2170.74	290.57	11.79	1369.62	192.88	8.67	-	1553.83	895.70	801.13
Vehicles	236.51	165.23	27.17	80.45	30.14	9.06	-	101.53	273.04	156.06
Total - a	34973.94	6076.63	533.72	11668.64	2378.02	385.88	32.49	13693.28	26823.57	23305.29
b. Intangible Assets										
Computer Software	1373.69	72.71	-	999.64	122.21	-	-	1121.85	324.55	374.05
Total - b	1373.69	72.71	-	999.64	122.21	-	-	1121.85	324.55	374.05
Total (a+b)	36347.63	6149.35	533.72	12668.28	2500.23	385.88	32.49	14815.13	27148.12	23679.34
Previous year	31749.70	3036.27	195.71	9577.54	2118.65	137.38	5.11	11563.92	23026.34	-
c. Capital Work-in-progress									1111.81	827.49

* Borrowing cost as per AS-16 : During the year, borrowing cost of ₹ 16.59 lakhs has been capitalized to Plant & Machinery, ₹ 0.80 lakhs to Buildings and ₹ 0.11 lakhs to Office Equipment

(Previous year: ₹ 31.35 lakhs has been capitalized to Plant & Machinery and ₹ 2.82 lakhs to Buildings) and it is included in other adjustments.)

Disclosure of details of impairment losses pursuant to Note.1(iv) and J(iii) of Part I of Schedule VI to the Companies Act, 1956

(₹ in lakhs)

Asset details:	Particulars			
	2013-2014	2012-2013	2011-2012	2010-2011
Balance as at the beginning of the period				
Impairment loss during the period	5.87	5.53	0.42	-
Reversal of accumulated impairment loss	32.49	0.34	5.11	0.42
Balance as at the end of the period	1.46	-	-	-
	36.90	5.87	5.53	0.42

Note 12 :Non-current Investments

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Other Investments at cost				
Investment in Equity Instruments				
Associates	57.51	57.76	-	-
Less: Diminution in value of investments	-	-	-	-
Cost of investment in Associate	57.51	57.76	-	-
Less: Share of Loss	0.79	0.25	-	-
Total	56.72	57.51	-	-
Investment in Government securities	2.88	2.20	0.64	-
Other non-current investments	21.13	21.13	-	-
Total	80.73	80.85	0.64	-
Less: Provision for diminution in value of investments	15.17	-		
Total	65.56	80.85	0.64	-

Particulars	Book Value		Market value	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Aggregate of quoted investments	1.13	1.13	2.74	2.70
Aggregate of un-quoted investments	80.24	79.97		
Total	81.37	81.10		

Details of Other Investments

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2014	As at March 31, 2013
Investment in Equity Shares of Associates :			
Skil Raigam Power (India) Limited		65.00	65.00
Less: Diminution value of investments *		6.98	6.98
Cost of investment in Associate	Unquoted	58.02	58.02
Less: Share of accumulated losses		0.51	0.25
		57.51	57.77
Less : Share of current loss		0.79	0.25
Carrying Value		56.72	57.52
* Diminution in value of investments recognized during the financial year 2011-12 when SKIL Raigam Power (India) Limited ceased to be Subsidiary and became Associate			
Investment in Government securities			
National Savings Certificates	Unquoted	3.52	2.21
Total		3.52	2.21

Contd...

Details of Other Investments

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2014	As at March 31, 2013
Other investments in :			
Andhra Bank 363 Equity Shares of ₹ 10/- each at a premium of ₹ 80/- each fully paid up (Previous year:363 Equity shares of ₹ 10/- each at a premium of ₹ 80/- each fully paid up)	Quoted	0.33	0.33
Bank of Baroda 348 Equity shares of ₹ 10/- each at a premium of ₹ 220/- each fully paid up (Previous year:348 Equity shares of ₹ 10/- each at a premium of ₹ 220/- each fully paid up)	Quoted	0.80	0.80
Heritage Finlease Limited 200000 Equity shares of ₹ 10/- each fully paid up (Previous year: 200000 Equity Shares of ₹ 10/- each fully paid up)	Unquoted	20.00	20.00
Total		21.13	21.13

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a) Capital Advances				
Unsecured , considered good	218.32	211.62		
b) Security Deposits				
Unsecured , considered good	1674.87	1339.07	271.69	304.86
Doubtful	-	-	41.14	18.35
	1674.87	1339.07	312.83	323.21
Less: Provision for doubtful security deposit	-	-	41.14	18.35
Total	1674.87	1339.07	271.69	304.86
c) Advances recoverable in cash or kind				
Unsecured , considered good	-	-	1116.18	1016.46
Doubtful	-	-	27.94	31.38
	-	-	1144.13	1047.84
Less: Provision for doubtful advances	-	-	27.94	31.38
Total	-	-	1116.18	1016.46
d) Advances to related parties	-	-	-	-
e) Other loans and advances				
Unsecured , considered good				
Advance income tax and TDS receivable	-	-	131.78	114.82

Contd...

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Net of provision for taxation)				
Prepaid expenses	8.09	2.68	140.19	114.81
Loans and advances to employees	23.90	66.55	102.25	104.76
Balances with Statutory / Government Authorities	127.07	127.07	4.20	2.17
Total	159.06	196.30	378.42	336.56
Total (a+b+c+d+e)	2052.25	1746.99	1766.29	1657.88

Loans and advances due by directors or other officers etc.

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Loans and advances to employees include dues from				
Other officers of the Company	17.46	60.53	60.52	63.05

Note: 14 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2014	As at March 31, 2013
A. Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 17)	60.02	38.68
Total -A	60.02	38.68
B. Others :		
Interest accrued on margin money and other deposits	8.56	5.77
Total - B	8.56	5.77
Total (A+B)	68.58	44.45

Note 15 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials (Includes in-transit of ₹ Nil (Previous Year: ₹ Nil)	4287.74	2746.20
Work-in-Progress	65.59	36.76
Finished Goods	2600.76	2188.42
Stock-in-Trade (Includes in-transit of ₹ Nil (Previous Year of ₹ 48.01 lakhs)	2937.02	2489.80
Packing Material	790.69	565.45
Stores and spares	173.59	182.57
Total	10855.39	8209.20

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
A. Inventory : Raw Materials		
a) Dairy		
Skimmed milk powder	4197.20	2702.07
Other materials	81.27	35.40
Total	4278.47	2737.47
b) Bakery		
Bakery raw materials	9.27	8.73
Total	9.27	8.73
Total (a + b)	4287.74	2746.20
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	64.45	32.85
b) Bakery-in-process material	1.14	3.91
Total	65.59	36.76
C. Inventory: Finished Goods		
a) Dairy		
Milk	921.31	684.66
Value Added Products	411.88	271.31
Fat Products	968.80	901.60
Skimmed milk powder	194.37	270.17
Total	2496.36	2127.74
b) Agri		
Fruits and vegetables	102.57	59.48
Total	102.57	59.48
c) Bakery		
Bakery products	1.83	1.20
Total	1.83	1.20
Total (a + b + c)	2600.76	2188.42
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	36.87	38.50
Total	36.87	38.50

Contd...

Note 15 : Inventories

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2014	As at March 31, 2013
b) Retail		
FMCG - Food	1408.82	970.88
FMCG - Non-food	1439.00	1440.52
Fruits and vegetables	45.55	36.71
Total	2893.37	2448.11
c) Agri		
Others	6.78	3.18
Total	6.78	3.18
Total (a + b + c)	2937.02	2489.80

Note: 16 Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2014	As at March 31, 2013
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	9.78	137.32
b) Unsecured, considered doubtful	79.51	66.73
Total (a+b)	89.29	204.05
Less : Provision for bad and doubtful receivables	79.51	66.73
Total - A	9.78	137.32
B. Other trade receivables		
a) Unsecured, considered good	1651.27	1369.94
b) Unsecured, considered doubtful	15.32	0.41
Total (a+b)	1666.59	1370.35
Less : Provision for bad and doubtful receivables	15.32	0.41
Total - B	1651.27	1369.94
Grand total (A+B)	1661.05	1507.26

Note: 17 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			3322.44	2424.16
Deposits with original maturity of less than three months			-	-
b) Cheques, drafts on hand			34.04	47.56
c) Cash on hand			1023.80	701.68
Total Cash and Cash Equivalents			4380.28	3173.40
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	-	-	42.07	36.95
- Other deposits	14.10	14.10	0.09	68.75
b) Margin money deposit	54.48	30.35	31.22	27.58
c) Deposits with original maturity for more than 12 months	-	-	-	0.17
Total Other Bank balances	68.58	44.45	73.38	133.45
Total Cash and Bank Balances	68.58	44.45	4453.66	3306.85

Non-current portion of other bank balances are included in other assets (Ref.Note 14)

Note : 18 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Revenue from operations :		
A. Sale of Products		
i) Finished goods		
Domestic Sales	129130.97	123728.06
Export Sales	383.04	236.78
Total	129514.01	123964.84
ii) Traded goods		
Domestic Sales	39069.67	33189.59
Export Sales	493.10	180.41
Total	39562.77	33370.00
Domestic Sales	168200.64	156917.65
Export Sales	876.14	417.19
Total - A (i+ii)	169076.78	157334.84
B. Sale of services		
Job work	517.16	773.37
C. Other operating revenues		
Scrap Sales	86.94	72.80

Contd...

Note : 18 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Others :		
i) Display & Visibility Income	253.44	284.59
ii) Promotional Income	2199.00	1660.61
iii) Concessionary income	158.26	133.28
Total -c	2697.64	2151.28
Revenue from operations (gross) (A+B+C)	172291.58	160259.49
Less: Excise duty	87.59	78.21
Revenue from operations (net)	172203.99	160181.28
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	93573.79	88827.53
Value Added Products	23694.14	18462.23
Fat Products	10027.48	14309.46
Skimmed milk powder	80.84	66.76
Total	127376.25	121665.98
b) Agri		
Fruits and Vegetables	1867.46	2052.96
c) Bakery		
Bakery products	270.30	245.90
Total (a+b+c)	129514.01	123964.84
ii) Traded goods sold		
a) Dairy		
Tradable goods	3320.61	2856.20
b) Retail		
FMCG - Food	21168.48	18178.84
FMCG - Non-Food	8029.87	7250.46
Fruits and Vegetables	5729.02	4831.49
Total	34927.37	30260.79
c) Agri		
Fruits and Vegetables	-	180.41
Other Tradable goods	1314.79	72.60
Total	1314.79	253.01
Total (a+b+c)	39562.77	33370.00
B. Details of sale of services		
a) Dairy	459.07	692.19
b) Agri	58.09	81.18
Total (a+b)	517.16	773.37
C. Details of other operating revenues		
a) Dairy	60.81	43.16
b) Retail	2635.00	2107.40
c) Agri	0.62	0.72
d) Bakery	1.21	-
Total (a+b+c+d)	2697.64	2151.28

Note: 19 Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Interest Income on :		
Bank and other deposits	30.88	22.40
Others	12.82	21.85
b) Dividend Income on :		
Long-term investments	0.14	1.86
c) Subsidy transferred from Deferred Govt.grants	6.25	6.34
d) Lease rental income	111.65	107.69
e) Provisions no longer required	199.41	188.42
f) Exchange differences(net)	18.35	-
g) Export Incentives	29.45	9.99
h) Profit on Sale of Assets	7.73	-
i) Other non-operating income	78.72	61.40
Total	495.40	419.95

Note : 20 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Raw material :		
Inventory at the beginning of the year	2746.20	472.03
Add: Purchases	99747.80	91958.35
	102494.00	92430.38
Less: Inventory at the end of the year	4287.74	2746.20
Raw Material consumed (a)	98206.26	89684.18
b) Packing material :		
Inventory at the beginning of the year	565.45	496.11
Add: Purchases	5077.15	4358.61
	5642.60	4854.72
Less: Inventory at the end of the year	790.69	565.45
Packing Material Consumed (b)	4851.91	4289.27
Cost of materials consumed (a+b)	103058.18	93973.45
Details of Raw materials consumed:		
a) Dairy		
Raw Milk	82125.65	81872.26
Skimmed Milk Powder	11199.96	3423.03
Other Raw materials	1475.18	976.28
Total	94800.79	86271.57
b) Agri		
Fruits and Vegetables	3260.58	3216.35
Total	3260.58	3216.35
c) Bakery		
Bakery raw materials	144.89	196.26
Total	144.89	196.26
Total (a + b + c)	98206.26	89684.18

Note : 21 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
FMCG - Food	16173.81	13042.94
FMCG - Non-Food	7034.77	6162.58
Fruits and Vegetables	4436.52	4183.92
Others	4565.79	2885.20
Total	32210.89	26274.64
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	1562.11	2857.59
b) Retail		
FMCG - Food	16173.81	13042.94
FMCG - Non-Food	7034.77	6162.58
Fruits and Vegetables	4436.52	4063.90
Total	27645.10	23269.42
c) Agri		
Fruits and Vegetables	-	120.02
Other Tradable goods	3003.68	27.60
Total	3003.68	147.62
Total (a + b + c)	32210.89	26274.64

Note : 22 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
A) Inventory at the end of the year :		
Work-in-progress	65.59	36.76
Finished goods	2600.76	2185.32
Stock-in-Trade	2937.02	2492.90
Total - A	5603.37	4714.98
B) Inventory at the beginning of the year :		
Work-in-progress	36.76	18.76
Finished goods	2185.32	5832.98
Stock-in-Trade	2492.90	2304.74
Total - B	4714.98	8156.48
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(888.39)	3441.50

Note : 23 Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Salaries, wages, bonus and allowances (Refer Note No.36)	9242.72	8004.48
Contribution to Provident and other funds	485.06	410.28
Contribution to gratuity fund	34.77	107.52
Staff Welfare Expenses	246.91	195.97
Total	10009.46	8718.25

Note: 24 Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest Expense	1193.34	1483.86
Other borrowing cost	125.98	167.49
Applicable loss on foreign currency transaction and translation	0.07	0.25
Interest on income tax	2.73	18.60
Total	1322.12	1670.20

Note: 25 Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Depreciation on tangible assets	2378.02	2063.59
Amortization of Intangible assets	122.21	138.44
Total	2500.23	2202.03

Note: 26 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Consumption of Stores ,spares and consumables	1266.85	1334.50
Rent	2171.46	1930.50
Bank Charges	209.25	271.38
Insurance	92.84	70.36
Travelling and conveyance	385.22	372.23
Communication cost	225.52	219.05
Safety and Security	469.20	388.75
Printing and Stationery	105.78	99.24
Office Maintenance	53.07	48.47
House Keeping Expenses	132.11	118.91
Books and periodicals	0.76	0.71
Electricity Charges	778.16	683.21
Rates and taxes	215.15	189.48
Repairs and maintenance :		
Buildings	94.07	60.47
Machinery	236.07	204.08
Others	494.27	411.20
Wheeling Charges	22.30	-
Operation & Maintenance Charges	6.95	-
Legal and Professional Charges	402.59	355.57

Contd...

Note: 26 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Payment to Auditors :		
As Auditor:		
Audit Fee	13.65	13.71
Tax Audit fee	4.49	4.49
Limited Review	3.37	3.37
Corporate Governance	1.12	1.12
In other capacity :		
Taxation matters	3.88	3.68
Certification fee	1.28	1.36
Reimbursement of expenses	2.58	3.73
Advertisement expenses	231.15	157.95
Selling and Distribution expenses	1099.93	874.94
Warehouse and logistics	248.19	232.71
Freight outwards	6041.56	5451.01
Directors' sitting fees	8.30	4.90
Provision for bad and doubtful advances	25.22	46.31
Bad Debts written off	2.92	26.83
Bad and doubtful advances written off	4.57	39.39
Provision for doubtful debts	64.69	70.65
Loss on sale of fixed assets (net)	-	122.92
Impairment loss on fixed assets	32.49	0.34
Recruitment and Training expenses	34.59	35.36
Contribution to Heritage Farmers Welfare Trust	99.32	106.41
Exchange differences (net)	-	1.52
Prior Period items *	6.31	44.73
Miscellaneous expenses	23.61	19.40
Diminution in value of investments	15.17	-
Total	15330.01	14024.92
* Prior period items:		
Debits relating to earlier years	23.02	44.73
Credits relating to earlier years	16.71	-
Total	6.31	44.73

Note : 27 Extra-ordinary item represents:

(₹ in lakhs)

	As at March 31, 2014	As at March 31, 2013
Extra-ordinary items relates to ex-gratia amount paid to the families of the deceased in the accidents occurred in Dairy plants at Bayyavaram and Pamarru (Previous year :70,000 Equity Shares allotted to employee fully paid-up for consideration other than cash)	50.00	291.34

Note: 28 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

	As at March 31, 2014	As at March 31, 2013
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	475.68	423.24
Sales Tax	141.29	150.06
The Andhra Pradesh VAT Act	201.89	127.07
Excise duty	-	0.85
b) Others	17.45	29.88
ii. Guarantees	372.86	276.56
iii. Other money for which the company is contingently liable		
‘C’ forms under collection	82.50	59.27
B. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	664.02	609.11
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	3247.83	3913.69

Note: 29 Investor Education and Protection Fund

	As at March 31, 2014	As at March 31, 2013
Unclaimed Dividend		
Opening Balance	36.95	39.29
Add: Unclaimed dividend amount of earlier years	2.14	-
Less Claims during the year	0.35	0.41
Less: Transfer to IEPF	6.51	9.74
Add: Current year's unclaimed dividend	9.84	7.81
Closing Balance	42.07	36.95

There is no amount outstanding to be credited to the Investor Education and Protection Fund

Note: 30 As per the Accounting Standards AS-15 -"Employee Benefits" the disclosures of the Employee benefits as defined in the Accounting Standard are given below

Defined Contribution Plan :

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Employers Contribution to Provident Fund	393.68	332.21

Contd...

Defined Benefit Plan :

Gratuity (Funded) : As per Actuarial Report dated 19.04.2014

(₹ in lakhs)

Particulars	As at 31-Mar-2014	As at 31-Mar-2013
1. Assumption		
Discount Rate	9.00%	8.20%
Salary Escalation	5.00%	5.00%
Rate of Return on Plan Assets	9.25%	9.25%
Expected Average remaining working lives of employees (years)	29 yrs	29 yrs
2. Table showing change in present value of obligations		
Present value of obligations as at beginning of year	369.92	271.00
Acquisition adjustments	-	-
Interest cost	30.33	23.58
Current Service Cost	75.22	71.65
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(29.49)	(33.57)
Actuarial (gain)/ loss on obligations	(40.22)	37.25
Present value of obligations as at end of year	405.76	369.92
3. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	382.06	280.21
Acquisition adjustments	-	-
Expected return on plan assets	30.56	24.96
Contributions	103.71	110.46
Benefits paid	(29.49)	(33.57)
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at end of year	486.84	382.06
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	382.06	280.21
Acquisition adjustments	-	-
Actual return on plan assets	30.56	24.96
Contributions	103.71	110.46
Benefits paid	(29.49)	(33.57)
Fair value of plan assets at the end of year	486.84	382.06
Funded Status	81.08	12.14
Excess of Actual over estimated return on plan assets	-	-
5. Actuarial Gain / Loss recognised		
Actuarial (gain)/ loss on obligations	40.22	(37.25)
Actuarial (gain)/ loss for the year -plan assets	-	-

Contd...

Defined Benefit Plan :
Gratuity (Funded) : As per Actuarial Report dated 19.04.2014

(₹ in lakhs)

Particulars	As at	
	31-Mar-2014	31-Mar-2013
Total (gain) / loss for the year	(40.22)	37.25
Actuarial (gain)/ loss recognised in the year	(40.22)	37.25
6. The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	405.76	369.92
Fair value of plan assets as at the end of the year	486.84	382.06
Funded Status	81.08	12.14
Net asset/ (liability) recognised in balance sheet	81.08	12.14
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	75.22	71.65
Past Service Cost	-	-
Interest cost	30.33	23.58
Expected return on plan assets	(30.56)	(24.96)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / loss recognised in the year	(40.22)	37.25
Expenses recognised in statement of profit and loss	34.77	107.52

Defined Benefit Plan :
Leave Encashment & Sick Leave(Unfunded): As per Actuarial Report dated 19.04.2014

(₹ in lakhs)

Particulars	Leave Encashment		Sick Leave	
	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2014	As at 31-Mar-2013
1 Assumptions				
Discount Rate	9.00%	8.20%	9.00%	8.20%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	-	-	-	-
Expected Average remaining working lives of employees (years)	29 yrs	28 yrs	25 Yrs	25 Yrs
2. Reconciliation of Defined benefit obligation				
Particulars				
Present Value of Obligation as at the beginning of the year	429.55	381.06	84.43	62.44
Acquisition adjustment	-	-	-	-
Interest Cost	35.22	33.15	6.92	5.43
Past Service Cost	-	-	-	-
Current Service Cost	42.93	48.49	9.98	21.99
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(99.46)	(120.64)	(15.52)	(11.56)
Actuarial (gain)/ loss on obligations	64.24	87.49	8.60	6.13
Present Value of Obligation as at the end of the year	472.47	429.55	94.42	84.43

Contd...

Particulars	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2014	As at 31-Mar-2013
3. Actuarial Gain / Loss Recognised				
Particulars				
Actuarial (gain)/loss for the year – Obligation	(64.24)	(87.49)	(8.60)	(6.13)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-
Total (gain) / loss for the year	64.24	87.49	8.60	6.13
Actuarial (gain) / loss recognized in the year	64.24	87.49	8.60	6.13
Unrecognized actuarial (gains) / losses at the end of year	-	-	-	-
4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss				
Particulars				
Present Value of Obligation as at the end of the year	472.47	429.55	94.42	84.43
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(472.47)	(429.55)	(94.42)	(84.43)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(472.47)	(429.55)	(94.42)	(84.43)
5. Expenses Recognized in the statement of Profit & Loss				
Particulars				
Current Service Cost	42.93	48.49	9.98	21.99
Past Service Cost	-	-	-	-
Interest Cost	35.22	33.15	6.92	5.43
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	64.24	87.49	8.60	6.13
Expenses Recognized in the statement of Profit & Loss	142.38	169.13	25.51	33.56

Note: 31 Segment reporting for the year ended March 31, 2014

(₹ in lakhs)

Particulars	As at March 31, 2014			As at March 31, 2013		
	External Revenue	Inter- segment Revenue	Total	External Revenue	Inter- segment Revenue	Total
1. Segment Revenue						
i. Heritage Foods Ltd:						
a. Dairy	131138.00	1681.15	132819.15	125191.22	1670.93	126862.15
b. Retail	37562.36	230.19	37792.56	32368.20	289.26	32657.45
c. Agri	3240.95	3542.38	6783.33	2387.87	1605.80	3993.67
d. Bakery	262.67	103.60	366.27	234.00	171.61	405.62
e. Renewable Energy	-	77.35	77.35	-	-	-
ii. HFRL	-	-	-	-	-	-
iii. Heritage Conrpo Limited	-	-	-	-	-	-
Total Segment Revenue	172203.99	5634.67	177838.66	160181.29	3737.60	163918.89
Less: Inter Segment Revenue		5634.67	5634.67		3737.60	3737.60
Net Sales / Income from Operations	172203.99	-	172203.99	160181.29	-	160181.29

2. Segment Results

Particulars	As at March 31, 2014 Total	As at March 31, 2013 Total
Profit/(Loss) before finance costs and tax		
i. Heritage Foods Limited		
a. Dairy	9869.18	10889.78
b. Retail	(1992.16)	(2198.59)
c. Agri	(298.70)	(257.27)
d. Bakery	(102.13)	(153.16)
e. Renewable Energy	(11.54)	-
ii. HFRL	(0.28)	(0.53)
iii. Heritage Conrpo Limited	(0.22)	(0.53)
Total Segment Results	7464.15	8279.70
Less: i. Finance costs	1322.12	1670.20
Add: Interest income	43.70	44.25
Add: Net Unallocable Income / (Expenditure)	(15.04)	1.86
Profit / (Loss) before Extra-ordinary items and Tax	6170.70	6655.61
Less: Extra-ordinary items	50.00	291.34
Profit / (Loss) before Tax	6120.70	6364.27
Less:		
a. Current tax	1291.05	1275.80
b. Prior period tax	(0.46)	(44.39)
c. Deferred tax	299.38	137.76
Net Profit / (Loss)	4530.73	4995.10

Contd...

Particulars	As at March 31, 2014 Total	As at March 31, 2013 Total
3. Total Capital Employed		
(Segment Assets - Segment Liabilities)		
i. Heritage Foods Limited		
a. Dairy	17611.21	14837.28
b. Retail	6460.95	5851.02
c. Agri	3368.09	3404.07
d. Bakery	1119.33	1124.35
e. Renewable Energy	1675.05	-
ii. HFRL	(0.39)	(0.42)
iii. Heritage Conrpo Limited	(0.39)	(0.42)
Total Segment Capital Employed	30233.85	25215.89
Add: Unallocated Assets	1249.55	1119.88
Less: Unallocated Liabilities	1105.70	723.14
Total Capital Employed	30377.70	25612.63
4. Capital Expenditure incurred during the year		
i. Heritage Foods Limited		
a. Dairy	2999.53	2341.03
b. Retail	1167.03	517.98
c. Agri	74.96	51.15
d. Bakery	64.14	10.37
e. Renewable Energy	1714.02	-
ii. HFRL	-	-
iii. Heritage Conrpo Limited	-	-
Total Segment Capital Expenditure	6019.68	2920.53
Add: Unallocated Capital Expenditure	129.68	166.99
Total Capital Expenditure	6149.36	3087.52
5. Depreciation and Amortisation for the year		
Segment Depreciation		
i. Heritage Foods Limited		
a. Dairy	1422.15	1251.05
b. Retail	636.01	601.43
c. Agri	223.54	196.25
d. Bakery	53.26	52.61
e. Renewable Energy	40.83	-
ii. HFRL	-	-
iii. Heritage Conrpo Limited	-	-
Total Segment Depreciation and Amortisation	2375.79	2101.34
Add: Unallocated Depreciation	124.44	100.69
Total Depreciation and Amortisation	2500.23	2202.03
6. Significant Non Cash Expenditure (excluding depreciation, amortisation and impairment)	290.28	319.98

Note: 32 Related party disclosures as per AS-18 :

Name of the related party ==>	N Bhuvanewari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Particulars									
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Relative of Key Management Personnel (Non-Executive Director) since June 30, 2014	Key Management Personnel (Executive Director)	Key Management Personnel of Heritage Finlease Ltd are Directors of Heritage Finlease Ltd	Subsidiary	Subsidiary	Associate	Key Management Personnel of Heritage Foods Ltd are Directors of Nirvana Private Holdings Limited	Key Management Personnel of Heritage Foods Ltd are Trustees of Heritage Farmers Welfare Trust
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Managerial Services	a) Investment b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	Investment	Investment	Investment	Loan taken by the Company	Contributions made by the Company
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 112.50 lakhs (Previous year: ₹ 90 lakhs) b) PF: contribution of ₹ 8.10 lakhs (Previous year: ₹ 6.48 lakhs) c) Perks ₹ 8.09 lakhs (Previous year: ₹ 7.93 lakhs) d) Leave Encashment of ₹ Nil (Previous year: ₹ 3.75 lakhs) e) Commission: ₹ 159.43 lakhs (Previous year : Nil) f) Office rent of ₹ 43.92 lakhs paid by Company (Previous year: ₹ 41.83 akhs)	a) Managerial Remuneration of ₹ 21 lakhs (Previous year: ₹ 62.10 lakhs) b) PF contribution of ₹ 1.26 lakhs (Previous year: ₹ 3.73 lakhs) c) Perks ₹ 7.56 lakhs (Previous year: ₹ 6.01 lakhs) d) Commission: ₹ 55.20 lakhs (Previous year: ₹ 112.33 lakhs)	a) Managerial Remuneration of ₹ 45.50 lakhs (Previous year: Nil) b) PF: contribution of ₹ 3.28 lakhs (Previous year: Nil)	a) Share Capital ₹ 20 lakhs (Previous year: ₹ 20 lakhs) b) Dividend Received ₹ Nil (Previous year: ₹ 1.80 lakhs) c) Cattle loans of ₹ 5195.66 lakhs (Previous year: ₹ 2823.97 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	a) Share Capital ₹ 16.50 lakhs (Previous year: ₹ 16.50 lakhs)	a) Share Capital ₹ 7.60 lakhs (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	Repayment of unsecured loan taken from Nirvana Holdings Private Limited Nil (Previous year: ₹ 100 lakhs)	Contributions by the Company during the year: ₹ 99.32 lakhs (Previous year: ₹ 106.41)

Contd...

Note: 32 Related party disclosures as per AS-18 :

Name of the related party ==>	N Bhuvanewari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Particulars									
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL	NIL
Guarantees and collaterals	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank. 2. Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by second charge by way of equitable mortgage on the industrial property of Vice Chairperson & Managing Director of the Company .	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank 2. Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director 2. Given personal guarantee for the short term loan facility of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director						

Contd...

Note: 32 Related party disclosures as per AS-18 :

Name of the related party ==>	N Bhuvaneshwari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Particulars									
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 168.72 lakhs (Previous year: ₹ 4.80 lakhs)	₹ 55.20 lakhs (Previous year : ₹ 118.37 lakhs)	₹ 164.04 lakhs (Previous year ₹ Nil)	₹ 169.68 lakhs is outstanding to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has been remitted subsequently (Previous year: ₹ 83.60 lakhs)	NIL	NIL	NIL	NIL	Contribution amount outstanding ₹ 12.32 lakhs the same has been remitted subsequently (Previous year : ₹ 13.50 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 33 Lease

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Data Processing Equipments taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet is as under:		
- for a period not later than one year	---	---
- for a period later than one year and not later than five years	---	---
- for a period later than five years	---	---

Total operating lease expenses debited to statement of profit and loss is ₹ 2171.46 lakhs (Previous year : ₹ 1930.50 lakhs)

Total sub-lease payments received /(receivable) credited to statement of profit and loss is ₹ 3.85 lakhs (Previous year : ₹ 14.75 lakhs)

Note: 34 Earning per share (EPS)

	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Calculation of weighted average number of equity shares of ₹ 10/-each :		
Number of Equity Shares outstanding at the beginning of the year	11599500	11529500
Add: Issue of shares during the year	11599500	70000
Number of Equity shares outstanding at the end of the year	23199000	11599500
Weighted average number of equity shares outstanding during the year	23199000	11542733
b) Net Profit / (Loss) after tax	4529.99	4994.98
c) Basic and diluted Earnings per share (Before Extraordinary items) of ₹ 10 each (₹)	19.69	22.54
d) Basic and diluted Earnings per share (After Extraordinary items) of ₹ 10 each (₹)	19.53	21.64

Earnings Per Share(EPS) has been calculated after considering the bonus issue during the Financial Year ended March 31, 2014 and adjusted for all the periods presented as per AS-20 "Earnings Per Share (EPS)".

Note: 35 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The particulars of outstanding (for more than 45 days) to Micro, Small and Medium Scale business enterprises are given below

(₹ in lakhs)

Principle amount outstanding as at 31/3/2014	Interest amount outstanding as at 31/3/2014	interest paid by the company in terms of section 16 of the Act, 2006 and the amount of the payment made beyond the appointed day during the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remaining unpaid asat 31/3/2014.	Interest remaining due until scuh date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
8.79	4.21	Nil	4.21	4.21	4.21

Note: 36 Managerial remuneration of 180.44 lakhs provided during the year 2012-13 to the Executive Director has exceeded the limits specified by the Central Government by ₹ 112.33 lakhs. The same has been paid during the year 2013-14 with the approval

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Note: 37 Value of Imports calculated on CIF basis in respect of :		
Capital Goods	143.62	36.03
Total	143.62	36.03

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
a) Interest	37.03	253.86
b) Foreign travel	-	0.06
Total	37.03	253.92

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
Export of goods calculated on FOB basis	770.84	293.66
Total	770.84	293.66

* Exports to Nepal in INR during the year 2013-14 ₹ 105.30 lakhs is not included in Earnings in Foreign Currency

Note: 40 Remittance in Foreign Currency on account of dividends :

Particulars	Year Ended	
	March 31, 2014	March 31, 2013
a) Year to which the dividend relate	2013 - 14	2012 - 13
b) Amount remitted in Foreign Currency	Nil	Nil
c) Number of non-resident shareholders to whom remittances were made	NA	NA
d) Number of shares on which remittances were made	NA	NA

Note: 41 Disclosures in respect of derivative instruments :

a) Derivative instruments outstanding at the balance sheet date (₹ in lakhs)

Particulars	March 31, 2014		March 31, 2013	
	USD	INR	USD	INR
i) Forward :				
FCNR(B) - Principal	-	-	22.22	1258.22
FCNR(B) - Interest	-	-	0.40	22.55
ii) Option :				
FCTL - Principal	-	-	12.85	507.58
FCTL - Interest	-	-	19.28	761.36
iii) Swap :				
FCTL - Interest	-	-	19.28	1048.35

- b) The derivative instruments have been acquired for hedging purposes
c) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2014		March 31, 2013	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Trade receivables	-	-	\$0.66 lakhs	36.00
	-	-	Euro 1.01 lakhs	70.43

Note: 42 Statement pursuant to Section 212 of the Companies Act, 1956 related to subsidiary companies (₹ in lakhs)

Sl No.	Name of the Subsidiary	Heritage Foods Retail Limited		Heritage Conpro Limited	
		01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
1.	Financial period of the Subsidiary				
2.	Shares of the subsidiary held by the Company on the above date				
	(a) Number	165000	165000	76000	76000
	Face Value	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each
	(b) Extent of Holding	99.64%	99.64%	75.70%	75.70%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial period of the subsidiary so far as they concern members of the company:				
	(a) dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	(0.28)	(0.53)	(0.22)	(0.53)
	(b) not dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	NIL	NIL	NIL	NIL
4.	Net Aggregate amount of profits/ (losses) of the subsidiary since it became a subsidiary so far as they concern members the company:				
	(a) dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	(13.09)	(12.81)	(2.81)	(2.59)
	(b) not dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	NIL	NIL	NIL	NIL

Note 43: The details of subsidiaries in terms of General circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, is as under:

(₹ in lakhs)

Sl No.	Name of the Subsidiary ==> Particulars	Heritage Foods Retail Limited	Heritage Conpro Limited
1	Share Capital	16.56	10.04
2	Reserves and Surplus	(13.09)	(2.81)
3	Total Assets	3.86	7.62
4	Total Liabilities	3.86	7.62
5	Details of Investments	-	-
6	Turnover and Other Income	-	-
7	Profit / (Loss) Before Taxation	(0.28)	(0.22)
8	Provision for Taxation	-	-
9	Profit / (Loss) after Taxation	(0.28)	(0.22)
10	Proposed Dividend	-	-

Note: 44 Confirmation of balances for Trade Receivables / Payables, Loans and advances and others have been received from many parties. Wherever conformation of balances have not been received, they are subject to adjustment and reconciliation, if any.

Note: 45 The financial statements for the year ended March 31, 2014 are prepared as per revised Schedule VI of the Companies Act, 1956 and in or form as near as thereto. The items which are not applicable as per revised Schedule VI are not disclosed.

Note: 46 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 47 The amounts in the financial statements are presented in Indian Rupees in lakhs

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

N. Bhuvanewari
Vice Chairperson & Managing Director
(DIN : 00003741)

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

A.Prabhakara Naidu
Chief Financial Officer
(M. No. FCA 200974)

Umakanta Barik
Company Secretary
(M. No. FCS 6317)

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HERITAGE FOODS LIMITED

Formerly known as HERITAGE FOODS (INDIA) LIMITED

CIN:L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082

(Please fill this attendance slip and hand it over at the entrance of the Meeting Hall)

ATTENDANCE SLIP

DP ID*

Folio Number

Client ID*

Name (in BLOCK letters):

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 22nd Annual General Meeting of the Company to be held at **NATIONAL INSTITUTE FOR MICRO, SMALL AND MEDIUM ENTERPRISES, YOUSUFGUDA, and HYDERABAD-45** on Friday, the 26th September, 2014 at 10.30 a.m.

.....
Signature of the Shareholder / Authorized Representative/Proxy **

* Applicable for investors holding shares in electronic form

** Strike out whichever is not applicable



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PROXY FORM

[Pursuant Section 105(6) of the Companies Act 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014

Name of the Member(s):		
Registered address:		
Folio No./Client Id:	DP ID:	
E-mail Id:		

I/We, being the member(s) having shares of the above named Company, hereby appoint:

1.	Name :	Address :
	E-mail Id :	Signature :
or failing him/her		
2.	Name :	Address:
	E-mail Id :	Signature :
or failing him/her		
3.	Name :	Address:
	E-mail Id :	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Friday, 26th September, 2014 at 10:30 p.m. at National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business:				
1.	Adoption of Financial Statements of the Company for the year ended 31 March, 2014 including Balance Sheet as at 31 March, 2014 and the Statement of Profit & Loss, Reports of the Board of Directors and Auditors thereon.			
2.	Approval of dividend for the financial year ended 31March, 2014.			
3.	Appointment of Director in place of Dr. V.Nagaraja Naidu, (DIN: 00003730) who retires by rotation and, being eligible, offers himself for re-appointment.			
4.	Appointment of M/s Raju & Prasad (Firm Registration No. 003475S) as Auditors of the Company and to fix their remuneration.			
Special Business:				
5.	Appointment of Sri D Seetharamaiah (DIN: 00005016) as Non Executive Independent Director (designated a as the Chairman) of the Company.			
6.	Appointment of N.Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director .			
7.	Appointment of Sri M.Siva Rama Vara Prasad, (DIN: 00170919) as an Non Executive Independent Director .			
8.	Appointment of Sri K Durga Prasada Rao (DIN: 06888949) as Director of the Company			
9.	Appointment of Sri K Durga Prasada Rao (DIN:06888949) as Whole time Director of the Company .			
10.	Re-appointment of Smt. N.Bhuvaneswari (DIN: 00003741) as Whole time Director designated as Vice Chairperson & Managing Director of the Company			
11.	Re-appointment of Smt. N.Brahmani (DIN: 02338940) as Whole time Director designated as Executive Director of the Company			
12.	Increase the Sitting fee of Non Executive Director for attending the Board/ Committee			
13.	Alteration of the Articles of Association of the Company			
14.	Approval of the related party Transactions.			

Signed this day of2014

Affix
Revenue
Stamp

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. This Form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy, however, such person shall not act as proxy for any other person or Shareholder.

Corporate information*

Board of Directors:

Sri. D. Seetharamaiah	<i>Non Executive Independent Chairman</i>
N. Sri Vishnu Raju	<i>Non Executive Independent Director</i>
Sri. M. Siva Rama Vara Prasad	<i>Non Executive Independent Director</i>
Sri. N. P. Ramakrishna	<i>Non Executive Director</i>
Dr. V. Nagaraja Naidu	<i>Non Executive Director</i>
Sri. N. Lokesh	<i>Non Executive Director</i>
Smt. N. Bhuvanewari	<i>Vice Chairperson & Managing Director</i>
Smt. N. Brahmani	<i>Executive Director</i>

Chief Financial Officer:

CA A. Prabhakara Naidu

Company Secretary:

CS Umakanta Barik

Senior Management:

Dr. M. Sambasiva Rao	<i>President</i>
Sri. K. Durga Prasad Rao	<i>Chief Operating Officer-Dairy Division</i>
Sri. S. Jagdish Krishnan	<i>Chief Operating Officer-Retail & Bakery Divisions</i>
Sri. Anil Kumar Srivastava	<i>Chief Operating Officer-Agri Division</i>

Board Committees *

Audit Committee

Sri. D. Seetharamaiah, *Chairman*
N. Sri Vishnu Raju
Sri. M. Siva Rama Vara Prasad
Dr. V. Nagaraja Naidu
Sri. N. Lokesh

Stakeholders Relationship Committee

Dr. V. Nagaraja Naidu, *Chairman*
Sri. D. Seetharamaiah
N. Sri Vishnu Raju
Smt. N. Bhuvanewari

Nomination & Remuneration Committee

N. Sri Vishnu Raju, *Chairman*
Sri. D. Seetharamaiah
Sri. M. Siva Rama Vara Prasad
Sri. N. Lokesh

Management Committee

Sri. D. Seetharamaiah, *Chairman*
N. Sri Vishnu Raju
Smt. N. Bhuvanewari
Sri. N. Lokesh

CSR Committee

Sri. D. Seetharamaiah, *Chairman*
N. Sri Vishnu Raju
Smt. N. Bhuvanewari

Registered Office

: #6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, Tel: 040-23391221/2
CIN: L15209TG1992PLC014332, E-mail: hfl@heritagefoods.in

Statutory Auditors

: M/s. Raju & Prasad, Chartered Accountants
401, "DIAMOND HOUSE", Adj. Amrutha Hills, Panjagutta, Hyderabad - 500 082.

Bankers

: Bank of Baroda, Andhra Bank, ICICI Bank Limited.

Listed with

: BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

Registrar and Transfer Agents

: M/s Karvy Computershare Private Limited
Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

Website

: www.heritagefoods.in



Heritage Foods Limited

[Formerly known as Heritage Foods (India) Limited]

CIN: L15209TG1992PLC014332

#6-3-541/C, Panjagutta

Hyderabad-500082, Telangana

Phone: 040-23391221/2

Email: hfl@heritagefoods.in

Web site: www.heritagefoods.in



HERITAGE FOODS LIMITED

(Formerly Known as M/s. Heritage Foods (India) Limited)

CIN:L15209TG1992PLC014332

Regd .Off:# 6-3541/C, Panjagutta, Hyderabad-500 082, Telangana, India

Tel: 040-23391221/222, Fax: 040-30685458

Web: www.heritagefoods.in, e-mail: hfl@heritagefoods.in

22nd Annual Report 2013-14

BALLOT FORM

Sr. No :

1. Name and Registered Address of the Sole/First named shareholder :

2. Name(s) of the Joint Holder(s), if any :

3. Registered Folio / DP ID No. & Client ID No.* :

4. Number of Shares held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the notice dated 30th July, 2014, convening the 22nd Annual General Meeting of the Company to be held on 26th September, 2014, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below.

Item No.	Description	Type of Resolution	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Adoption of Financial Statements (Standalone & Consolidated) of the Company for the year ended 31 March, 2014 including Balance Sheet as at 31 March, 2014 and the Statement of Profit & Loss, Reports of the Board of Directors and Auditors thereon.	Ordinary Resolution			
2	Approval of dividend for the financial year ended 31st March, 2014.	Ordinary Resolution			
3	Appointment of Director in place of Dr. V.Nagaraja Naidu, (DIN: 00003730) who retires by rotation and, being eligible, offers himself for re-appointment.	Ordinary Resolution			
4	Appointment of M/s Raju & Prasad (Firm Registration No. 003475S) as Statutory Auditors of the Company and to fix their remuneration.	Ordinary Resolution			
5	Appointment of Sri D Seetharamaiah (DIN: 00005016) Director as Non Executive Independent Director (designated as Chairman) of the Company.	Ordinary Resolution			
6	Appointment of N.Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director.	Ordinary Resolution			
7	Appointment of Sri M.Siva Rama Vara Prasad, (DIN: 00170919) as an Non Executive Independent Director	Ordinary Resolution			
8	Appointment of Sri K Durga Prasada Rao (DIN: 06888949) as Director of the Company	Special Resolution			
9	Appointment of Sri K Durga Prasada Rao (DIN:06888949) as Whole- time Director of the Company.	Special Resolution			
10	Re-Appointment of Smt N.Bhuvaneswari (DIN:00003741) as whole-time Director Designated as Vice-Chairperson & Managing Director of the company	Ordinary Resolution			
11	Re-Appointment of Smt N.Brahmani (DIN:02338940) as whole-time Director Designated as Executive Director of the company	Ordinary Resolution			
12	Increase the Sitting fee of Non Executive Director(s) for attending the Board/Committee(ies)	Special Resolution			
13	Alteration of the Articles of Association of the Company	Special Resolution			
14	Approval of the related party Transactions.	Special Resolution			

Place :

Date :

Signature of the Shareholder

NOTE: Kindly read the instructions printed overleaf before filing the form. Valid Ballot Forms received by the scrutinizer by 6:00 pm. on 22nd September, 2014 shall only be considered.

