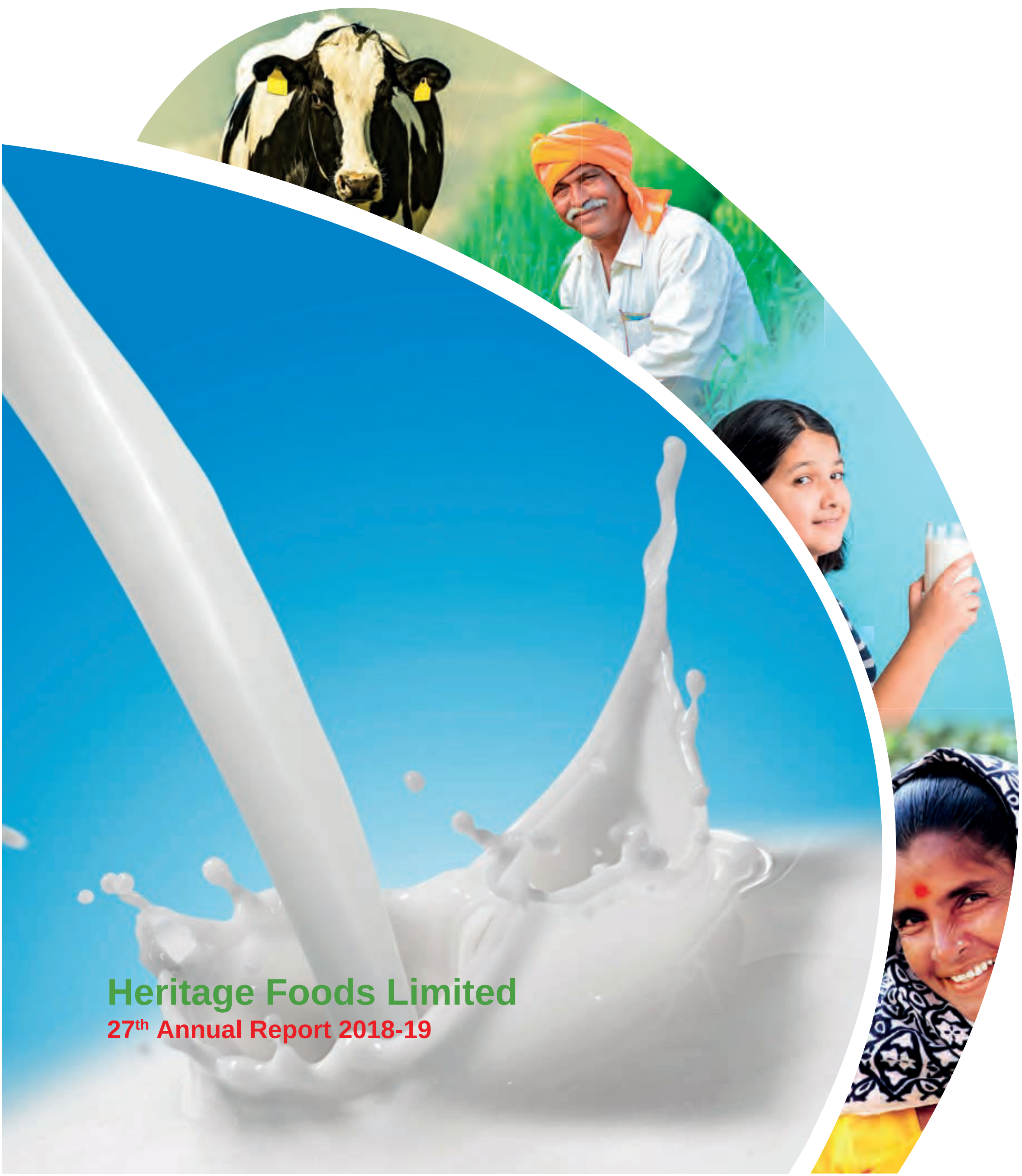
HEALTH AND HAPPINESS

Delivering Happiness



Heritage Foods Limited

27th Annual Report 2018-19

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Delivering Happiness

At Heritage Foods Limited we are committed to creating economic and social value for our stakeholders. We deliver happiness by identifying and addressing the key concerns of our stakeholders.

DELIVERING HAPPINESS - HOW WE CREATE VALUE

AT HERITAGE WE CREATE ECONOMIC AND SOCIAL VALUE BY IDENTIFYING AND ADDRESSING THE KEY CONCERNS OF OUR STAKEHOLDERS AND THEREBY DELIVERING HAPPINESS TO THEM

Milk Producers

- Regular income through co-operative efforts / women's participation
- Providing remunerative prices for milk and increasing milk productivity through input and extension activities
- Credit facilitation for purchase and insuring of cattles
- Organising cattle healthcare activities and supplying cattle feed at reasonable prices

Customers

- Supplying pure & fresh products on timely basis
- Supplying quality milk and milk products at affordable prices
- Securing more than 15 lakh happy customers
- Ensuring customer care
- Supplying products through multiple channels like MRF, e-Commerce & Parlours - convenience

Shareholders

- Dividend Payment since Public Issue 1994 (except for one year)
- Highly prioritising the investor services
- Providing transparent disclosures

300,000

Farmers

1,500,000

Households

₹ 17.98

(EPS - Annualised)

Employees

- Enhancing technical and managerial skills of employees through continuous training and development
- Instituting best practices in appraisal systems, incentive, bonus and reward systems to motivate employees
- Providing fair opportunities to all for career development

Business Channel Partners

- Progressively partnering with our Distributors.
- Our Heritage Parlours and Heritage Distribution Centres provide entrepreneurial and employment opportunity for many aspiring people in the society.

Society

- Providing self-employment to more than 12715 procurement representatives in rural areas
- Providing income generating opportunities to more than 7063 sales representatives and to 1365 franchisees associated with the Company
- Focusing on sustainable development initiatives with 10.30 MW of renewable energy for running our infrastructure

₹ **13,685** Lakh

Employee Benefit Expenses

7063

Distributors

₹ **194** Lakh

FY 19 CSR Expenditure

ABOUT US

HERITAGE IS ONE OF THE LEADING PUBLIC LISTED FOOD COMPANY IN INDIA, WITH TWO BUSINESS DIVISIONS - DAIRY AND RENEWABLE ENERGY

Heritage Foods Limited (HFL) was founded by Mr. Nara Chandrababu Naidu in the year 1992, and is a leading Public Listed food company in India, with two business divisions - Dairy and Renewable Energy. The annual turnover of Heritage Foods was INR 2482 crores in the financial year 2018-19.

Currently, Heritage's milk and milk products have a market presence in Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharastra, Odisha, NCR Delhi, Haryana, Rajasthan, Punjab, Uttarakhand, Himachal Pradesh, Uttar Pradesh & Madhya Pradesh.

In the year 1994, HFL went public and was oversubscribed 54 times. HFL shares are listed on the BSE (Stock Code: 519552) and the NSE (Stock Code: HERITGFOOD). The markert capitalisation of the Company as on 31st March 2019 is ₹ 2527 cr.

MILESTONES /INITIAL PUBLIC OFFER

1992
Year of Incorporation

1993
Year of Commercial Production

1994
Initial Public Offer

2013
Setup of first Solar Energy Power Plant

1:1 Bonus Equity Shares

2013
Mrs. N Bhuvaneswari, VC & MD, named as one of the most powerful business woman in India by Fortune India

2014
Entered into India's Prestigious ET top – 500 companies list

Vision:

Delighting every home with Fresh & Healthy products and empowering the Farmer

Mission:

To be a nationally recognized brand for Healthy and Fresh products with a revenue of INR 6000 Crore by 2024

To anticipate, understand and respond to our Customers' needs by creating high-quality products and making them available through innovative and convenient channels

To embrace the right technology to delight our Customers

Advocating the balancing of economic, social and environmental aspects to create a better tomorrow

Empowering the farmer community through our unique 'Relationship Farming' Model

Be the Employer of Choice by nurturing entrepreneurship and promoting empowerment, alongside transparency

2002

Buy back of shares

2006

Business Expansion

2010

Establishment of Heritage Farmer Welfare Trust

2016

Commissioned the 1st Wind Power Plant

Received the Golden Peacock Award for Excellence in Corporate Governance

Board approved the demerger of Retail undertaking

2017

Silver Jubilee year of the company

New Brand Identity - logo

Golden Peacock Award for Excellence in Corporate Governance

2018

Launched new ice cream brand "Alpenvie"

MESSAGE FROM CHAIRPERSON

WE REMAIN ON TRACK TO MEET OUR LONG-TERM GOALS OF BECOMING A NATIONAL DAIRY BRAND AND ACHIEVING A REVENUE OF ₹ 6000 CR.

Dear Shareholder

Welcome to our annual report for FY 2019. This year's report comes with a unique theme "Delivering Happiness". Delivering happiness to our stakeholders is akin to the core purpose of our company. I encourage you to read contents of this report and mail your valuable feedback and suggestions to hfl@heritagefoods.in

Our Strategic Environment

While the global dairy segment has been stagnating, in India all touch points of the dairy value chain which includes dairy farming, processing, product development, logistics and retailing have been witnessing modernization and exponential growth. With the increase in disposable income and urbanization, milk and milk products consumption is increasing which in turn is assisting in the organised dairy segment in growing strength. The value-added dairy segment is steadily grabbing the consumer's basket.

With the demand for dairy products growing, and stable performance of the industry, immense growth opportunities are existing for organized and established players like our company.

How we Performed

We remain committed to our strategic blueprint as we move toward our vision to be a National dairy company. Performance value creation is our goal, and I am pleased to report that FY 2019 marked another outstanding year in delivering stakeholder value. Overall own milk procurement volumes increased by 10.41%. As part of increasing our product penetration we increased our distribution through retail outlets.

During the year we also advanced in terms of increasing our operational network, focusing on product diversification as well as process improvements. We remain on track to meet our long-term goal of becoming a national dairy brand and achieving a revenue of ₹ 6000 Cr. We continue to distinguish Heritage as a leading dairy company through customer collaboration that matches changing consumer tastes and trends.

Our performance in FY19 was encouraging with revenue growth from milk and value added segments. We achieved a net turnover of ₹ 2482 Cr. in FY 19 as against ₹ 2344 Cr. in the previous year. EBIDTA during the year was ₹ 192 Cr. as against ₹ 133 Cr. in FY18. PBT increased to 129 Cr. in FY19 from ₹ 88 Cr. in FY18.

Healthy and happy cows are the foundation of the success of dairy farmers. Managing dairy farms is essentially managing cows. Our wholly owned subsidiary company, Heritage Nutrivet Limited (HNL), deals with the most essential foundation of animal welfare i.e Animal Nutrition. Heritage Nutrivet Limited manufactures and supplies animal feed variants to enhance milk production, reproductive ability and overall health & immunity of cattle. During the year HNL revenue stands at ₹ 74 Cr. as against 67 Cr. in FY18

Going forward

In India, organised dairy sector is growing. While the private sector and cooperative sector are contending each other for a larger market share, the consequence of a healthy competition is a strong dairy value chain emerging in India from which all stakeholders will reap benefits. Heritage as a leading dairy company is a key participant in strengthening India's dairy value chain.

As a member in the Board of the company and Chairperson I have witnessed our company growing by achieving many strategic milestones. Going forward I feel confident that our company will continue to sustain its performance.

Devineni Seetharamaiah
Chairperson

FY 19 KEY HIGHLIGHTS & EVENTS

Net Turnover

₹ 2482.35 Crores

Farmers associated as partners for milk procurement

300,000

Processing Plants

17

Milk Procurement Representatives

12715

Liquid milk sold in 2018-19

11.11 LLPD

Distributing Agents

7063

Milk procured in 2018-19

13.83 LLPD

Franchise Parlours

1365

Bulk Coolers

112

Social Relationship Capital

₹ 194 Lakh

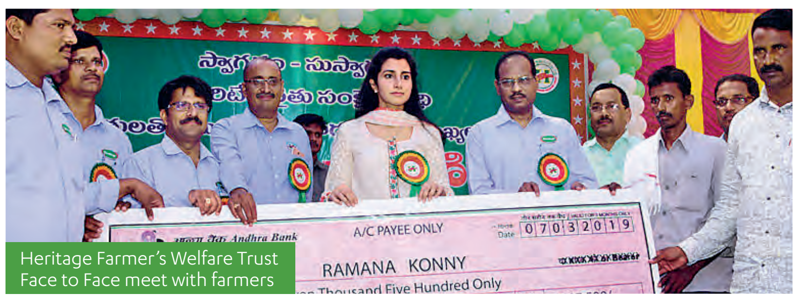

Inauguration of Ice Cream Extruder at Uppal Plant


Cow Milk Launch in Haryana

Launched new range of Lassi with goodness of 'Ragi' and 'Sabja'


UHT milk launched


Inaugurated Chilling Centre at KK Gunta, Dagadarthi Mandal, Nellore Dist., Andhra Pradesh



Heritage Farmer's Welfare Trust Face to Face meet with farmers


New Chilling Centre opened at Nellimarla


MOU signed with SBI, Bangalore Circle to facilitate cattle loans to Heritage Milk producers

Curd Block Inauguration at Vadamadurai Plant


Inauguration of Feed Plant at Mallavalli, Mapulapadu Mandal, Krishna Dist., Andhra Pradesh

BOARD OF DIRECTORS


1


2


3


4


5


6


7

1

Mr. Seetharamaiah Devineni

Non-Executive Independent Chairperson
DIN : 00005016

He is a Commerce graduate from Andhra University and a Fellow Member of the Institute of Chartered Accountants of India. He is a Senior partner of Brahmayya & Co., a leading Chartered Accountant firm. Has held various coveted posts, which include Membership of the Southern Regional Board of Reserve Bank of India, Federation of Andhra Pradesh Chamber of Commerce and Industry etc.
He is also on the board of several other companies.

In the Board Committees of:

AC MC C CSR C

2

Mr. N Sri Vishnu Raju

Non-Executive Independent Director
DIN : 00025063

He is the Founder Chairman and Chief Executive Officer of the EXCIGA group. A Director in several public and private companies, he has held several positions including the Founder and President of Entrepreneurs Organization, Hyderabad, President of CII's (Confederation of Indian Industries) Young Indians, Hyderabad Chapter and a Member on the State Council of CII. He holds a Bachelor's Degree in Chemical Engineering from Osmania University, Andhra Pradesh.

In the Board Committees of:

AC C NRC C SRC RMC MC CSR

3

Mr. Rajesh Thakur Ahuja

Non-Executive Independent Director
DIN : 00371406

He Graduated in Production Engineering from Pune University Engineering College. He Started Silver line Wire Products in 1993 as a manufacturer of plastic coated wire products for household applications. In 1998, he started marketing under the brand name of Sleek. He is currently pursuing the Owner President Management Programme at Harvard University, USA. He is also on the board of several other companies.

In the Board Committees of:

AC NRC RMC C

4

Mrs. Aparna Surabhi

Non-Executive Independent
Women Director
DIN : 01641633

She is a Fellow Member of Institute of Chartered Accountants of India, and holds a Bachelor's degree in Commerce from Bombay University in addition she is a Bachelor's of Law from Bombay University and has been practicing as Chartered Accountant since 1991. She has more than 25 years of experience in handling various kinds of audit and has been a consultant for many start-up businesses.

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Mrs. Brahmani Nara

Executive Director
DIN : 02338940

She holds a Master's degree in Business Administration from Stanford University, Bachelor's degree in Electrical Engineering from Santa Clara University, California, USA and Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She worked as an Investment Associate in Vertex Venture Management Pvt Ltd between 2009-2011 in Singapore. She joined Heritage in 2011 as Vice President Business Development and is now serving as Executive Director. She leads vital functions such as design, development and implementation of strategic plans for the organization in a cost-effective and time-efficient manner.

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Dr. Nagaraja Naidu Vadlamudi

Non-Executive Director
DIN : 00003730

He is a M.Com, M.Litt and a PhD. (Financial Management) started his career from the Administrative Staff College of India, Hyderabad in 1972. He has held various positions in reputed universities such as Professor, Dean, Director, etc., and has taught in the fields of Finance and Business Economics at Post Graduate and Doctorate levels for about 25 years. Has been the Registrar (Administrative Head) of Dr B R Ambedkar Open University for about 10 years. He has been associated with the company since its inception and has been able to utilize his intimate understanding of the rural socio-economic scenario to strengthen milk procurement systems and strategies of Heritage, all of which has contributed to the current status of Heritage as a leading player in South India.

In the Board Committees of:

AC SRC C

6

Mrs. Bhuvaneswari Nara

Vice-Chairperson & Managing Director
DIN : 00003741

She holds a Bachelor's degree in Arts and a Director for several companies. She is a dynamic leader who has extensive experience in business and has been successfully steering Heritage Foods Limited towards growth and better prospects. She joined Heritage in 1994 as whole-time Director and is now serving as Vice Chairperson & Managing Director. She guides and monitors the overall workflow of the organization.

In the Board Committees of:

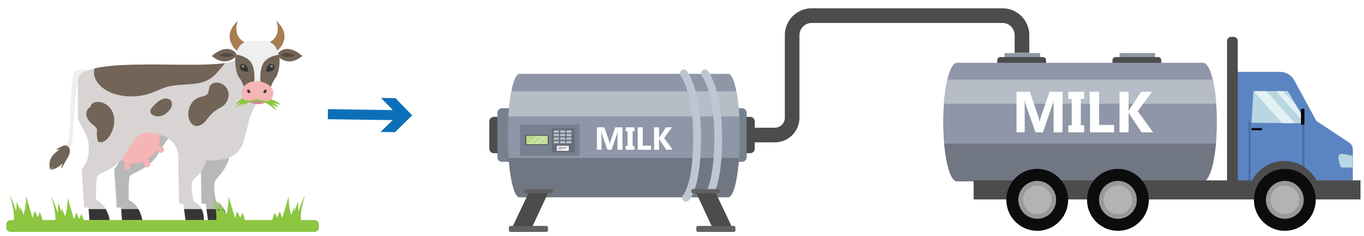
SRC RMC MC CSR

C Chairman of the Committee

NRC Nomination & Remuneration Committee
SRC Stakeholders Relationship Committee
RMC Risk Management Committee
AC Audit Committee
MC Management Committee
CSR CSR Committee

OUR TECHNOLOGY ENABLED VALUE CHAIN

AT HERITAGE IT'S THE MANAGEMENT'S FIRM CONVICTION THAT TECHNOLOGY ENABLED GRASS TO GLASS SUPPLY CHAIN IS ESSENTIAL TO STRENGTHEN THE MILK SUPPLY CHAIN



Milk Procurement (Digital Transformation)

Our digitally automated procurement systems generate SMS alerts to procurement representatives and Procurement & Inputs (P&I) teams on quality & quantity, fortnightly payments, milk tanker acknowledgements & vendor payments. Automated mail alerts are also created on MCC code creation, SNF levels, MBRT deviations, and on many more procurement related operational matters.

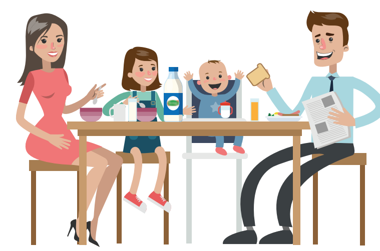
Heritage Control Center (HCC)

HCC is a digitally enabled operation which create SMS alters from all plants on milk and milk stocks, tanker monitoring, actions, status, representative feedbacks, weekly status reports and many more related activities.

Materials Management

Material Management in Heritage has a digitally enabled approval process through mobile from Purchase Requisitions to Purchase Order release. This is also equipped with physical invoice submission tracking system and communication of capex materials status for that financial year for purchase requisitions / purchase order details.

At Heritage it's the management's firm conviction that technology enabled grass to glass supply chain is essential to strengthen the milk supply chain. Further, for better customer and farmer insights, the Company has embarked on a digital transformation journey. The Company has adopted technology enabled marketing, and it is expected to help the Company gain better customer and farmer insights through leveraging IT & Analytics.



Operations

Digitally enabled operations at Heritage takes care of dispatch monitoring through GPS, product shelf life and related merchandising operations. The entire logistics and cold chain system is also technology enabled so as to facilitate online monitoring.

Sales and Distribution

Our IT enabled sales automation generates daily sales reports, and periodical analysis of sales. E-alerts and status of the inventory via SMS alerts also go to our channel partners on indent confirmation, incentives & new schemes.

Customers

The Company has engaged a technology partner to handle digital advertising and performance marketing, for the brand Heritage. Technology & analytic centric approach and insight based communication strategies will help the Company to achieve the desired business results through better customer insights.

AT HERITAGE, WE BELIEVE IN A PROGRESSIVE & EQUILATERAL SOCIETY WHERE WE ARE HIGHLY INVOLVED IN CREATING POTENTIAL EMPLOYMENT GENERATION

Dear Shareholders

It gives me immense happiness to reflect on the founding principles of our company while we embank on our mission to make Heritage a ₹ 6000 Cr Company. The Company was founded in 1992 with a core vision to empower dairy farmers by strengthening the milk value chain. Today we are performing successfully in the Dairy, Veterinary feed & Renewable energy businesses. As a recognised national dairy brand, our operations are spread across 15 states in India.

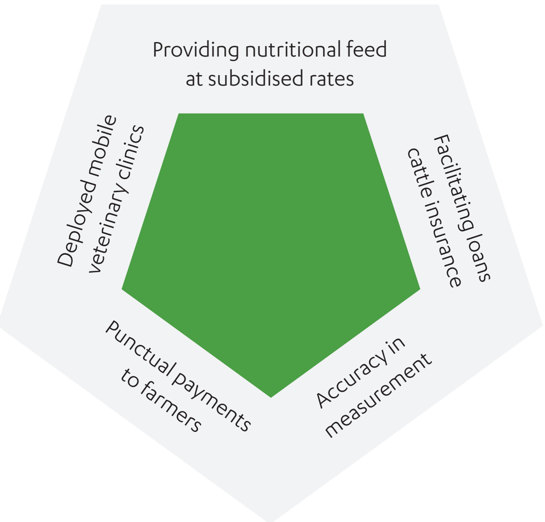
Our endeavour to anticipate, understand and respond to our Customers' needs by creating high-quality products, and making them available through innovative and convenient channels has helped us to grow to this stage. We have embraced the right technology to delight our Customers, at the same time advocating the balancing of economic, social and environmental aspects to create a better tomorrow.

Our Farmers

We have won the trust of over 3 lakh farmers by way of strengthening their market linkages.

Apart from procuring milk and making punctual payments, we also empower them by way of providing nutritional feed at subsidised rates, deployment of mobile veterinary clinics, facilitating farm loans and cattle insurance.

Our unique farmer relationship model for Winning Farmers' Trust is as below



Our Customers

Our vision is to delight every home with Fresh & Healthy products. Ensuring our customers timely supply of pure milk & fresh value added products at affordable price is our product responsibility. Today we have more than 15 lakh happy consumers and our dedicated customer care centres cater to all types of queries.

Our Employees – Our Pride

I am proud of each of our employees who have worked selflessly throughout to make our organisation reach where we are today. We will continue support their growth by enhancing the technical and managerial skills through continuous training and development initiatives.

Our Encouraging Shareholders

Our Shareholders have always supported, guided and encouraged us to move forward. We are paying dividends since our Public Issue except during 2008-09. Our impeccable service has been focused to give highest importance given to investor service; and very transparent disclosures have always been our organisation's motto.

The Society we would like to develop / contribute to

At Heritage, we believe in a progressive & equilateral society where we are highly involved in generating potential employment. Today we have more than 3011 direct employees working with us and ever growing. We also provide indirect employment and entrepreneurial opportunity to many through our stakeholders such as milk suppliers, raw material suppliers, dealers and distributors.

Future for us

As we work towards a goal of generating a revenue of INR 6000 Crore by 2024, we are also striving to be the Employer of Choice by nurturing entrepreneurship and promoting empowerment, along with transparency. Our Core Values and Vision have really defined us as an organisation of integrity and they also show us the direction as we move from strength to strength.

N Bhuvaneswari
Vice-Chairperson &
Managing Director

REVIEW BY EXECUTIVE DIRECTOR

OUR TWIN STRATEGY FOR GROWTH CONTINUES TO BE FOCUSSED ON EXPANDING OUR VALUE ADDED PRODUCTS PORTFOLIO AND INCREASING OUR NATIONAL PRESENCE

Key Strategic Initiatives in FY19 and Outcomes

Our twin strategy for growth continues to be focussed on expanding our value added product portfolio and increasing our national presence. We have expanded our value-added products basket during FY19 year by launching a new range of health drinks, Ragi and Sabja Lassi.

Our new plant near Mumbai for the manufacturing of yogurt, which is part of a joint venture with leading French Company, should be ready during the current financial year. Revenue Contribution from valued added produce grew from 23% in FY18 to 25% in FY19.

The Company is embarking on its vision 6000 Cr by 2024. How the Company is planning to achieve this goal?

Our goal under mission ₹ 6000 Cr. is focussed on making Value added dairy products (VADP) a ₹ 2400 Cr segment. We aim to maintain an annual growth of 3-4% in VADP sales. The Company has embarked on this mission by way of expanding milk procurement volumes, processing facilities and products marketing. Primarily, this expansion plan will be organic. However we are also open to inorganic opportunities.

In terms of operations, achieving this mission is equivalent to handling about 28 lakh liters of milk per day procured from 6 lakh farmers and serving 30 lakh consumer households.

Our procurement capacity with respect to chilling is 19.6 LLPD and with infusion of capex we plan to expand it to 35 lakh litres per day in the next five years.

At present, the value-added portfolio accounts for 25% of our dairy revenue which we aim to take to 40% in the next five years.

In the recent years we have been expanding into more states. Beyond Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra etc. we have expanded our markets in Northern India.

One of the key geographical strategy is to increase our foot print in high milk producing and consuming states. Besides Southern and Western states, we are procuring milk in Punjab, Haryana, Rajasthan and selling products in Uttarakhand, Punjab, Haryana, Rajasthan, Uttar Pradesh, Himachal and Delhi NCR. We expect the growth to come from introduction of high value added products and penetrating deeper into existing territories. With respect to branding and merchandising, the company plans to expand its retailing network as well as increase the promotional outlay.

Operational Highlights

We consider the core objectives of our operational strategies to improve and strengthen our value chain. Operational process optimization is of vital importance within the dairy industry. The high perishability of milk products makes us optimize our procurement, process and merchandising plans. Our operational model is to reduce or eliminate any time and/or resource wastage, unnecessary costs, bottlenecks, and redundancies to services. Technology will play an important role in delivering high quality products.

We have an information technology enabled farm-to-customer monitoring systems to make our value chain seamless. Our procurement, logistics, processing and merchandising have undergone digital transformation in the recent years. We are also using digital platforms to better understand consumer behaviors.

N Brahmani
Executive Director

Heritage
HEALTH AND HAPPINESS

10 YEARS FINANCIAL HIGHLIGHTS

(₹ in million)

Particulars	1	2	3	4	5	6	7	8	9	10
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	9,004	10,961	13,934	16,018	17,220	20,730	23,806	18,714	23,440	**24,823**
Other Income	29	48	32	42	50	70	66	37	72	**111**
Fair Value gain on FVTPL Equity Securities	-	-	-	-	-	-	-	2,468	3,954	**1,311**
Total Income	9,033	11,009	13,966	16,060	17,270	20,800	23,871	21,219	27,466	**26,245**
Earnings before Depreciation, Interest and Tax (EBITDA)	470	389	526	1,034	987	881	1,365	1,490	1,333	**1,924**
Depreciation & Amortization	196	199	212	220	250	340	345	249	370	**437**
Interest	167	160	178	148	119	150	146	93	166	**200**
Loss due to changes in fair value of derivative liabilities	-	-	-	-	-	-	-	385	3870	**1,311**
Provision for Taxation	50	18	42	137	159	109	306	307	277	**452**
Profit after Tax	56	11	93	500	453	282	554	2,926	604	**834**
Cash Profit/(Loss)	252	211	305	720	703	622	899	1,092	890	**1,272**
Equity Dividend (%)	18	12	20	30	30	30	30	40	40	**40**
Dividend Payout	24	16	27	41	81	84	84	112	112	**112**
(Including Tax on Dividend)										
Equity Share Capital	115	115	115	116	232	232	232	232	232	**232**
Reserves and Surplus	754	750	816	1,303	1,558	1,698	2,168	5700	7548	**7,818**
Networth	869	865	931	1,419	1,790	1,930	2,400	5932	7780	**8,050**
Gross Fixed Assets	2,942	3,175	3,459	3,635	4,196	4,623	5,184	3050	4632	**5551**
Net Fixed Assets	2,152	2,217	2,303	2,368	2,715	2,807	3,120	2874	4247	**4757**

KEY INDICATORS

Particulars	1	2	3	4	5	6	7	8	9	10
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Earnings per share -₹	4.85	0.97	8.10	21.64*	19.53	12.16	23.89	63.06	13.01	**17.98**
Cash Earnings per Share -₹	26.32	19.84	26.47	31.03*	30.31	26.81	38.77	23.53	19.18	**27.40**
Book Value per share - ₹	75.35	75.05	80.77	61.16*	77.15	83.29	103.45	127.85	167.67	**173.48**
Debt : Equity Ratio	1.34:1	1.15:1	0.99:1	0.42:1	0.25:1	0.29:1	0.27:1	0.13:1	0.21:1	**0.24:1**
EBITDA/Turnover - %	5.22	3.52	3.77	6.27	5.73	4.25	5.68	7.96	5.68	**7.75**
Net Profit Margin - %	0.62	0.10	0.67	3.12	2.63	1.36	2.33	15.64	2.58	**3.36**
RONW - %	6.45	1.29	10.02	35.21	25.32	14.62	23.1	49.33	7.76	**10.37**

* EPS and book value per share for F.Y. 2012-13 has been adjusted on account of issue of bonus shares
Fair value gain on FVTPL equity shares and loss due to changes in fair value of derivative liabilities were not considered in EBITDA and cash profit

HOW WE PERFORMED

(STANDALONE)

Net Turnover (₹ in crores)

FY 14-15	2072.97
FY 15-16	2380.58
FY 16-17	1871.44
FY 17-18	2344.01
FY 18-19	2482.35

EBITDA (₹ in crores)

FY 14-15	88.08
FY 15-16	136.47
FY 16-17	149.23
FY 17-18	133.32
FY 18-19	192.43

PBT (₹ in crores)

FY 14-15	39.14
FY 15-16	85.98
FY 16-17	323.31
FY 17-18	88.08
FY 18-19	128.69

Networth (₹ in crores)

FY 14-15	193.00
FY 15-16	240.00
FY 16-17	593.22
FY 17-18	778.01
FY 18-19	804.96

Gross Fixed Assets (₹ in crores)

FY 14-15	462.30
FY 15-16	518.40
FY 16-17	304.99
FY 17-18	463.18
FY 18-19	555.11

Net Fixed Assets (₹ in crores)

FY 14-15	280.70
FY 15-16	312.00
FY 16-17	287.41
FY 17-18	424.71
FY 18-19	475.66

OUR PEOPLE

HERITAGE FOODS SEES HUMAN CAPITAL AS KEY SUCCESS FACTORS IN CREATING SUSTAINABLE VALUE

Our employees, with their talent, skills and personal attributes, play a vibrant role in creating value for all our stakeholders. Heritage Foods sees human capital as one of the key factors in creating sustainable value.

Our HR commitments

We are focussed towards enhancing the technical and managerial skills of employees through continuous training and development.

We have aslo instituted the best appraisal systems to motivate our employees.

In FY 19 the Company conducted 195 skill and leadership development programs in which 2957 employees participated.

The organisation has been fostering incentives, bonus and reward systems to encourage its employees.

We have also been providing fair opportunities to all for career development.

Our Approach

Our Human Resource (HR) initiatives are aimed at acquiring, enhancing and developing the required talent across all functions for achieving the Company's business goals.

Talent Retention Initiatives

- STAR Performers Career Planning & Development Policy.
- Focus Group Interaction.
- Long term service recognition & felicitation policy.
- Team building & OBL Programs with functional heads.

HR Awards

- "100 Top HR Minds in India" award by Times Ascent, World HRD Congress.
- "Top 100 Organizations with Innovative HR Practices" award by Times Ascent & Asia Pacific HRM Congress.

MERCHANDISING: PARLOURS AND DISTRIBUTION CENTRES

HERITAGE PARLOURS AND HERITAGE DISTRIBUTION CENTRES AUGMENT AVAILABILITY OF HERITAGE RANGE OF PRODUCTS ACROSS ITS MARKETS AND HELP IN ENHANCING THE BRAND EQUITY

Heritage Parlours

Heritage Parlours are exclusive Franchise based outlets selling the entire range of Heritage products including Heritage milk, milk products, ice cream/ frozen desert and also products supplied/approved by Heritage Foods.

With a well-established network of over 1365 Parlours in Hyderabad, Vishkapatanam, Rajamahendravaram, Vijayawada, Tirupati and Chennai, Heritage Parlours play a vital role in ensuring that Heritage products are available to customers at their doorstep. We consider every parlour a brand ambassador of Heritage.

1365 Outlets

In Hyderabad, Visakhapatnam, Rajamahendravaram, Vijayawada, Tirupati and Chennai.

Heritage Distribution Centre

The Heritage Distribution Centre (HDC)is an exclusive distribution wing for Heritage Foods Ltd., selling the entire range of Heritage products including Heritage Milk, milk products, ice-cream, and private label products and also products supplied/authorized by Heritage Foods.

We consider the HDC to be a brand ambassador of the Heritage brand and the Company along with the Franchisee, ensures that every Heritage Distribution Center delivers the right service to customers.

41 Outlets

In Bengaluru, Chennai, Delhi, Punjab, Mumbai, Rajamahendravaram and Vijayawada.

Heritage
HEALTH AND HAPPINESS

OUR PRODUCTS - MILK

Fresh & Pure Milk is procured from farmers and processed, pasteurized, homogenized and packed at our-state-of-the-art processing plants with utmost care to ensure goodness.

Toned Milk

Fresh & pure milk is procured from our farmers and processed, pasteurized, homogenized and packed at state-of-the-art processing plants with utmost care to ensure goodness. Homogenized Tone Milk nurtures a healthy body, and in turn, a healthy mind. Milk is available in poly packs of various sizes.

Double Toned Milk

Double Toned Milk is low in fat, yet retains milk's other benefits. Especially, for those who want to stay away from fat yet seek calcium, Double-Toned Homogenized Milk is best suited. Milk is available in poly packs of various sizes.

Full Cream Milk

Full Cream Milk is rich in fat, and therefore suitable for those with a low BMI. Moreover, it is at its purest and best because it is processed at our state-of-the-art processing plants. Milk is available in poly packs of various sizes.

Standardized Milk

Fresh & pure milk is procured from our farmers and processed, pasteurized, homogenized and packed at state-of-the-art processing plants with utmost care to ensure goodness. Our Standardized milk is available in poly packs.

Cow Milk

Golden Cow Milk is the culmination of a series of steps such as procurement, processing, pasteurization, homogenization and packaging at state-of-the-art processing plants with utmost care to ensure goodness. Our Golden Cow Milk is available in poly packs.

Slim Milk

Skimmed Milk contains the least fat and is thus ideally most suitable for people of all ages. Milk is processed to separate fat, pasteurized, and packed at state-of-the-art processing plants with utmost care to ensure the goodness.

UHT Milk

Fresh & pure milk is procured from our farmers, processed, and pasteurized at ultra-high temperature (UHT) to ensure each and every particle of milk is free from bacteria and packed diligently at state-of-the-art processing plants to ensure goodness. Heritage Special Milk (UHT MILK) is available in multilayered oxygen barrier poly packs.

OUR PRODUCTS - VALUE ADDED

Curd

Heritage Curd is one of the flagship value-added products from the house of Heritage. Heritage Curd is prepared with a selected culture of beneficial bacteria. The culture is selected after research by a team of experts to impart a thick, creamy, rich, and glossy texture.

Revenue from Value Added Products

₹ 61,905 Lakh

The value added products have been growing at a CAGR of 17.41% over the last 4 years.

Sweet Lassi

Sweet Lassi is made with pasteurized homogenized curd. Lassi is a fermented drink containing healthy bacteria. Lassi is thick and rich, with a natural elaichi flavor.

Heritage Sabja Lassi is a very healthy and nutritious fermented drink; It is made by mixing Sabja seeds and fresh curd together followed by smoothening of the mixture.

Buttermilk

Buttermilk is prepared from fresh and pure curd in state-of-the-art processing plants with utmost care to ensure goodness. Different variants of buttermilk like plain, salted, spicy, Jeera are available.

Ragi & Sabja Lassi

During this year your Company has launched a new range of health drinks-Lassi with goodness of 'Ragi' and 'Sabja'. These health drinks provide several benefits like cholesterol reduction, weight loss, easy digestion and is also rich in calcium. Ragi Lassi helps in weight reduction, while Sabja lassi is rich in calcium.

OUR PRODUCTS - ICE CREAMS

Tubs

Alpenvie Ice-creams are made with nuts/fruits and are available in exciting favorite flavours (Chocolate, Pineapple, Fruit Fusion, Pistachio, Butterscotch, Vanilla and Rajbhog)

Bars

Everyone likes a good ice-cream bar. Well, with our range we have something different for everybody. (Almond Crunch, Black Currant, Chocolate Overload, Classic Vanilla, Mango Lychee and Melon Rush)

Kulfi

Classic Kulfi: The coolest traditional ice-cream to be ever made

Kohinoor Kulfi: Kohinoor Kulfi is made with Real Kesar, Almond and Cashew nut powder

Cones

Offers a range of crunchy biscuits with a blend of delightful flavours and colours. (Strawberry, Butterscotch, Banana caramel, Black Currant, Rajbhog, Double chocolate, Vanilla and Chocochips)

Cups

Everyone loves this new found delicacy of Heritage ice-cream which is also available in delightful cups such as Vanilla, Strawberry, Butterscotch, Chocolate and Orange tango.

Juicy Bars

Get more joy at less price and in many different flavours (Grape Jelly, Raspberry Twin, Mango Twin, Orange Juice and Mango Juice) .

Family Packs

This range of packs provides family enjoyment in delicious flavors of Vanilla, Strawberry, Butter Scotch, Anjeer Badam, Badam Pista Kesar, Orange Tango, Mango, Chocolate & Lychee Caramel

OUR PRODUCTS - OTHERS

Flavoured Milk

It is prepared from fresh & pure Heritage Double Toned Milk in various Food-grade nature identical flavours & colours. We provide different variants of Heritage Flavoured Milk in glass bottles and PP bottles. It is a delicious and refreshing milk-based drink.

Paneer

Fresh & pure milk procured from our farmers is processed, and packed in state-of-the-art processing plants with utmost care to ensure goodness. Heritage Fresh Paneer is uniform and has a pleasing white appearance. It has a mild acidic flavor with a soft, cohesive and compact texture. It is vacuum packed in a multilayered film to maintain freshness.

Doodh Peda

Heritage Doodh Peda is made from pure and fresh milk. With addition of the right amount of sucrose, it is rich in taste and granular, with better chewiness. You can never stop with one bite.

Milk Cake

Heritage Milk Cakes are made from highest quality skimmed milk powder and pure ghee. It is ready to melt in the mouth, with its smooth texture and rich in taste.

Ghee

Prepared from pure butter in state-of-the-art processing plants with utmost care to ensure goodness. Three variants are available from the House of Heritage.

Cow Ghee - Prepared from pure cow butter, it is golden yellow in colour. It has a good aroma and is granular in texture.

Buffalo Ghee - Prepared from pure buffalo butter, it is white in colour. It has a good aroma and is granular in texture.

Hi Aroma Ghee

It is prepared from pure ripened cream with a selected bacterial culture in state-of-the-art processing plants with utmost care to ensure goodness. Hi-Aroma Ghee is light brown in color with a naturally developed rich aroma and smooth granules.

Table Butter

The rich Heritage Salted Butter is made from best quality fresh cream and contains no added ingredients other than salt. Manufactured in state-of-the-art processing plants with utmost care to ensure goodness, it goes just with anything, from as basic as bread toasts to as diverse as Mughalai dishes.

Cooking Butter

The rich Heritage Unsalted Cooking Butter is made from best quality fresh cream in state-of-the-art processing plants with utmost care to ensure goodness.

OUR BUSINESS – RENEWABLE ENERGY

WE HAVE COMMISSIONED AND HAVE BEEN DISTRIBUTING ENERGY THROUGH OUR CAPTIVE SOLAR & WIND POWER PLANTS AT 11 DIFFERENT PLANTS AND LOCATIONS

We at Heritage have recognized our responsibilities to protect the environment. With this, we are dedicated to expand our green footprint and thus we have started our clean energy journey by entering into renewable energy projects for captive consumption.

We have commissioned and have been distributing energy through our captive solar & wind power plants at 11 different locations, namely, Bengaluru packing station in Karnataka, Battiprolu packing station in Andhra Pradesh, Bobbili packing station in Andhra Pradesh, Kalluru packing station in Telangana, Madanapalli in Andhra Pradesh, Mulugu in Telangana, Sangvi packing station in Maharashtra & Vadamadurai packing station in Tamil Nadu. Wind power plants are located in Chinahothur, Vajrakarur & Beluguppa, Ananthapur District in Andhra Pradesh.

In recognition of our efforts, the Ministry of Energy, Government of India, has awarded seven times in last 11 years for "Conservation of Energy in the Dairy Sector".

Installed Capacity:

4.09 MW Solar

6.30 MW wind

OUR BUSINESS – ANIMAL NUTRITION

HERITAGE HAS BEEN CLOSELY ASSOCIATED WITH THE FARMER COMMUNITY TO PROVIDE TECHNICAL SUPPORT AND ENGAGE THEM IN KNOWLEDGE BUILDING ACTIVITIES

Heritage Nutrivet Limited (HNL) is one of the leading Live Stock Feed & Feed Supplements players in Southern and Western India, covering over 3 lakh farmers. Product quality is pivotal in our endeavor towards "HEALTHY MILCH ANIMAL – HAPPY FARMER" with quality milk and milk products for all. This is achieved by a team of experts in ingredient sourcing & nutrition management.

HNL has been closely associated with the farmer community to provide technical support and engage them in knowledge building activities. The own Feed factories at Hindupur & Mallavalli in Andhra Pradesh shall further strengthen the nutrition and supply chain.

Our focus will be to leverage capabilities and to develop cost-effective solutions to improve animal productivity & potential development.

Our cattle feed products are prepared with deep understanding of cattle feeding practices, breeding and milk production levels of cows and buffalos. These products contain protein, energy, minerals and vitamins in adequate quantity and proportion to meet the nutritional demand of dairy cattle. We offer a variety of cattle feed (Deluxe-Mash/pellet, Dairy Special Gold- Mash/pellet, Milk Magic Pellet, BYPASS, Excel and Supreme) to enhance milk production, reproductive ability and overall health & immunity of the dairy cattle.

OUR ENVIRONMENT RESPONSIBILITY

AIM TO ACHIEVE 5 TO 10 % REDUCTION IN ENERGY CONSUMPTION IN THE YEAR 2019-20

We, at Heritage Foods are committed to excel in Energy Conservation across all of our manufacturing/processing plants for sustainable growth through :

- Continual improvement through upgradation of Technology, Systems and Services for improving Energy Efficiency to optimize the Energy Cost.
- Monitoring and Controling the Energy Consumption effectively by innovative designing and cost effective methods including procurement of Energy efficient products and services.
- Providing resources to achieve measurable objectives and targets.
- Complying with all applicable legal / statutory requirements related to usage of energy.
- Educating and motivating our staff through time to time communication on environment responsibility.
- Integrating the energy policy in to our business planning, decision making and reviewing as and when necessary.
- Establishing bench marking standards in Dairy Industry in Energy Management.

Recent Initiatives

We have Installed a very advanced IC Reactor Plant at Gokul to treat the effluent efficiently.
As part of the ongoing energy and environment initiatives, we have been procuring Energy Efficient Pumps, Motors and other Equipments.

OUR SOCIAL RESPONSIBILITY

OUR CSR VISION: THE CORE THEME OF THE COMPANY'S CSR POLICY IS TO GIVE BACK TO THE SOCIETY FROM WHICH IT DRAWS ITS RESOURCES BY EXTENDING A HELPING HAND TO THE NEEDY AND THE UNDERPRIVILEGED.

The objectives of our CSR Policy are:

- To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities over a period of time, in enhancing the quality of life & economic well-being of the local populace. The Company and its employees actively involved and participate in social welfare projects by voluntarily taking time off from work.

CSR FY19 Initiatives

Donated ₹ 44.23 lakhs worth of Skimmed Milk Powder from the CSR funds and employee's one day salary to the needy people in Kerala's tragic floods in 2018

Donated ₹ 48.50 lakhs from the HFL CSR funds and ₹ 17.67 lakhs from the Heritage Employee Welfare funds to SMART Andhra Pradesh Foundation in support of Cyclone Titli that affected families in Srikakulam, Andhra Pradesh.

Heritage Foods Academic Block at NTR Junior College for Girls, Gandipet. This Block was built from CSR funds of Heritage Foods Limited.

Inauguration of Skill Development Centre by Mrs. N Brahmani, Executive Director, HFL, in Sricity on 18th August 2018.

HERITAGE FARMERS WELFARE TRUST (HFWT)

HFWT HAS BEEN CONDUCTING VARIOUS PROGRAMES IN TERMS OF VACCINATION, HEALTH CAMPS AND DISTRIBUTION OF VETERINARY MEDICINES TO DAIRY FARMERS

Heritage Foods 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. Heritage Foods has been implementing various farmer empowerment initiatives through 'HERITAGE FARMERS WELFARE TRUST – HFWT. Key objective of HFWT is to synergize long-term shareholder, value creation with enhancing rural social capital.

The Objective of the Trust is **to extend the support** for betterment of **livelihood and other developmental, welfare activities** to the Farming Community through...

- Veterinary Care and activities for Clean Milk Production.
- Training on new Technology in Dairy Industry for higher productivity
- Community Care.
- Social Security Schemes.

Key Activities of Heritage Farmers Welfare Trust (HFWT):

- Heritage Mobile Veterinary Clinic (HMVC) Services:

  Cattle Health Camps
  Artificial Insemination programs
  Audio & Video shows on profitable dairy management
  Creating Awareness on various HFL and Govt. Schemes

- First Aid training on dairy cattle to farmers
- Merit Awards to Farmers Children
- Distribution of Articles to the farmers and equip the Milk Collection Centre (MCCs) under MCC development activities.
- RO Water Plant

  Donations to Gram Panchayats to establish RO Water plants
- Relief Activities – at times of natural calamities.
- Social Security Scheme for the farmer members.

KEY HFWT HIGHLIGHTS OF FY19

IN THE FINANCIAL YEAR 2018-19 HFWT HAS ENROLLED 62,754 MILK POURERS AS MEMBERS IN THE TRUST AND NOW THE TOTAL MEMBERSHIP HAS REACHED 2,27,143.

Formation of EC and Fund Transfer to MCCs:

HFWT have been forming Executive Committees at all enrolled Milk Collection centers whenever their corpus reaches to ₹ 7,500/-. The HFWT board has proposed 28 development activities like distribution of SS Milk Cans, Milk Analyzer, Travis, Feeding bowls, Mosquito nets for cattle shed, Cattle feed, feed supplements and Veterinary Medicines etc to be spent out of the corpus amount at the MCC level.

HFWT FY19 Impact

In the financial year 2018-19 we have formed 3231 Executive Committees at MCCs and fund was transferred to 1,982 MCCs for development activities. 1982 MCCs have conducted developmental activities for distribution of different inputs.

In the financial year 2018-19 we have conducted 2,619 Video films, 2,674 veterinary camps and treated 1,69,329 cattle.

In the financial year 2018-19 We have settled/claims/ distributed ₹ 74,31,600/- to the nominees of 54 insured members.

Mobile Veterinary Support Services

Heritage Mobile Veterinary Clinic (HMVC) is a Mobile Clinic equipped with necessary tools and trained human resources on veterinary treatment and cattle management practices. Main objective of HMVC is to provide door- step veterinary services to the milch animals and empowering cattle owners with advanced technology and knowledge on best cattle management and feeding practices.

Social Security Scheme for HFWT Members:

As part of welfare activities, HFWT has insured the farmer members and MCC representatives of the Trust under Social Security Scheme.

First Aid Training on Veterinary to MCC Representatives:

As part of welfare activity, HFWT has conducted 5 batches of first Aid Trainings on cattle health to MCC Representatives with the help of Sri Venkateswara Veterinary University (SVVU). In these trainings 125 MCC representatives were trained and got First aid kits to do the practice of first aid to dairy animal.

Merit Awards to SSC Merit Students:

HFWT have been providing Merit Awards to SSC merit students of 300 farmers children every year. This Initiative shall encourage the HFWT farmer's children to perform and excel in their studies in the future which shall improve the financial strength of the HFWT farmer's family.

In the financial year 2018-19 HFWT has given Merit Awards to the merit students of the enrolled farmers children. As part of Merit Award we have given appreciation letter and ₹ 2,000/- cheque to each student.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. D Seetharamaiah
Non Executive Independent
Chairperson

Mr. N Sri Vishnu Raju
Non Executive Independent Director

Mr. Rajesh Thakur Ahuja
Non Executive Independent Director

Mrs. Aparna Surabhi
Non-Executive Independent
Women Director

Dr. V Nagaraja Naidu
Non Executive Director

Mrs. N Bhuvaneswari
Vice Chairperson & Managing Director

Mrs. N Brahmani
Executive Director

SENIOR MANAGEMENT

CA A Prabhakara Naidu
Chief Financial Officer

CS Umakanta Barik
Company Secretary

Dr M Sambasiva Rao
President

Mr. J Sambamurthy
Head – Dairy Division

BOARD COMMITTEES

Audit Committee
Mr. N Sri Vishnu Raju, Chairperson
Mr. D Seetharamaiah
Mr. Rajesh Thakur Ahuja
Dr V Nagaraja Naidu

Nomination & Remuneration Committee
Mr. N Sri Vishnu Raju, Chairperson
Mr. D Seetharamaiah
Mr. Rajesh Thakur Ahuja

Stakeholders Relationship Committee
Dr V Nagaraja Naidu, Chairperson
Mr. D Seetharamaiah
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari

Risk Management Committee
Mr. Rajesh Thakur Ahuja, Chairperson
Mr. D Seetharamaiah
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari

Management Committee
Mr. D Seetharamaiah, Chairperson
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari

CSR Committee
Mr. D Seetharamaiah, Chairperson
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari

REGISTERED OFFICE
#6-3-541/C, Panjagutta,
Hyderabad - 500 082, Telangana.
Tel: +91-40-23391221/2
CIN: L15209TG1992PLC014332,
E-mail: hfl@heritagefoods.in
www.heritagefoods.in

STATUTORY AUDITORS
M/s. Walker Chandiok & Co. LLP,
Chartered Accountants
(FRN:001076N/N500013),
7th Floor, Block III, White House,
Kundan Bagh, Begumpet,
Hyderabad– 500016.

INTERNAL AUDITORS
M/s. J V S L & Associates – Hyderabad
M/s. K S Rao & Co - Hyderabad
M/s. E Phalguna Kumar & Co – Tirupati
M/s. Ch Veerababu & Co. – Guntur
M/s. D H.Rama Associates – Ananthapur
M/s. B V Rao & Co. LLP – Vizag
M/s. Rao & Shyam - Vizag
M/s. SBS and Company LLP - Nellore
M/s. Khire Khandekar & Kirloskar - Sangli
M/s. M N S & Co – Bengaluru
M/s. R. Raghunathan – Salem
M/s. K. M. Mohandass & Co – Chennnai
M/s. D.H.Akali & Associates - Mumbai (upto 31-03-2019)
M/s. Ernst &Young LLP - Hyderabad (upto 31-03-2019)
M/s. S.C.Bapna Associates - Jaipur (wef. 01-04-2019)
M/s. Aarsh & Associates – Chandigarh (wef. 01-04-2019)
M/s. G M J & Co. - Mumbai (wef. 01-04-2019)
M/s. Gupta Dua & Co. - New Delhi (wef. 01-04-2019)

BANKERS CONSORTIUM
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 Karvy Selenium Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad 500 032, Telangana
Tel No: +91-40-67161566

NOTICE TO SHAREHOLDERS

Members of Heritage Foods Limited are hereby given notice for the 27th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date :	Friday, 30 August, 2019
Time :	10:30 am
Venue :	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500 045, Tel:040-23608317

ORDINARY BUSINESS:

1. To receive Consider and Adopt:

   a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, the Reports of the Board of Director's and Auditor's thereon; and

   b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the Auditor's report thereon.

2. To declare a dividend of (40%) i.e. ₹ 2/- per Equity Share of face value of ₹ 5/- each for the Financial Year Ended on March 31, 2019

3. To appoint a Director in place of Dr. V Nagaraja Naidu (DIN: 00003730) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Re-appointment of Mr. N Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director of the company**

   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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") 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) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Articles of Association of the Company, Mr. N Sri Vishnu Raju (DIN: 00025063), Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Non-Executive Independent Director of the Company to hold office for second term of five consecutive years with effect from the conclusion of this Annual General Meeting till the conclusion of 32nd Annual General Meeting to be held in the year 2024 and 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".

5. **Increase the Sitting fee of Non Executive Director for attending the Board/Committee meeting(s).**

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

   "RESOLVED THAT in supersession to the resolution at Item No. 12 passed at the 22nd Annual General Meeting of shareholders of the Company held on 26th September, 2014 and pursuant to Section 197 of the Companies Act 2013, read with 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the approval of the members of the Company be and is hereby accorded for payment of ₹ 30,000 (Rupees Thirty Thousand only) as sitting fees plus reimbursement of actual conveyance, travelling and other expenses for each meeting of the Board and Audit Committee and ₹ 15,000 (Rupees Fifteen Thousand only) as sitting fees plus conveyance, travelling and such other actual expenses for each meeting of the Committee other than the Audit Committee attended by the Non-Executive Director of the Company w.e.f. 1st September, 2019."

   "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".

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 22, 2019

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 27TH ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of member(s) 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 of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other shareholder(s) of the company.

Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy Form is attached herewith. Proxies submitted on behalf of the corporate, societies etc., must be supported by an appropriate resolution/authority, as applicable

2. Corporate Member(s) intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting

3. Relevant documents referred to in the accompanying Notice and notes are open for inspection by the Member(s) at the Company's Registered Office during the business hours i.e. 10.00 a.m to 5.00 p.m. on all working days up to the date of this Annual General Meeting.

4. M/s Karvy Fintech Private Limited, Karvy Selenium Tower B, 6th Floor, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad is the Registrar and Share Transfer Agent of the Company.

5. Brief resume of Director proposed to be appointed / re-appointed, nature of his/her expertise in specific functional areas, names of companies in which he/she hold directorship(s) and membership(s)/chairmanship(s) of Board/Committees, share holding and relationships between directors inter-se as stipulated in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, are forming part of the Annual Report.

6. a) The Company has notified closure of Register of Members and Share Transfer Books from Friday, August 23, 2019 to Friday, August 30, 2019 (both days inclusive) for determining the names of member(s) eligible for dividend on Equity Shares, if declared at the Meeting.

b) The dividend on Equity Shares, if approved at the Meeting, shall be credited to the respective bank account of the shareholders of the company / dispatched the dividend warrants on Friday, September 06, 2019

7. The dividend as recommended by the Board of Directors for the year ended March 31, 2019, when declared at the Annual General Meeting will be paid to the members whose name(s) 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 member(s) on the Register of Members of the Company on record date after giving effect to all valid share transfer(s) in physical form which would be received by the Company upto end of business hours on Record/Book closure date.

Pursuant to provisions of Sub-Section (5) of Section 124 the Companies Act, 2013 (Section 205 of the Companies Act, 1956), the Company has to transfer the unclaimed/ unpaid dividends declared up to financial years 2010-11 to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, the Company has uploaded the details of unclaimed/ unpaid amounts lying with the Company as on August 30, 2018 (date of last Annual General Meeting) on the website of the Company (www.heritagefoods.in) and also on the website of the Ministry of Corporate Affairs, the information in respect of such unclaimed/unpaid 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	Unclaimed/Unpaid Dividend as on March 31, 2019	
			Amount outstanding (₹ in Rupes)	No of Shares
2011-12	29-09-2012	02-11-2019	12,38,714	619357
2012-13	17-07-2013	19-08-2020	9,23,869	307956
2013-14	26-09-2014	29-10-2021	16,36,839	545613
2014-15	24-09-2015	27-10-2022	23,18,742	772914
2015-16	19-08-2016	22-09-2023	21,64,953	721651
2016-17	23-08-2017	25-09-2024	34,99,984	874996
2017-18	30-08-2018	02-10-2025	16,02,346	801173

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, all shares on which dividend has not been claimed/paid for seven consecutive years or more shall be transferred to IEPF Authority.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 36,820 equity shares belongs to 54 shareholders of the company to Investor Education and Protection fund Authority (IEPF) on November 27, 2018 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [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/unpaid dividend and the shares thereof pertaining for the financial year 2011-12 shall be transferred to the Investor Education and Protection Fund during the financial year 2019-20. The shareholders who has not claim their dividend are requested to claim it as the earliest possible.

8. 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 the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), securities of listed companies can only be transferred in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities. In view of the above, Members are advised to dematerialise shares held by them in physical form.

9. 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 i.e. [Karvy Fintech 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 member(s).

10. 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 accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

11. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. As per provisions of Section 20 of the Companies Act, 2013 read with Rules thereunder, a document may be served on any member by sending it to him / her by post or by registered post or by speed post or by courier or by delivering at his/her address, or by such electronic or other mode as may be prescribed including by facsimile telecommunication or to electronic mail address, which the member has provided to his/her Depository Participant / the Company's Registrar & Share Transfer Agent from time to time for sending communications, provided that a member may request for delivery of any document through a particular mode, for which he / she shall pay such fees as may be determined by the Board of Directors of the Company. In cases where any member has not registered his/ her e-mail address with the company, the service of documents etc. will be effected by other modes of service as provided in Section 20 of the Companies Act, 2013 read with the relevant Rules thereunder. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agent as the case may be

12. M/s. Walker Chandiok & Co. LLP, Chartered Accountants (FRN 001076N/500013) was appointed as Statutory Auditors of the Company at the 25th Annual General Meeting held on August 23, 2017 to hold office till the conclusion of the 30th Annual General Meeting of the Company to be held in the year 2022.

Pursuant to notification no: G.S.R. 432 (E) issued by the Ministry of Corporate Affairs Govt. of India on May 7, 2018 amending the provision of section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Statutory Auditors by the Members at every Annual General Meeting (AGM) has been omitted/deleted and hence the Board is not proposing to the members for ratification of appointment of Statutory Auditors at this AGM. The Board of Directors were empowered by the shareholders of the company to fix the remuneration of the Statutory Auditor on yearly basis.

13. Voting through electronic means:

i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The member(s) may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

ii. The facility for voting through electronic voting system will be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting.

iii. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

iv. The Company has engaged the Karvy Fintech Private Limited ("Karvy") as the Agency to provide e-voting facility.

v. The Board of Directors of the Company has appointed Mrs. Savita Joyti, Partner M/s. Savita Jyoti Associates, Practicing Company Secretary (M No:3738) (C.P. No. 1796) Secunderabad - 500 094 as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for same purpose.

vi. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic share holding) as on the cut-off date i.e. Friday, August 23, 2019

vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, August 23, 2019 only, shall be entitled to avail the facility of remote e-voting.

viii. Any person who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e, Friday, August 23, 2019 may write to the Karvy on the email Id: evoting@karvy.com or to Mrs. C. Shobha Anand, Contact No. 040-67162222, at [Unit: Heritage Foods Limited] Karvy Fintech Private Limited, Karvy

Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanankramguda, Hyderabad-500032, Telangana, requesting for the User ID and Password. After receipt of the above credentials, please open internet browser by typing the URL: http://evoting.karvy.com and follow all the steps as directed by the system to cast the vote.

ix. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on August 27, 2019

End of remote e-voting: Up to 5.00 p.m. (IST) on August 29, 2019

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy / scrutinizer upon expiry of aforesaid period.

x. The Scrutinizer, after conclusion of the meeting shall unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and after scrutinizing the votes cast at the meeting and through remote e-voting, shall, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairperson. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company i.e. www.heritagefoods.in and on the website of Karvy https://evoting.karvy.com, the results shall simultaneously be communicated to the Stock Exchange where shares of the Company are listed.

xi. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. August 30, 2019.

xii. Instructions and other information relating to remote e-voting:

A. In case a member receives an e-mail from Karvy [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:

a. Open internet browser by typing the URL: https://evoting.karvy.com

b. Enter the login credentials (i.e. User ID and password) which will be sent separately.

User – ID	For Members holding shares in Demat Form:- a) For NSDL:- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL:- 16 digits beneficiary ID For Members holding shares in Physical Form:- • Electronic Voting Event Number (EVEN) followed by Folio Number registered with the company
Password	Your Unique password is printed on the AGM Notice/ forwarded through the electronic notice via email
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed, for security reasons.

c. After entering these details appropriately, click on "LOGIN".

d. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

e. You need to login again with the new credentials.

f. On successful login, the system will prompt you to select the E-Voting Event Number for Heritage Foods Limited.

g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

h. Members holding shares under multiple folios / demat accounts shall choose the Voting process separately for each of the folios / demat accounts

i. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

j. You may then cast your vote by selecting an appropriate option and click on "Submit".

k. 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, members can login any number of times till they have voted on the Resolution(s).

l. Corporate / Institutional Members (i.e. Other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the

Scrutinizer at e-mail ID: savitajyotiassociates05@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

B. In case a member receives physical copy of the Notice by Courier [for members whose e-mail addresses are not registered with the Company/Depository Participant(s)]:

a. User ID and initial password - These will be sent separately.

b. Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.

c. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

d. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website https://evoting.karvy.com

14. Printed copies of the 27th Annual Report for the year 2018-19 of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Ballot Paper and Proxy Form is being send to the members who have not registered their e-mail address or specifically request for printed copy of the Annual Report in the permitted mode. In addition, Notice of the 27th Annual General Meeting of the Company in electronic form inter alia indicating the process and manner of e-voting along with Attendance Slip, Ballot Paper and Proxy Form is also being sent to all members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes.

Members may also note that the 27th Annual Report for the year 2018-19 will also be available on the Company's website www.heritagefoods.in. For any communication, the members may also send requests to the Company's investor email id: umakanta@heritagefoods.in.

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta, Hyderabad – 500082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 22, 2019

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

Item no. 4

Mr. N Sri Vishnu Raju (DIN:00025063) was appointed as a Non-Executive Independent Director of the Company by the members at the 22nd Annual General Meeting (AGM) of the Company held on 26th September, 2014 for a period of five consecutive years up to the conclusion of 27th AGM of the Company to be held in the year 2019.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. N Sri Vishnu Raju (DIN:00025063) being eligible for re-appointment as an Non-Executive Independent Director and offering himself for re-appointment, accordingly it is proposed to be re-appointed as an Non-Executive Independent Director for second term of five consecutive years from the conclusion of this Annual General Meeting till the conclusion of 32nd Annual General Meeting to be held in the year 2024.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board that he is a young and dynamic personality, made valuable contribution to the Company during his first tenure and have knowledge about the dairy industry and investment in other sectors, the Board also discussed his performance based on the criteria of performance evaluation lead by Nomination and Remuneration Committee of the Board and Mr. N Sri Vishnu Raju (DIN:00025063) fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time for his re-appointment as a Non-Executive Independent Director of the Company and is independent of the management.

Brief profile of Mr. N Sri Vishnu Raju (DIN:00025063), nature of his expertise in specific functional areas and names of companies in which he holds directorships and membership(s) /chairmanship(s) of Board / Committee(s), shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 are forming part of the Annual Report.

Copy of draft letter of appointment of Mr. N Sri Vishnu Raju (DIN:00025063) setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company during the business hours i.e. 10.00 a.m to 5.00 p.m. on all working days.

Mr. N Sri Vishnu Raju (DIN:00025063) is interested in the resolution set out at Item No.4 of the Notice. None of the other Director(s) / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolutions as set out at Item No.4 of the Notice for approval by the Members.

Item no. 5

The members of the company at their meeting held on 26th September, 2014 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 22nd May, 2019, 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 SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 as amended from time to time, the Board Meeting and Audit Committee from ₹ 20,000/- (Rupees Twenty Thousand Only) to ₹ 30,000/- (Rupees Thirty Thousand Only) and Committee Meetings (other than Audit Committee) from ₹ 10,000/- (Rupees Ten Thousand Only) to ₹ 15,000/- (Rupees Fifteen Thousand Only) and reimbursement of actual conveyance, travelling and other expenses w.e.f. 1st September, 2019.

The Board recommends the ordinary resolution set out in Item No. 5 of the Notice for approval by the members.

Mr. D Seetharamaiah, Dr. V Nagaraja Naidu, Mr. N Sri Vishnu Raju, Mr. Rajesh Thakur Ahuja and Mrs. Aparna Surabhi being Non-Executive Directors of the Company are considered as interested in the resolution.

None of the other Director(s) / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
6-3-541/C, Punjagutta, Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 22, 2019

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and applicable Provisions of Companies Act 2013, following information is furnished about the Director proposed to be appointed / re – appointed

Brief resume of the Director, nature of his expertise in specific functional areas, names of Companies in which he hold directorships and chairmanships of Board / Committees 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 first appointment	05-06-1992
Nationality	Indian
Profile / Qualifications & Experience	Dr. V Nagaraja Naidu, 72 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.
Terms and Conditions of Re-appointment	As per the Item No. 3 of the Notice
Remuneration Proposed to be paid	Will be entitled to sitting fees and reimbursement of actual conveyance, travelling and other expenses for each Board and Committee Meetings of the Company as approved by the Members of the Company.
List of Directorships held in other Companies/LLP as on 31/03/2019*	**Company Type**: Private Ltd; **Name**: • Vihaan Auto Ventures Private Limited • Kira Techmanagement Services Private Limited
Chairman/Member of the Committees of the Boards of other companies in which he is Director as on 31/03/2019*	Nil
Shareholding in the Company	1,00,000 Equity Shares
Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company.	Not related to any Director / Key Managerial Personnel

* Directorship/Chairmanship/Members in Committees in Heritage Foods Ltd not included.

2.

Name of the Director	Mr. N Sri Vishnu Raju
Director Identification Number	00025063
Date of Birth	28-12-1973
Date of first appointment	22-10-2013
Nationality	Indian
Profile / Qualifications & Experience	Mr. N Sri Vishnu Raju aged about 46 years, holds Bachelor's Degree in Chemical Engineering from Osmania University, Andhra Pradesh. He is the Founder Chairman and Chief Executive Officer of the EXCIGA group. A Director in several public and private companies, he has held several positions including the Founder and President of Entrepreneurs Organization, Hyderabad, President of CII's (Confederation of Indian Industries) Young Indians, Hyderabad Chapter and a Member on the State Council of CII.
Terms and Conditions of Re-appointment	As mentioned in the Resolution no.4/Explanatory Statement/ letter of appointment as an Independent Director for second term of 5 years effective from this Annual General Meeting.
Remuneration Proposed to be paid	Will be entitled to sitting fees and reimbursement of actual conveyance, travelling and other expenses for each Board and Committee Meetings of the Company as approved by the Members of the Company.

List of Directorships held in other Companies/LLP as on 31/03/2019*	**Company Type**	**Name**
	Public Ltd	Amara Raja Batteries Limited Zydus Wellness Limited Raasi Computer Ltd Raasi Software Corporation Ltd
	Private Ltd	Blue Hammock Software Pvt Ltd Exciga Soft Private Limited Arlington Estates and Resorts Pvt Ltd Monza Estates Private Ltd Viviso Estates and Lands Pvt Ltd Blue Hammock Estates Pvt Ltd Revathi Finances & Leasing Pvt Ltd Waporise Systems India Pvt Ltd Fruition Bio-Pharma Pvt Ltd Dexter Computech Private Ltd Exciga Land Holdings Pvt Ltd Foliage Bio-tech Pvt Ltd Exciga Properties Private Limited Heritage Novandie Foods Private Limited
	LLP	Sri Finances Advisors LLP INK Reality Projects LLP
Chairman/Member of the Committees of the Boards of other companies in which he is Director as on 31/03/2019*	**Amara Raja Batteries Limited** • Audit Committee - Member • Nomination & Remuneration Committee - Member • Loans & Investment Committee - Member	
Shareholding in the Company	Nil	
Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company.	Not related to any Director / Key Managerial Personnel	

* Directorship/Chairmanship/Members in Committees in Heritage Foods Ltd not included.

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
6-3-541/C, Punjagutta, Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 22, 2019

DIRECTOR'S REPORT

To the members,

Your Directors have great pleasure in presenting the 27th Annual Report of the Company together with the Standalone & Consolidated Audited statement of accounts for the Financial Year ended March 31, 2019.

Financial Results

₹ in Lakhs

Particulars	Standalone	
	FY 2018-19	FY 2017-18
Net Sales	2,47,946.42	2,34,385.51
Other Operating Income	288.51	15.59
Total Revenue	**2,48,234.93**	**2,34,401.10**
Add: i) Other Income	1,109.60	716.95
ii) Fair Value gain on FVTPL Equity Shares	-	39,537.07
iii) Gain due to changes in fair value of derivative Liability	13,109.85	-
Total Income	**2,62,454.38**	**2,74,655.12**
Less: i) Total Expenditure	2,30,036.03	2,21,699.95
ii) Loss due to change in Fair Valuation of derivative Transactions	-	38,703.86
iii) Fair value loss on FVTPL equity securities	13,109.85	-
Profit before Finance cost, Depreciation, Amortisation and Tax	**19,308.50**	**14,251.31**
Less: i) Finance cost	2,068.64	1,745.45
ii) Depreciation and & Amortisation	4,371.04	3,698.54
Profit / (Loss) before tax	**12,868.82**	**8,807.32**
Less: i) Provision for current Tax (including Taxation of earlier years)	4,228.00	2,829.39
ii) Provision for deferred taxation	296.63	(60.23)
Profit / (Loss) after tax	**8,344.19**	**6,038.16**
Operating Profit	**14,937.46**	**10,552.77**

Performance of the Company

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 2,48,235 Lakhs, achieved an increase of 5.90% over the previous year. The profit before Finance Cost, depreciation & amortization and tax was of ₹ 19,308 Lakhs (7.78% on total revenue) as against ₹ 14,251 Lakhs (6.08% on total revenue) in the previous year. The operating profit after depreciation was amounted to ₹ 14,937 Lakhs (6.01% to revenue) as against ₹ 10,553 Lakhs (4.50% to revenue) in the previous year.

Transfer to Reserves

Your Directors do not propose to transfer any amount to reserves for the financial year ended on March 31, 2019.

Dividend

Your Directors have pleasure in recommending a dividend of (40%) i.e. ₹ 2/- per equity share of face value of ₹ 5/- each for the financial year ended March 31, 2019, amounting to ₹ 928 lakhs. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The Register of Members and Share Transfer Books will remain closed from Friday, August 23, 2019 to Friday, August 30, 2019 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2019. The Annual General Meeting is scheduled to be held on August 30, 2019

The dividend payout for the year under review has been finalized in accordance with the dividend distribution policy of the company 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.

Share Capital

The paid up Equity Share Capital as at March 31, 2019 stood at ₹ 23,19,90,000/- divided into 4,63,98,000 equity shares face value of ₹ 5/- each. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or issued sweat equity share to its employees or directors. As on March 31, 2019, none of the Directors or the Company holds instruments convertible into equity shares of the Company.

Deposits

Your Company has not accepted any deposits from the Directors/ Shareholders/Public and as such, no amount of principal or interest on public deposits was outstanding as at the Balance Sheet date.

Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. However the Board has given corporate guarantee as at 31st March, 2019 of ₹ 2,675 Lakhs for the credit facilities availed by the wholly owned subsidiary Company viz. M/s. Heritage Nutrivet Limited.

Particulars of Contract or Arrangements Made With Related Parties

The particulars of contracts or arrangements with related parties as per the Section 188 of the Companies Act, 2013 entered by the Company during the financial year ended March 31, 2019 in prescribed Form AOC-2 is annexed to this Board's Report (Annexure-1). Further there are no materially significant related party transactions during the year under review with Promoters, Directors, Key Managerial Personnel and their relatives, which may have potential conflict with interest of the company at large

The related party transactions were placed before the audit committee as also to the Board for approval. The details of the related party transactions during the year are part of the notes on Accounts forming part of the Annual Report.

Material changes and commitments affecting financial position between the end of the financial year and date of report

There are no material changes and commitments affecting financial position of the company between March 31, 2019 and the date of Board's Report.

Variation in market capitalization

	As at March31,		Increase / (decrease) in %
	2019	2018	
Market capitalization (₹ in Crore)	**2527.07**	3,199.14	(21.01)
Price earnings ratio	**30.29**	53.00	(42.85)

Note: Data based on share prices quoted on BSE

Management's Discussion and Analysis

In terms of the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the Management's Discussion and Analysis is set out in this Annual Report.

Business Review

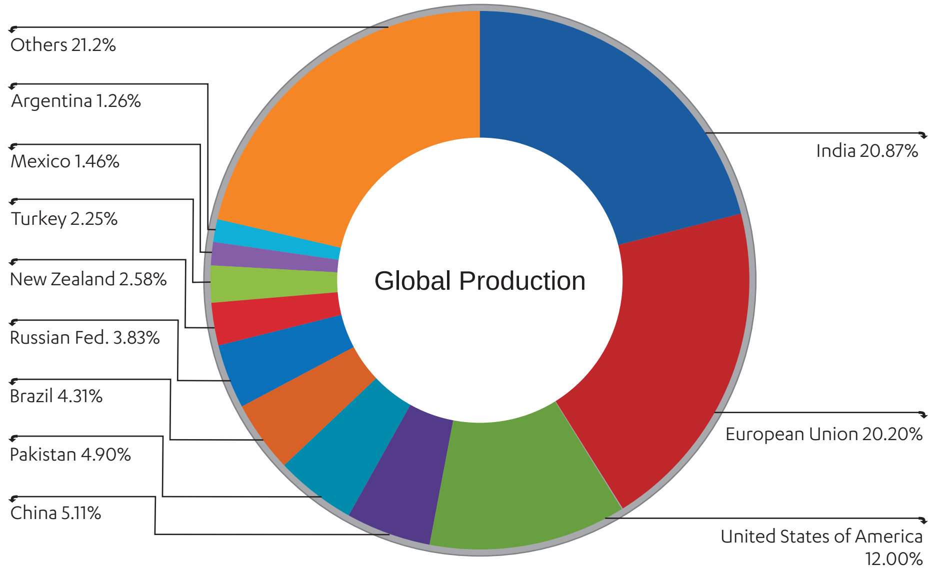
Your Company has Two Divisions in operation in different States in India as on March 31, 2019.

Dairy Business:

India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural economy, serving as an important source of employment and income. India also has the largest bovine population in the world. However, the milk production per animal is significantly low in our country as compared to the other major dairy producers. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. On account of this, the Indian dairy industry holds tremendous potential for value-addition and overall development.

As of 2018-19, India is the leading milk producing country in the world, accounting for 21% of the global market share. The milk processing industry in India is expected to expand at a compound annual growth rate (CAGR) of 14.8% between FY 2018-19 and FY 2023-24.

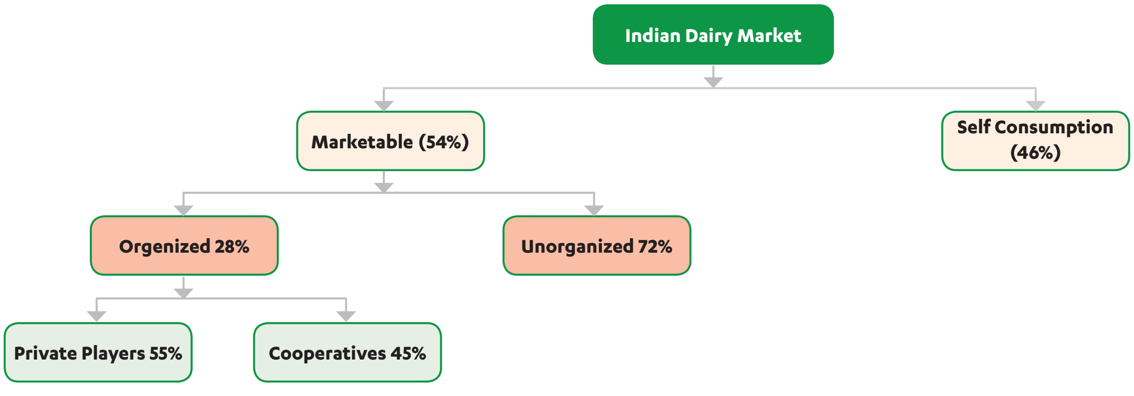
Dairy Industry – Global Milk Production



Source: IMARC

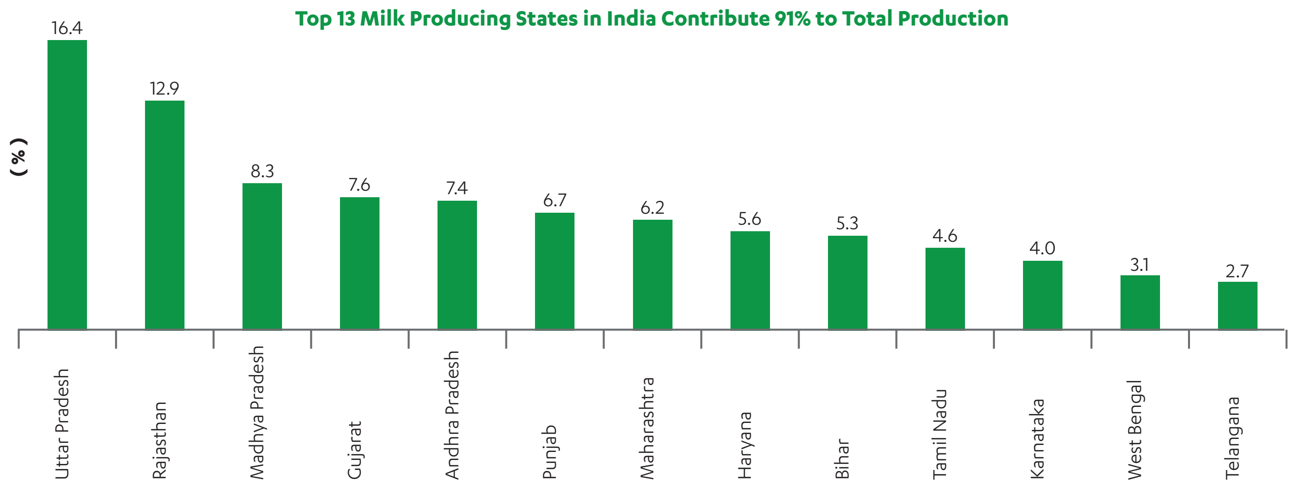
Being one of the primary dairy consumables in India, the increase in demand for milk in the country is owed to the increasing population. As of FY 2018-19, 72% of the Indian dairy and milk processing market was part of the unorganized sector.

Indian Dairy Market Structure



Source: IMARC

State-wise segment insights: Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat and Andhra Pradesh have been the major milk producing states in India. Uttar Pradesh is the largest dairy and milk-producing state because it is home to the highest buffalo population and the second-highest cattle population in the country. The majority of the rural population in this state is engaged in livestock rearing and dairying. Gujarat has numerous cooperative dairy milk unions, and primary milk cooperative societies, which play crucial roles in the production of milk in the state.



LKgPD - Lakh Kilo grams per day

Source: IMARC

Value-added product wise insights: Apart from milk, the revenue of the Indian dairy and milk processing industry is generated from several value-added products such as butter, curd, paneer, ghee, flavoured milk, ultra-high temperature (UHT) milk, cheese, and yogurt. During the period FY 2016 to FY 2020, the market size of butter is expected to grow by 14.5%, curd by 14.4%, paneer by 14.1%, and ghee by 14.1%, among others.

Export-import: From India, the export of dairy products has increased to countries like Bhutan, Afghanistan, Canada, Egypt, and the United Arab Emirates.

Key growth drivers of the market: India's livestock sector is regarded as one of the largest in the world with a bovine population of 299.90 Mn, which comprises of cow's and buffalo's. The growth of the Indian dairy and milk processing market is ensured by the steady supply of milk which is the primary raw material for this industry.

The major challenge faced by the Dairy Industry is the organization of the supply chain and logistics. The good part is that challenges are nothing but opportunities in disguise and in order to meet this challenge head-on, proactive steps need to be taken to educate farmers and provide a stronger supply chain for them to rely on. Even though India is the largest producer of milk in the world, the industry itself is largely unorganized, with only 28 percent of the total milk produced being channelized in an organized manner. The first step to countering this would be to shift the focus to smaller dairy farms, which sometimes lack veterinary facilities and basic nutritious fodder.

Increasing Demand for Milk and Value-Added Products

With an increase in the spending power of the population, the demand for milk and other value-added dairy products is only set to increase in the coming years. In order to meet the rising demand, there needs to be a marked shift from the unorganized to the organized sector. Moreover, consumers now-a-days are not only hold greater buying power but also health conscious regarding what they consume. There is thus a necessity to provide healthy dairy products which can be readily consumed. This creates an opportunity for boutique dairy farms to set up local operations providing fresh cow or buffalo milk to consumers. Over and above with people having less time these days, the demand for premium value-added products such as probiotic yoghurt, cheese, milk shakes etc. are on the rise. These products not only have a higher margin but also have a higher shelf life which makes the supply chain easier and cost effective.

The organised dairy sector is poised for healthy growth in coming quarters. Milk production CAGR of 5% over FY12-FY18 coupled with 5-6% inflation indicates 10% growth in revenue terms. Organised players account for just 28% of the overall milk market and expect their share to grow going forward. Also expect rising milk procurement prices to be passed on by B2C players, resulting in stable margins.

Your Company also a market leader in the curd segment and is now looking to expand its product basket by entering into the fastest growing product like Yoghurt.

The motto of your company is to empower farmers by doing the following activities

- Facilitating loans for the purchase of cattle through commercial banks. NBFCs
- Facilitating cattle insurance;
- Conducting veterinary camps for animals at frequent intervals;
- Supply of high quality cattle feed and fodder seeds;
- Helping to source good productive animals;
- Supply of milk analyzers for ensuring accurate measurement of milk quality.
- And ensuring timely payment to farmers.

In its bid to become a pan India player, your Company has expanded its collection and distribution of products to 15 states in India covering South, West and North India. It has almost 100% direct procurement network of 3 lakh dairy farmers across eight major milk producing States namely, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Maharashtra, Rajasthan, Haryana and Punjab. The direct route of milk procurement enables it to maintain quality. The company also operates 187 bulk coolers, chilling plants and procures 13.80 lakh liters of milk per day. It operates 17 own processing plants and 1 co-packing plant with installed milk processing capacity of 25.70 lakh LPD through own plants and 1 lakh LPD through co-packing plant.

Your company has launched several value added products since long time and has increased its contribution to dairy revenues from 10.4% in FY11 to 24.94% in FY19. As on FY19, curd contributes 20% of total revenue.

Your Company procures 13.80 lakh litres of milk daily from 3 lakh farmers across eight states. 91.40% of milk is directly procured from farmers which ensures greater consistency in milk quality and consistency in supply. The company's installed processing capacity is 26.70 lakh liters per day and chilling capacity is 21.20 lakh liters per day. After processing 11.10 lakh litres of milk is sold across 15 lakh households on a daily basis and the remaining is converted into value added products and products are available across 15 states viz. Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Rajasthan, Madhya Pradesh, Punjab, Uttar Pradesh, Himachal Pradesh and Uttarakhand.

During the financial year 2018-19, Dairy Division has increased milk Chilling capacity by 1 lakh LPD by commissioning of 13 units which includes Bulk chilling units, Mini Chilling units and chilling centres by replacing 0.80 lakh LPD of third party chilling centres to own chilling centres to increase the milk procurement and to maintain the quality.

Renewable Energy Division:

Your Company strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending the Green' footprint.

Your Company is taking a lot of initiatives to improve efficiencies of the company. Renewable energy is the major focus area in the last ten years. Now your Company has 10.39 MW of solar and wind power for captive consumption. Your Company is continuously investing in latest technologies and efficiencies to conserve energy. As a result, Company had generated 1,84,87,222 units during the year.

Renewable Energy Division of your Company had achieved the turnover of ₹ 1,137 Lakhs during the year under review.

Subsidiary / Associate / Joint Venture Companies

Your Company as on March 31, 2019 is having one wholly owned Subsidiary Company namely M/s. Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited) (CIN:U15400TG2008PLC062054), one Associate Company M/s. Skil Raigam Power (India) Limited (CIN:U40102TG2009PLC063671) and one Joint Venture Company i.e. M/s. Heritage Novandie Foods Private Limited (CIN:U74999TG2017PTC120860). The details are available in the AOC-1 which is forming part of the Annual Report. The gist of financial performance of the Subsidiary/Associate/Joint Venture companies is as follows.

₹ in Lakhs

Particulars	Heritage Nutrivet Ltd (Wholly Owned Subsidiary) year ended on		Skil Raigam Power (India) Ltd (Associate) year ended on		Heritage Novandie Foods Pvt Ltd (Joint Venture) year ended on	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Total Income	7,403.82	6,758.52	-	-	1.89	-
Total Expenses	7,367.04	6,794.05	2.09	2.95	78.58	16.32
Profit/ (Loss) before tax	36.78	(35.53)	(2.09)	(2.95)	(76.69)	(16.32)
Tax expense Reversal of taxes of earlier years	-	(34.95)	-	-	-	-
Current tax expense	31.26	5.20	-	-	-	-
Deferred tax benefit	(89.58)	(17.02)	-	-	-	-
Profit/ (loss) for the year	95.10	11.24	(2.09)	(2.95)	(76.69)	(16.32)

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its Subsidiary, Associate and Joint Venture are available on our website of the Company www.heritagefoods.in. These documents will also be available for inspection during the business hours at our registered office in Hyderabad, India.

Quality

Your Company continues the journey of delivering value to its consumers/customers through significant investments in quality programs. While sustaining existing external benchmarks and certifications, your Company added new certifications and further enhanced the programs and initiatives to renew the commitment to the culture of quality.

Your Company adheres to international quality standard certifications such as ISO 22000:2005(FSMS), ISO 9001:2015(QMS), OHSAS 18001:2007, ISO 14001:2015 (EMS), ISO 50001:2011(EnMS) and Halal Certification by JUHF Mumbai.

Your Company has also received renewal compliance to AgMark, BIS and EIA certificates.

The Quality department of your Company handles large change management initiatives to drive quality and productivity improvements across the Company, using various techniques and updated technologies.

Branding

During the year your Company had launched new range of health drinks-Lassi with goodness of 'Ragi' and 'Sabja'. The health consciousness drinks provide several benefits like cholesterol reduction, weight loss, easy digestion and also rich in calcium. Ragi Lassi will help in weight reduction, while Sabja lassi is rich in calcium content. We are working on new product developement which is line with the current consumer trend and our tag line of brinig health & happiness to every home. On the communication front company is focusing on social & digital media platforms as these have become an important source of seeking information leading to brand evaluation & adoption.

Awards & Recognitions

During the financial year 2018-19 your Company has received the following awards and recognitions.

- The Company has won the Award for "Best Use of CSR Practices" in the Organisation category through Heritage Farmers Welfare Trust (HFWT) by Asia Pacific HRM Congress on 04th September, 2018 in Bangalore.
- The Company has been awarded as "Technology Innovator" at India Food Safety Excellence Awards 2018 organized by Synnex Group.

Human Resources and Industrial Relations

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. To ensure good human resources management, your Company focused on all aspects of the employee lifecycle. This provides a holistic experience for the employee as well. During their tenure at the Company, employees are motivated through various skill- development, engagement and volunteering programs. Your Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas are in place for all employees.

Your Company is committed to nurturing, enhancing and retaining talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in long run.

The total strength of your Company employees at the end of financial year 2018-19 was 3011.

Credit Rating

The details of the credit rating is follows:

(a) Credit rating obtained in respect of securities : Heritage Foods Limited

(b) Name of the credit rating agency : Credit Rating Information Services of India Limited (CRISIL)

  i. Long term Rating : CRISIL A/Stable (Upgraded from CRISIL A- /Positive)

  ii. Short term Rating : CRISIL A1 (Upgraded from CRISIL A2+)

(c) Date on which the credit rating was obtained : 08th February, 2019

(d) Revision in the credit rating : Yes (Upgraded)

(e) Reasons provided by the rating agency for a downward revision : NA

Particulars of Employees

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in Annexure-2A to the Board's report.

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 102 lakh or more per annum or employed for part of the year and in receipt of ₹ 8.50 lakh or more in a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, is enclosed as Annexure-2B to the Board's report.

Corporate Governance

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. It is imperative that your company's affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of the stakeholders.

In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations") as amended from time to time, a Report on Corporate Governance along with Compliance Certificate issued by Statutory Auditors of the Company forms integral part of this Annual Report.

Auditors' certificate on Corporate Governance

As required by SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the auditor's certificate on corporate governance is forming part of the Annual Report.

Board Diversity

Your Company recognizes and embraces the importance of a diverse board for its success. Your Company believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill and industry experience, cultural and geographical background, age and gender, which will help the Company retain its competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Policy is available in the Company website i.e. www.heritagefoods.in > Investor > Policies

Meetings of the Board

The Board met Six times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Policy on Director's Appointment and Remuneration

The current policy is to have an appropriate mix of Executive and Non-executive & Independent and Women Directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2019, the Board consists of 7 members, two of whom are Executive/Whole-time directors, One Non-Executive Director. One is Non-Executive Independent Woman Director and Three are Non-Executive Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of your Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 was adopted by the Board. It is affirmed that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

Declaration by Independent Directors

Your Company has received necessary declaration from each independent director under Section 149 of the Companies Act, 2013, confirming that he/she meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Board Evaluation

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time the Nomination and Remuneration Committee laid down criteria for performance evaluation of individual director(s), the board and its committee(s). Accordingly, an annual evaluation was carried out for the Board's performance, its Committees and individual director(s).

The Board performance evaluation is carried out through a structured questionnaire which provides a clear and valuable feedback for improving Board effectiveness and highlighting areas for further development.

The following are some of the broad issues that are considered in performance evaluation questionnaire:

Criteria for evaluation of Board and its Committees:

- Ability to act on a fully informed basis, in good faith, with due diligence and in the best interest of the company and the stakeholders.
- Optimum combination of knowledge, skill, experience and diversity on the Board as well its Committees.
- Relationships and effective communication among the Board members.
- Effectiveness of individual non-executive and executive directors and Committees of Board.
- Quality of the discussions, general information provided on the company and its performance, papers and presentations to the Board.
- Risk management as well as processes for identifying and reviewing risks.
- Well-defined mandate and terms of reference of Committee.

Criteria for evaluation of Individual Director:

- Attendance at Board as well as Committee Meetings
- Procurement of Information, preparation for Board Meetings and value of contribution at meetings
- Relationships with fellow Board members, the company secretary and senior management and mutual trust and respect they stimulated within the Board.
- Keeping update with the latest developments in the areas of governance and financial reporting
- Willingness to devote time and effort to understand the company and its business
- Providing necessary guidance using their knowledge and experience in development of corporate strategy, major plans of action, risk policy, and setting performance objectives.
- Independence exercised in taking decisions, listening to views of others and maintaining their views with resolute attitude
- Ability in assisting the Company in implementing the best corporate governance practices.
- Capability in exercising independent judgement to tasks where there is potential conflict of interest
- Commitment in fulfilling the director's obligations fiduciary responsibilities.

The Board of Directors received all evaluations from each Director including Board as a whole and it's committee based on the above criteria, discussed various points and all points are satisfactory, no further action is required. There were no actions pending from the previous year observations.

Training of Independent Directors

Every new independent director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of your Company, the executive directors / senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, organization structure, quality and risk management etc.

Appointment/Re-Appointment

Dr. V Nagaraja Naidu (DIN: 00003730) Non-Executive Director of the Company retire by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting as per the provisions of Section 152 of the Companies Act 2013 and rules made thereof and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Mr. N Sri Vishnu Raju (DIN:00025063) was appointed as an Non-Executive Independent Director of the Company by the members at the 22nd AGM of the Company held on 26th September, 2014 for a period of five consecutive years up to the conclusion of 27th Annual General Meeting of the Company to be held in the year 2019. Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. N Sri Vishnu Raju (DIN:00025063) being eligible for re-appointment as an Non-Executive Independent Director and offering himself for re-appointment, in the opinion of the Board that he is a young and dynamic personality, made valuable contribution to the Company during his first tenure and have a knowledge about the dairy industry and investment in other sectors, the Board also discussed his performance based on the criteria of performance evaluation lead by Nomination and Remuneration Committee of the Board, accordingly it is proposed to re-appointed as an Non-Executive Independent Director for second term of five consecutive years from the conclusion of this Annual General Meeting till the conclusion of 32nd Annual General Meeting to be held in the year 2024.

The Board of Directors at their meeting held on 30th January, 2019 appointed Mrs. Aparna Surabhi (DIN:01641633) 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. The Shareholders of the Company vide a postal ballot concluded on March 12, 2019 re-appointed Mrs. Aparna Surabhi (DIN:01641633) as Non-Executive Independent Women Director of the Company for a period of 5 (five) consecutive years w.e.f. 1st Apirl, 2019 in accordance with Section 149 & 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 rules made thereof.

During the year the Shareholders of the Company vide a postal ballot concluded on March 12, 2019 re-appointed Mr. D Seetharamaiah, (DIN:00005016) as Non-Executive Independent Director of the Company designated as Chairman for a second term of 5 (five) consecutive years w.e.f. 1st Apirl, 2019 in accordance with Section 149 & 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 rules made thereof.

During the year the Shareholders of the Company vide a postal ballot concluded on March 12, 2019 re-appointed Mrs. N. Bhuvaneshwari (DIN:00003741) as Whole-time Director designated as Vice-Chair person and Managing Director (VC&MD) of the Company for further term of 5 (five) years w.e.f. April 1, 2019 in accordance with Section 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 rules made thereof.

During the year the Shareholders of the Company vide a postal ballot concluded on March 12, 2019 re-appointed Mrs. N Brahmani (DIN:02338940) as Whole-time Director designated as Executive Director of the Company for further term of 5 (five) years w.e.f. April 1, 2019 in accordance with Section 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 rules made thereof.

Retirement(s) and Resignation(s)

During the year none of the Directors resigned from the Board.

Key Managerial Personnel

During the year under review, the Company is having the following persons as Key Managerial Personnel.

Name of the Official	DIN/M. No	Designation
Mrs. N Bhuvaneswari	00003741	Vice Chairperson & Managing Director
Mrs. N Brahmani	02338940	Executive Director
Mr. A Prabhakara Naidu	FCA 200974	Chief Financial Officer
Mr. Umakanta Barik	FCS 6317	Company Secretary
Dr. M Sambasiva Rao		President

Committee(s) of the Board

Currently, the Board has Six committees: the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Management Committee and Risk Management Committee.

A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report. The composition of the committees and compliances, as per the applicable provisions of the Act and Rules, are as follows:

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Audit committee	Mr. N Sri Vishnu Raju Chairperson Mr. D Seetharamaiah Dr V Nagaraja Naidu Mr. Rajesh Thakur Ahuja	• All recommendations made by the audit committee during the year were accepted by the Board. • Reviewing, with the management, the quarterly financial statements before submission to the Board for approval. • Approval or any subsequent modification of transactions of the Company with related parties. • Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems, etc.
Nomination and Remuneration Committee	Mr. N Sri Vishnu Raju Chairperson Mr. D Seetharamaiah Mr. Rajesh Thakur Ahuja	• The committee oversees and administers executive compensation, operating under a written charter adopted by our Board of Directors. • The nomination and remuneration committee has framed the nomination and remuneration policy.
Corporate Social Responsibility Committee	Mr. D Seetharamaiah Chairperson Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under. • To monitor the implementation of the CSR Policy of the Company from time to time
Stakeholders Relationship Committee	Dr V Nagaraja Naidu Chairperson Mr. D Seetharamaiah Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• The committee reviews and ensures redressal of investor grievances. • The committee noted that all the grievances of the investors have been resolved during the year.
Risk Management Committee	Mr. Rajesh Thakur Ahuja Chairperson Mr. D Seetharamaiah Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• The purpose of the committee is to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation & mitigation of operational, strategic and environmental risks efficiently and effectively. • The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.
Management Committee	Mr. D Seetharamaiah Chairperson Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• Setting the strategic direction to guide and direct the activities of the organization; • Ensuring the effective management of the organization and its activities; and • Monitoring the activities of the organization to ensure they are in keeping with the founding principles, objects and values.

Policies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the corporate policies are available in the Company website (www.heritagefoods.in/Corportate/ policies). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

Name of the policy	Brief description	Web link
Whistleblower Policy (Policy on vigil mechanism)	The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct and ethics. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee.	https://www.heritagefoods.in/uploads/investors/pdf/15578994930whistle-blower-policy.pdf
Insider Trading Policy and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	The Company has adopted a Code of Conduct to Regulate, Monitor & Report Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) Regulation 2015, with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre- clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Promoters, Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed and other certain situations. All Board of Directors and the designated employees have confirmed compliance with the Code.	https://www.heritagefoods.in/uploads/investors/pdf/15579007881hfl-insider-trading.pdf
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management of the Company.	https://www.heritagefoods.in/uploads/investors/pdf/15579001597board-diversity-remuneration-policy.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on Society through programs relating to hunger, poverty, education, healthcare, environment etc., as per the provisions of the Companies Act, 2013.	https://www.heritagefoods.in/uploads/investors/pdf/15578997634csr-policy.pdf
Policy for Determining Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	https://www.heritagefoods.in/uploads/investors/pdf/15589549991policy-on-determination-of-materiality-events.pdf
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	https://www.heritagefoods.in/uploads/investors/pdf/15578998544rpt-policy.pdf
Policy on Preservation of Documents	The policy deals with the preservation of corporate records of the Company.	https://www.heritagefoods.in/uploads/investors/pdf/15579003020policy-on-preservation-of-doc.pdf
Archival Policy	The policy deals with the retention and archival of corporate records of the Company.	https://www.heritagefoods.in/uploads/investors/pdf/15589549355archival-policy.pdf
Business Responsibility Policy	This Policy endorses the Company's commitment to follow principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business.	https://www.heritagefoods.in/uploads/investors/pdf/15579004658hfl-br-policy.pdf
Dividend Distribution Policy	This Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.	https://www.heritagefoods.in/uploads/investors/pdf/15579009416hfl-dividend-distribution-policy.pdf
Policy on Determination of Materiality of Events	The Policy is to determine materiality of events or information relating to the Company and to ensure timely and accurate disclosure on all material matters concerning the Company.	https://www.heritagefoods.in/uploads/investors/pdf/15589549991policy-on-determination-of-materiality-events.pdf

Auditor & Auditors Report

Statutory Auditors:

As per Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at the 25th Annual General Meeting approved the appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants (FRN 001076N/500013), as the Statutory Auditors of the Company for a term of 5 years i.e. from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company to be held in the year 2022.

Pursuant to amendments in Section 139 of the Companies Act, 2013, the requirements to place the matter relating to such appointment for ratification by members at every annual general meeting has been omitted with effect from 7th May, 2018. The Board of Directors is empowered to fix the remuneration of the Statutory Auditor on yearly basis.

The Report given by M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Statutory Auditor of the Company on the financial statement of the Company for the financial year 2018-19 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

In terms of the Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. As your Company is dealing with Skimmed Milk Powder, which require to maintain the cost records. Your Company has maintained all the required records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

Secretarial Auditors and Secretarial Standards

The Secretarial Audit was carried out by Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabd - 500 094 for the financial year 2018-19. The Report given by the Secretarial Auditors is annexed as Annexure-3 and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board of Directors appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabd - 500 094 as the Secretarial Auditors of the Company in relation to the financial year 2019-20. Your Company had received the written consent that the appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

In terms of the amended SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has obtained the Secretarial Compliance certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabd - 500 094 which is annexed as Annexure-3(i) and forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Company has obtained a certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabd - 500 094 which is annexed as Annexure-3(ii) and forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

During the year, the statutory auditors and secretarial auditor have not reported any instances of frauds committed by or against the Company by its Directors/Officers/ Employees to the Audit Committee or Board under section 143(12) of the Companies Act and rules made thereof.

The Director's have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

Significant Material Orders Passed by the Regulators

There is no order passed by the regulators or Courts during the year under review.

Extracts of Annual Return

An Extract of Annual Return in Form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014, is provided in Annexure-4 to this report. It is also made available in the website of the Company i.e. www.heritagefoods.in.

Internal financial control and its adequacy

Your Company has in place adequate internal financial controls with reference to financial statements. It has adopted necessary policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

During the year no fraud by the Company or on the Company by its officers or employees has been notices and reported.

Internal Audit & Control Systems

Your Company has a well-defined and documented internal audit & 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 your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Four Non-Executive Independent Directors. The Audit Committee of the Board of Directors and Statutory Auditors 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. Your Company has a robust Management Information System which is an integral part of the control mechanism.

The Board of Directors on the recommendation of the Audit Committee has appointed Internal Auditors for the financial year 2019-20 as per the provision of Section 138 of the Companies Act, 2013 and Rules made thereof and as per the SEBI (LO&DR) Regulation, 2015.

Corporate Social Responsibility (CSR)

Your Company has been an early adopter of corporate social responsibility (CSR) initiatives. Along with sustained economic performance, environmental and social stewardship is a key factor for holistic business growth.

CSR activities, as per the provisions of the Companies Act, 2013 and rules made thereof, may be undertaken by the Company or through a registered trust or a registered society. The CSR Committee of the Board evaluated various options to implement the CSR activities and decided to contribute the mandated CSR amount to the NTR Memorial Trust, Hyderabad, to carry out the activities such as promoting education, enhancing the vocational skill & supply of clean drinking water etc., as part of the CSR activities of the Company. As the NTR Memorial Trust is operating since 1997 towards the improvement of health and health outcomes of the needy groups, meeting the educational needs of underprivileged students, advancing the concept of entrepreneurship and self-employment and offering support and relief during disasters and lot more other initiatives for the up-liftment of the backward and needy population in the society.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. During the last five years the Company has spent ₹ 6.64 Crores on CSR activities. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure-5 forming part of the Board's Report.

During the year your Company has donated ₹ 44,23,129/- worth of Skimmed Milk Powder from the CSR funds and employees' one day's salary to the needy people in Kerala's tragic floods.

During the year your Company has donated ₹ 48.50 lakhs from the CSR funds and ₹ 17.67 lakhs from the Heritage Employee Welfare funds to SMART Andhra Pradesh Foundation for taking up housing project to the affected families due to the Titli cyclone in Srikakulam Distict of Andhra Pradesh.

Heritage Farmer Welfare Trust (HFWT)

Apart from the mandatory CSR activities under the Companies Act, 2013 your Company continues to voluntarily support the following social initiatives through Heritage Farmers Welfare Trust (HFWT).

- Veterinary care and cattle management practices through Heritage Mobile Veterinary Clinics, (equipped with necessary tools and trained human resources) 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. The Mobile veterinary vans conduct free health camps in the needy villages.
- Extending Insurance coverage for accidental death of farmer members, Incentive for fodder development & reward for Meritorious Students from farmer's families.
- The HFWT impact during the year for Mobile Veterinary clinic as follows:

No of Cattles Treated **1,69,329**	**No of Cattle Health Camps Organized** **2,674**
No of Artificial Inseminations **1,031**	**No of Video Films Shown** **2,619**

Business Responsibility Report (BRR)

Pursuant to regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Annual Report shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the Company from an environmental, social and governance perspective. BRR has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing improvements which reflect their adoption in the manner the company undertakes its business. In compliance with the regulation, the Business Responsibility Report is annexed in Annexure-6 to the board report.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings & Outgo

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 are provided in the Annexure-7 to the Board Report.

Transfer of Un-Claimed Dividends and Shares

Pursuant to Section 124(5) of the Companies Act, 2013 [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/unpaid dividend amount of ₹ 6,16,354/- (Rupees Six Lakhs Sixteen Thousand Three Hundred Fifty Four Only) for the year 2010-11 was transferred to the Investor Education and Protection Fund during the financial year 2018-19.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 36,820 equity shares belongs to 54 shareholders of the company to Investor Education and Protection fund Authority (IEPF) on November 27, 2018 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [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/unpaid dividend and the shares thereof pertaining for the financial year 2011-12 shall be transferred to the Investor Education and Protection Fund during the financial year 2019-20.

The information in respect of unclaimed/unpaid dividend & shares thereto and the last date for claiming the dividend are given below:

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed/Unpaid Dividend as on March 31, 2019	
			Amount outstanding (₹ in Rupes)	No of Shares
2011-12	29-09-2012	02-11-2019	12,38,714	619357
2012-13	17-07-2013	19-08-2020	9,23,869	307956
2013-14	26-09-2014	29-10-2021	16,36,839	545613
2014-15	24-09-2015	27-10-2022	23,18,742	772914
2015-16	19-08-2016	22-09-2023	21,64,953	721651
2016-17	23-08-2017	25-09-2024	34,99,984	874996
2017-18	30-08-2018	02-10-2025	16,02,346	801173

The voting rights on the shares outstanding shall remain frozen till the rightful owner of such shares claims the shares. The company sends reminders to the shareholders concerned to claim the unclaimed and unpaid dividends & shares thereto before they are transferred to the IEPF Authority as per the applicable provisions.

The shareholders whose shares got transferred to IEPF Authority shall claim the dividends and shares from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and the procedure prescribed thereon.

Mr. Umakanta Barik is the Nodal Officer who is appointed by the Company under the provisions of IEPF.

Risk Management

Your Company have constituted a Risk Management Committee pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise vide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, Information Technology, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Committee had formulated a Risk Management Policy for dealing with different kind of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kind of risks and risk mitigating measures to be adopted by the Board. The Risk Management Procedure will be reviewed by the Risk Management Committee and Board of Directors on a half- yearly basis at the time of review of Financial Results of the Company.

The policy is available in the Company website: www. heritagefoods. in>Investor>policies

Policy on Sexual Harassment

The Company has adopted policy and constituted the Internal Complaint Committee under Prevention of Sexual Harassment of Women at Workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has not received any complaints during the year.

The Company regularly conducts awareness programmes for its employees.

The following are the summary of sexual harassment complaints received and disposed off during the year:

Sl No	Particulars	Status of the No. of complaints received and disposed off
1	Number of complaints on sexual harassment received	Nil
2	Number of complaints disposed off during the year	Nil
3	Number of cases pending for more than ninety days	Not Applicable
4	Number of workshops or awareness programmes against sexual harassment carried out	The Company regularly conducts necessary awareness programmes for its employees
5	Nature of action taken by the employer or district officer	Not Applicable

Vigil Mechanism policy

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. There is no complaint received during the Financial Year ended March 31, 2019.

No personnel have been denied access to the Audit Committee. A copy of the Whistle Blower Policy is available in the company's website i.e. www.heritagefoods.In.

Dividend Distribution policy

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires that the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy. In compliance with the said requirement, the Company has formulated its Dividend Distribution Policy, the said policy is available on the Company's website at: www.heritagefoods.in.

Indian Accounting Standards (Ind AS)

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2017 pursuant to Ministry of Corporate Affairs' notification of the Companies (Indian Accounting Standards) Rules, 2015. The financials for the financial year 2018-19 were presented as per the Ind As format.

Prevention of Insider Trading Code

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company has appointed Mr. Umakant Barik, Company Secretary of the Company as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review, there has been due compliance with the said code.

Director's Responsibility Statement as required under Section 134 (3)(c) of the Companies Act, 2013,

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI). There are no material departures from prescribed accounting standards in the adoption of these standards.

The Directors confirm that:

- In the preparation of the annual accounts (Standalone & Consolidated) for the financial year 2018-19, 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 2018-19 and of the profit and loss of the Company 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- They have prepared the annual accounts of the company on a going concern basis.
- They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

The Board takes this opportunity to thank all customers, consumers, farmers, vendors, investors, bankers and Statutory Authorities for their continued support during the year. The Board also wishes to place on record its sincere appreciation of the effort/ contribution made by its employees at all levels. The Company's consistent growth was made possible by their hard work, solidarity, cooperation and support and look forward to their continued support in the future.

For and on behalf of
HERITAGE FOODS LIMITED

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Registered Office:
6-3-541/C, Punjagutta, Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Place: Hyderabad
Date: May 22, 2019

Annexure-1

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules'2014

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length: Nil
2. Details of material contracts or arrangements or transactions not at arms length:

Sr. No.	Name(s) of the Related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Lakhs)	Duration of contracts/ arrangements/ transactions
1	Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited)	Wholly Owned Subsidiary Company	Investment in Equity shares Sales Financial Guarantee Income Purchase Lease Rental Income Sale of Property, Plant and Equipment	572.94 48.41 22.07 4425.34 6.64 23.34	Not Applicable
2	Heritage Novandie Foods Private Limited	Joint Venture Company	Investment in equity shares Sale of Property, Plant and Equipment	849.99 40.18	Not Applicable
3	Heritage Farmers Welfare Trust	Enterprises in which Key Managerial Persons exercise significant influence.	Contributions made to Trust Lease Rental Income	337.93 0.11	Not Applicable
4	Heritage Finlease Limited	Enterprises in which Key Managerial Persons exercise significant influence.	Dividend received Remittance of loan proceeds collected on behalf of Heritage Finlease Limited Cattle loan facilitation charges	4.00 7341.00 9.11	Not Applicable
5	Nirvana Holdings Private Limited	Entity belonging to promoter group holding 10% or more share holding in the company	Dividend Paid	102.91	Not Applicable
6	NTR Memorial Trust	Enterprises in which Key Managerial Persons exercise significant influence.	CSR Amount paid	91.05	Not Applicable
7	N.Bhuvaneswari	Key Managerial personnel (Vice Chairperson and Managing Director)	Short-term employee benefits Post-employment benefits Other long-term benefits	693.64 8.64 5.77	5 Years
8	N.Brahmani	Key Managerial personnel (Executive Director)	Short Term Employee benefits Post Employment benefits	554.91 4.32	5 Years
9	M.Sambasiva Rao	Key Managerial personnel (President)	Short Term Employee benefits Post Employment benefits Other Long Term benefits	267.82 6.43 22.32	Not Applicable
10	A.Prabhakara Naidu	Key Managerial personnel (Chief Financial Officer)	Short Term Employee benefits Post Employment benefits Other Long Term benefits	56.68 2.80 12.66	Not Applicable
11	Umakanta Barik	Key Managerial personnel (Company Secretary)	Short Term Employee benefits Post Employment benefits	28.16 1.39	Not Applicable

For and on behalf of
HERITAGE FOODS LIMITED

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D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Place: Hyderabad
Date: May 22, 2019

Annexure-2 (A & B)

PARTICULARS OF EMPLOYEE

(As per Sub-section (12) of section 197 of the Act and rules made thereof as amended from time to time)

A. Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. Remuneration paid to whole-time directors

Name of the Director	Designation	Remuneration in FY 2018-19 (₹ in Lakhs)*	Remuneration in FY 2017-18 (₹ in Lakhs)*	% Increase/ (Decrease) of Remuneration in FY 2018-19 as compared to FY 2017-18	Excl. WTD	Incl. WTD
					Ratio of remuneration to MRE	Ratio of remuneration to MRE
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	693.64	449.08	54.45	444.64	444.64
Mrs. N Brahmani	Executive Director	554.91	359.30	54.44	355.71	355.71

MRE: Median Remuneration of Employees

* Remuneration including salary, Perks & Commission

Note: Mrs. N Bhuvaneswari, Director and Mrs. N Brahmani, Managing Director of the wholly owned subsidiary Company viz. M/s. Heritage Nutrivet Ltd., except the sitting fee of ₹ 0.60 lakh & ₹ 0.40 lakh respectively for attending the Board meeting of the wholly owned subsidiary Company they have not received any other remuneration for the FY 2018-19.

ii. Remuneration/Sitting Fee paid to Non-Executive Directors

Name of the director	Sitting Fee in FY 2018-19 (₹ in Lakhs)	Sitting Fee in FY 2017-18 (₹ in Lakhs)	% increase /(decrease) of remuneration in FY2018-19 as compared to FY 2017-18
Mr. D. Seetharamaiah	3.90	3.70	5.41
Mr. N Sri Vishnu Raju	3.90	3.00	30.00
Mr. Rajesh Thakur Ahuja	2.40	2.90	(17.24)
Mrs. Aparna Surabhi*	0.20	-	-
Dr V Nagaraja Naidu	2.20	2.60	(15.38)

* Mrs. Aparna Surabhi appointed as an Additional Director on 30th January, 2019.

iii. Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Designation	Remuneration in FY 2018-19 (₹ in Lakhs)	Remuneration in FY 2017-18 (₹ in Lakhs)	% increase /(decrease) of remuneration in FY 2018-19 as compared to FY 2017-18	Excl. WTD	Incl. WTD
					Ratio of Remuneration to MRE	Ratio of Remuneration to MRE and WTD
Dr. M Sambasiva Rao	President	267.82	209.08	28.09	171.68	171.68
Mr. A Prabhakara Naidu	CFO	56.68	52.14	8.71	36.33	36.33
Mr. Umakanta Barik	CS	28.16	25.78	9.23	18.05	18.05

* Remuneration including Salary, Variable Pay, Perks & Commission

- The annual Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 1,56,000 and ₹ 1,45,248 in financial year 2018-19 and financial year 2017-18 respectively. There is 7.40% change in MRE (excluding WTDs) in financial year 2018-19, as compared to financial year 2017-18.
- The annual Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 1,56,000 and ₹ 1,45,704 in financial year 2018-19 and financial year 2017-18 respectively. There is 7.07% change in MRE (including WTDs) in financial year 2018-19, as compared to financial year 2017-18.
- The number of permanent employees on the rolls of the Company as of March 31, 2019 was 3011.
- The revenue growth of the Company during financial year 2018-19 over previous financial year was 5.90%
- The aggregate remuneration of employees excluding WTD increase in FY 2018-19 over the previous financial year was 21.51%
- The aggregate remuneration of employees including WTD increase in FY 2018-19 over the previous financial year was 20.87%
- The aggregate remuneration of KMP increased in FY 2018-19 over the previous financial year was 22.88%

iv. Statement required under Rule 5(2) of the Companies (appointment and remuneration of Managerial Personal) Rules, 2014.

Employee Name	Designation	Annual Gross Remuneration Received for FY18-19** (₹ in Lakhs)	Qualification	Total Years of Experience	Date of Joining in the Company	Age (Yrs)	Last Employment before Joining the Company	No of Equity Shares held in the Company
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	693.64#	BA	25	12.12.1994	57	-	10661652
Mrs. N Brahmani	Executive Director	554.91#	B.Tech, MBA	11	22.04.2013	32	Vertex Venture Management Pvt. Ltd., Singapore	202000
Dr. M Sambasiva Rao	President	267.82*	M.Sc, Ph.D	35	23.01.2006	62	Joint Secretary, Ministry of Commerce and Industry Govt. of India	223179
Mr. A Prabhakara Naidu	CFO	56.68	B.Sc, CA	27	07.08.1992	58	Heritage Foods Ltd.	Nil
Mr. Jangam Samba Murthy	VP	52.28	MBA (Mkt)	30	01.04.2007	53	Reliance Life Science Ltd.	600
Mr. Chilakalapudi Rajababu	Sr. GM	41.15	M.Tech, MDBA	22	12.04.2007	45	Reliance Industries Ltd	Nil
Mr. D.V.R.K Prasad	VP	40.71	IDD (DT), BBA	36	07.11.1996	57	Salem Dairy	Nil
Mr. Dheeraj Tandon	GM	36.91	MBA (HR), PG Dip. (T &D)	20	05.10.2016	44	Meritor Commercial Vehicle Systems (India) Pvt Ltd.	40
Mr. Hiranmay Gupta	GM	32.79	MBA(Mkt)	22	22.02.2016	47	Flourish Pure Foods	Nil
Mr. Kotta Raja Babu	GM	32.50	M.Sc (CS), PGDRDM, IDD (DT)	36	03.08.2007	57	Patni Computers	Nil
Mr. Suresh Kumar Patidar	Sr. GM	31.99	B.Tech (DT) & M.Sc.(Dairying)	24	06.07.2012	49	Junagadh Dairy (Mother Dairy)	Nil
Mr. Jitendra Bahadur Singh	Sr. GM	30.31	MBA(Mkt)	23	12.02.2018	50	Gyan Milk	Nil

Remuneration including salary, Perks & Commission
* Remuneration includes Salary & Performance incentive
** Gross Remuneration includes Monthly Remuneration, Variable Pay
All the above appointment are contractual and they are not relative of any Director of the company except Mrs. N Bhuvaneswari and Mrs. N Brahmani are related to each other.
None of the employees of the company are working out side of India.

B. Information as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

i. Details of employee Employed throughout the financial year was in receipt of remuneration for that year which in the aggregate, was not less than One Crore and Two lakh rupees

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross Remuneration Paid (₹ in Lakhs)	Previous employment and designation
Dr. M Sambasiva Rao	President	M.Sc., Ph.D.	62	35	23/01/2006	267.82*	Joint Secretary, Ministry of Commerce and Industry Govt. of India

* Remuneration includes Salary & Performance incentive

ii. Details of employee Employed of the part of the financial year was in receipt of remuneration for any part of that year at a rate which, in the aggregate, was not less than Eight Lakhs and Fifty Thousand rupees per month: **NIL**

For and on behalf of
HERITAGE FOODS LIMITED

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Registered Office:
6-3-541/C, Punjagutta,
Hyderabad – 500082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Place: Hyderabad
Date: May 22, 2019

Annexure-3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Heritage Foods Limited
CIN:L15209TG1992PLC014332
6-3-541/C, Panjagutta,
Hyderabad-500082

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Heritage Foods Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's, 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, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2019 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws 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') as amended from time to time:-

(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;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; -- N.A.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -- N.A.

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -- N.A.

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -- N.A

(i) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following as amended from time to time:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India, New Delhi.

(ii) The Listing Agreements entered into by the Company with the BSE Limited and The National Stock Exchanges of India Limited, Mumbai during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis:

The management has identified and confirmed the following laws as being specifically applicable to the Company:

i) Food Safety and Standards Act, 2006 and the Rules made there under.

ii) The Prevention of Foods Adulteration Act, 1954 and the Rules made there under.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors & Woman Directors. There is a change in the composition of the Board of Directors during the period under review in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and 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 through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on our limited review of the compliance mechanism established by the Company, there appear 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.

We further Report that during the audit period of the Company:

There was no instance of: Demerger/ Restructuring/ Scheme of Arrangement

We further report that, during the audit period the company has sought the approval of its members for following main events.

- Re-appointment of Mr. D Seetharamaiah (DIN:00005016) as Non-Executive Independent Director for second term of 5 (five) consecutive years
- Appointment of Mrs. Aparna Surabhi (DIN01641633) as an Non-Executive Independent Woman Director for a term of 5 (five) consecutive years
- Re-Appointment of Mrs. N. Bhuvaneshwari (DIN:00003741) as Whole-time Director designated as Vice-Chair person and Managing Director (VC&MD) of the Company for further term of 5 (five) years w.e.f. April 1, 2019
- Re-Appointment of Mrs. N Brahmani (DIN:02338940) as Whole-time Director designated as Executive Director of the Company for further term of 5 (five) years w.e.f. April 1, 2019

We 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.

We further report that, our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances on the part of the Company.

for **SAVITA JYOTI ASSOCIATES**

Savita Jyoti
Partner
FCS. No. 3738
CP. No. 1796

Place: Hyderabad
Date: May 08, 2019

This Report is to be read with our testimony of even date which is annexed as Annexure- A and forms an integral part of this report

ANNEXURE-A TO SECRETARIAL AUDIT REPORT

To
The Members
Heritage Foods Limited
Hyderabad

Our report of even date is to be ready along with this supplementary testimony.

a) Maintenance of Secretarial record is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on out audit.

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Whenever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc. We have also verified the applicable provisions of IEPF which is complied by the Company.

e) The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company

for **SAVITA JYOTI ASSOCIATES**

Savita Jyoti
Partner
FCS. No. 3738
CP. No. 1796

Place: Hyderabad
Date: May 08, 2019

ANNEXURE-3(i)

SECRETARIAL COMPLIANCE REPORT OF
M/S. HERITAGE FOODS LIMITED

CIN:L15209TG1992PLC014332
#6-3-541/C, Punjagutta, Hyderabad- 500 082, Telangana, INDIA
For the Financial year ended 31st March, 2019

I, Savita Jyoti have examined:

(a) all the documents and records made available to us and explanation provided by M/s. Hetritage Foods Limited

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, the year ended 31st March, 2019 in respect of compliance with the provisions of :

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; : Not Applicable during the year under review

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable during the year under review

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the year under review

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013; Not Applicable during the year under review

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, I/We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	NIL	NIL	NIL

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
	NIL	NIL	NIL	NIL

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended...	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	NIL	NA	NIL	NIL

for **SAVITA JYOTI ASSOCIATES**

Savita Jyoti
Partner
FCS. No. 3738
CP. No. 1796

Place: Hyderabad
Date: May 08, 2019

ANNEXURE-3(ii)

CERTIFICATE

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 201 Date: 08/05/2019 5)

To,
The Members,
Heritage Foods Limited
CIN:L15209TG1992PLC014332
6-3-541/C, Panjagutta,
Hyderabad-500082

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Heritage Foods Limited having CIN:L15209TG1992PLC014332 and having registered office at # 6-3-541/C, Panjagutta, Hyderabad-500082 produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Last appointment in Company
1	Mr. Devineni Seetharamaiah	00005016	26/09/2014*
2	Mr. N Sri Vishnu Raju	00025063	26/09/2014
3	Mr. Rajesh Thakur Ahuja	00371406	19/08/2016
4	Mrs. Aparna Surabhi	01641633	30/01/2019*
5	Dr Vadlamudi Nagaraja Naidu	00003730	26/09/2014
6	Mrs. N Bhuvaneswari	00003741	26/09/2014*
7	Mrs. N Brahmani	02338940	26/09/2014*

***** Shareholders of the Company had appointed/re-appointed the Directors through postal ballot w.e.f. 01/04/2019

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **SAVITA JYOTI ASSOCIATES**

Savita Jyoti
Partner
FCS. No. 3738
CP. No. 1796

Place: Hyderabad
Date: May 08, 2019

Annexure - 4

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)
Of the Companies (Management and Administration) Rules 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L15209TG1992PLC014332
(ii)	Registration Date	:	05.06.1992
(iii)	Name of the Company	:	HERITAGE FOODS LIMITED
(iv)	Category /sub-Category of the Company	:	Company Limited by Shares /Indian Non-Govt. Company
(v)	Address of the Registered office and Contact details	:	# 6-3-541/C, Panjagutta, Hyderabad - 82, Telangana, India
(vi)	Whether Listed Company	:	Yes
(vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Tel: 040 6716 1566.

II. PRINCIPAL BUSINESS ACITVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No	Name and Description of Main Product/Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Milk	1050	63.48
2	Milk Products	1050	34.27

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares hold	Applicable Section
1.	Heritage Nutrivet Ltd	U15400TG2008PLC062054	Wholly Owned Subsidiary	100.00%	2(87)(ii)
2.	SKIL Raigam Power (India) Ltd	U40102TG2009PLC063671	Associate	44.83%	2(6)
3.	Heritage Novandie Foods Pvt Ltd	U74999TG2017PTC120860	Joint Venture	50.00%	-

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) *Category-wise Shareholding*

	Category Of Shareholder	No. Of Shares Held At The Beginning of The Year 01/04/2018				No. Of Shares Held At The End of The Year 31/03/2019				% Change During The Year
		Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoter & Promoter Group									
(1)	INDIAN									
(a)	Individual /HUF	16065292	-	16065292	34.62	16065342	-	16065342	34.63	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2447600	-	2447600	5.28	2447600	-	2447600	5.28	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	**18512892**	**-**	**18512892**	**39.90**	**18512942**	**-**	**18512942**	**39.90**	**-**

	Category Of Shareholder	No. Of Shares Held At The Beginning of The Year 01/04/2018				No. Of Shares Held At The End of The Year 31/03/2019				% Change During The Year
		Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	**18512892**	**-**	**18512892**	**39.90**	**18512942**	**-**	**18512942**	**39.90**	**-**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	4130039	-	4130039	8.90	5449349	-	5449349	11.74	2.84
(b)	Financial Institutions /Banks	6930	-	6930	0.01	10071	-	10071	0.02	0.01
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	4046917	-	4046917	8.72	2692463	-	2692463	5.80	(2.92)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**8183886**	**-**	**8183886**	**17.64**	**8151883**	**-**	**8151883**	**17.57**	**(0.07)**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	6677457	8600	6686057	14.41	6780943	7400	6788343	14.63	0.22
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	5217950	864362	6082312	13.11	5554549	695100	6249649	13.47	0.36
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	4911678	-	4911678	10.59	3918334	-	3918334	8.45	(2.14)
(c)	Others									
	CLEARING MEMBERS	21394	-	21394	0.05	31382	-	31382	0.07	0.02
	EMPLOYEES	270004	2800	272804	0.59	223183	2400	225583	0.49	(0.10)
	I E P F	697687	-	697687	1.50	734107	-	734107	1.58	0.08
	NON RESIDENT INDIANS	696393	86000	782393	1.69	1507035	79200	1586235	3.42	1.73
	NRI NON-REPATRIATION	245319	-	245319	0.53	197676	-	197676	0.43	(0.10)
	TRUSTS	**1578**	**-**	**1578**	**0.00**	**1866**	**-**	**1866**	**-**	**-**
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**18739460**	**961762**	**19701222**	**42.46**	**18949075**	**784100**	**19733175**	**42.53**	**0.07**
	Total B=B(1)+B(2) :	**26923346**	**961762**	**27885108**	**60.10**	**27100958**	**784100**	**27885058**	**60.10**	**-**
	Total (A+B) :	**45436238**	**961762**	**46398000**	**100.00**	**45613900**	**784100**	**46398000**	**100.00**	**-**
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**45436238**	**961762**	**46398000**	**100.00**	**45613900**	**784100**	**46398000**	**100.00**	**-**

(ii) Shareholding of Promoters / Promoters Group & PAC

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2018			Shareholding at the end of the year 31.03.2019			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged /encumberred to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged /encumberred to total shares	
1.	Nara Bhuvaneswari	10661652	22.98	-	10661652	22.98	-	-
2.	Nara Lokesh	4732800	10.20	-	4732800	10.20	-	-
3.	Megabid Finance & Investments Pvt Ltd	2447600	5.28	-	2447600	5.28	-	-
4.	N. Brahmani	202000	0.44	-	202000	0.44	-	-
5.	Ramakrishna N.P	200000	0.43	-	200000	0.43	-	-
6.	V Nagaraju Naidu	100000	0.22	-	100000	0.22	-	
7.	Kathya N.P	60000	0.13	-	60000	0.13	-	-
8.	Durga Ramakrishna N.P	40000	0.09	-	40000	0.09	-	-
9.	Neelima N.P	40000	0.09	-	40000	0.09	-	-
10.	Devaansh Nara	-	-	-	26440	0.06	-	100.00
11.	Nandamuri Balakrishna	13640	0.03	-	-	-	-	(100.00)
12.	Nandamuri Vasundara	12800	0.03	-	-	-	-	(100.00)
13.	A. Siva Sankara Prasad	800	0.00	-	850	0.00	-	-
14.	N. Bala Krishna	1200	0.00	-	1200	0.00	-	-
15.	Ramakrishna Nandamuri	400	0.00	-	400	0.00	-	-
		18512892	**39.90**	**-**	**18512942**	**39.90**	**-**	

(iii) Change in Promoter's Shareholding (Please specify, if there is no change)

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2018	18512892	39.90	**18512892**	**39.90**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	50 Shares Purchased	0.00	**18512942**	**39.90**
	At the end of the Year 31.03.2019	--	--	**18512942**	**39.90**

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
1.	**Nirvana Holdings Private Limited**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	5145684	11.09	**5145684**	**11.09**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2019	-	-	**5145684**	**11.09**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
2.	**V Sudha Sarada**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	1660000	3.58	**1660000**	**3.58**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	11-05-2018 6300 Shares Sold	0.01	**1653700**	**3.56**
		01-06-2018 3700 Shares Sold	0.01	**1650000**	**3.56**
		06-07-2018 4000 Shares Purchased	0.01	**1654000**	**3.56**
		13-07-2018 2000 Shares Purchased	0.00	**1656000**	**3.57**
		31-08-2018 4950 Shares Sold	0.01	**1651050**	**3.56**
		28-12-2018 1050 Shares Sold	0.00	**1650000**	**3.56**
	At the end of the Year 31.03.2019	**-**	**-**	**1650000**	**3.56**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
3.	**DORIC ASIA PACIFIC SMALL CAP (MAURITIUS) LIMITED**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	1304124	2.81	**1304124**	**2.81**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2019			**1304124**	**2.81**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
4.	**M/s Em Resurgent Fund**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	866445	1.87	**866445**	**1.87**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ transfer/bonus/sweat equity etc)	20.04.2018 498240 Shares Sold	1.07	**368205**	**0.79**
		27.04.2018 45420 Shares Sold	0.10	**322785**	**0.70**
		04.05.2018 322785 Shares Sold	0.70	**0**	**0.00**
	At the end of the Year 31.03.2019	**-**	**-**	**-**	**-**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
5.	**SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL INDIA FUND**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	825144	1.78	**825144**	**1.78**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2019			**825144**	**1.78**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
6.	**INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	697687	1.50	**697687**	**1.50**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	23.11.2018 36200 Shares Credited	0.08	**733887**	**1.58**
		30.11.2018 620 Shares Credited	0.00	**734507**	**1.58**
		29.03.2019 400 Shares Debited	0.00	**734107**	**1.58**
	At the end of the Year 31.03.2019	**-**	**-**	**734107**	**1.58**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
7.	**SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	600000	1.29	**600000**	**1.29**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2019			**600000**	**1.29**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
8.	**KAMAL SHYAMSUNDER KABRA**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	500200	1.08	**500200**	**1.08**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	04.01.2019 53600 Shares Sold	0.12	**446600**	**0.96**
		11.01.2019 34000 Shares Sold	0.07	**412600**	**0.89**
		18.01.2019 19100 Shares Sold	0.04	**393500**	**0.85**
		25.01.2019 40525 Shares Sold	0.09	**352975**	**0.76**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		01.02.2019 70730 Shares Sold	0.15	**282245**	**0.61**
		08.02.2019 12245 Shares Sold	0.03	**270000**	**0.58**
		15.02.2019 3500 Shares Sold	0.01	**266500**	**0.57**
		22.02.2019 500 Shares Sold	0.00	**266000**	**0.57**
		02.03.2019 31000 Shares Sold	0.07	**235000**	**0.51**
		15.03.2019 16500 Shares Sold	0.04	**218500**	**0.47**
		22.03.2019 11500 Shares Sold	0.02	**207000**	**0.45**
		29.03.2019 6300 Shares Sold	0.01	**200700**	**0.43**
	At the end of the Year 31.03.2019	-	-	**200700**	**0.43**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
9.	**KOTAK SMALL CAP FUND**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	188341	0.41	**188341**	**0.41**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	20.04.2018 20000 Shares Purchased	0.04	**208341**	**0.45**
		01.06.2018 13466 Shares Purchased	0.03	**221807**	**0.48**
		08.06.2018 6796 Shares Purchased	0.01	**228603**	**0.49**
		22.06.2018 8837 Shares Purchased	0.02	**237440**	**0.51**
		19.10.2018 34538 Shares Purchased	0.07	**271978**	**0.59**
		26.10.2018 2054 Shares Purchased	0.00	**274032**	**0.59**
		11.01.2019 31387 Shares Purchased	0.07	**305419**	**0.66**
		18.01.2019 13417 Shares Purchased	0.03	**318836**	**0.69**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		25.01.2019 15000 Shares Purchased	0.03	**333836**	**0.72**
		20.04.2018 11500 Shares Purchased	0.11	**382981**	**0.83**
		08.02.2019 20000 Shares Purchased	0.04	**402981**	**0.87**
		15.02.2019 1958 Shares Purchased	0.00	**404939**	**0.87**
		22.02.2019 11019 Shares Purchased	0.02	**415958**	**0.90**
		01.03.2019 10072 Shares Purchased	0.02	**426030**	**0.92**
		15.03.2019 20000 Shares Purchased	0.04	**446030**	**0.96**
		22.03.2019 7963 Shares Purchased	0.02	**453993**	**0.98**
		29.03.2019 20632 Shares Purchased	0.04	**474625**	**1.02**
	At the end of the Year 31.03.2019	**-**	**-**	**474625**	**1.02**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
10.	**KEDIA SECURITIES PRIVATE LIMITED**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	468000	1.01	**468000**	**1.01**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2019			**468000**	**1.01**

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
1.	**Mr. D Seetharamaiah** **DIN No: 00005016**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2019				

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
2.	**Mr. Vishnuraju Nandyala DIN No: 00025063**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2019				

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
3.	**Mr. Rajesh Thakur Ahuja DIN No: 00371406**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2019				

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
4.	**Mrs. Aparna Surabhi DIN No: 01641633**	**No. of Shares**	**% of total Shares of the Company**	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2018				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2019				

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
5.	**Dr. V Nagaraja Naidu DIN No: 00003730**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	50,000	0.22	**50000**	**0.22**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	28.09.2018 1500 Shares Purchased	0.00	**101500**	**0.22**
		29.09.2018 500 Shares Purchased	0.00	**102000**	**0.22**
		05.10.2018 2950 Shares Purchased	0.01	**104950**	**0.23**
		12.10.2018 1300 Shares Purchased	0.00	**106250**	**0.23**
		26.10.2018 300 Shares Purchased	0.00	**106550**	**0.23**
		02.11.2018 550 Shares Purchased	0.00	**107100**	**0.23**
		09.11.2018 2100 Shares Sold	0.00	**105000**	**0.23**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		23.11.2018 3000 Shares Sold	0.01	**102000**	**0.22**
		30.11.2018 2000 Shares Sold	0.00	**100000**	**0.22**
	At the end of the Year 31.03.2019	-	-	**100000**	**0.22**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
6.	**Mrs. N Bhuvaneswari** **DIN No: 00003741**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	10661652	22.98	**10661652**	**22.98**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2019	-	-	**10661652**	**22.98**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
7.	**Mrs. N Brahmani** **DIN No: 02338940**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	202000	0.44	**202000**	**0.44**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2019	-	-	**202000**	**0.44**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
8.	**Dr. M Sambasiva Rao** **President**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018	270000	0.58	**270000**	**0.58**
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	05.10.2018 6000 Shares Sold	0.01	**264000**	**0.57**
		12.10.2018 8200 Shares Sold	0.02	**255800**	**0.55**
		26.10.2018 32621 Shares Sold	0.07	**223179**	**0.48**
	At the end of the Year 31.03.2019	-	-	**223179**	**0.48**

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
9.	**Mr. A. Prabhakara Naidu** **Chief Financial Officer** **M No: FCA 200974**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2019				

Heritage
HEALTH AND HAPPINESS

Sl. No		Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
10.	**Mr. Umakanta Barik Company Secretary M No: FCS 6317**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2018				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2019				

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lakhs)

		Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
(i)	Principal Amount	24419	1747	-	26166
(ii)	Interest due but not paid	-	-	-	-
(iii)	Interest accrued but not due	75	-	-	75
Total (i+ii+iii)		**24494**	**1747**	**-**	**26241**
Change in Indebtedness during the financial year					
·	Addition	5223	2500	-	7723
·	Reduction	4831	1747	-	6578
Net Change		**393**	**753**	**-**	**1145**
Indebtedness at the end of the financial year					
(i)	Principal Amount	24811	2500	-	27311
(ii)	Interest due but not paid	-	-	-	-
(iii)	Interest accrued but not due	93	-	-	93
Total (i+ii+iii)		**24905**	**2500**	**-**	**27405**

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Director and/or Manager:

(₹ In Lakhs)

Sl. No		Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
			N. Bhuvaneswari	N. Brahmani	
1	Gross Salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	120.00	60.00	**180.00**
	(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10.71	5.00	**15.71**
	(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	**-**
2.	Stock Option		-	-	**-**
3.	Sweat Equity		-	-	**-**
4.	Commission - As % of profit - Others, specify		562.93	489.91	**1,052.84**
5.	Others, please specify		-	-	**-**
		Total (A)	**693.64**	**554.91**	**1,248.55**
Ceiling as per the Act			₹ 1387.28 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to other Directors:

(₹ In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. D. Seethara Maiah	Mr. N Sri Vishnu Raju	Dr. V Nagaraja Naidu	Mr. Rajesh Thakur Ahuja	Mrs. Aparna Surabhi	
Independent Directors Fee for attending Board/Committee Meetings	3.90	3.90	0.00	2.40	0.20	10.40
Commission	0.00	0.00	0.00	0.00	0.00	0.00
Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
Total (1)	**3.90**	**3.90**	**0.00**	**2.40**	**0.20**	**10.40**
Other Non-Executive Directors						
Independent Directors Fee for attending Board/Committee Meetings	0.00	0.00	2.20	0.00	0.00	2.20
Commission	0.00	0.00	0.00	0.00	0.00	0.00
Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
Total (2)	**0**	**0**	**2.20**	**0.00**	**0.00**	**2.20**
Total (B)= (1+2)	**3.90**	**3.90**	**2.20**	**2.40**	**0.20**	**12.60**
Overall Ceiling as per the Act	₹ 138.73 (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					
Total Managerial Remuneration ₹ 1,261.15 Lakhs *						

* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total (₹)
		Dr. M Sambasiva Rao	Mr. A. Prabhakara Naidu	Mr. Umakanta Barik	
		President	CFO	Company Secretary	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	119.10	56.68	28.16	**203.94**
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of profit - Others, specify	-	-	-	-
5.	Others (Performance Incentive)	148.72	-	-	**148.72**
	Total	**267.82**	**56.68**	**28.16**	**352.66**

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NIL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

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
Chairperson
(DIN: 00005016)

Place: Hyderabad
Date: May 22, 2019

Annexure-5

THE ANNUAL REPORT ON CSR INITIATIVES

	Particulars	Remarks
1.	Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Promoting education and enhancing the vocational skills etc. Web link: www.heritagefoods.in/Corportate/Policies/CSR
2.	The composition of the CSR Committee.	Mr. D Seetharamaiah – Chairman Mr. N Sri Vishnu Raju – Member Mrs. N Bhuvaneswari – Member
3.	Average Net Profit of the company for last three financial years	₹ In Lakhs FY 2017-18: 8982.39 FY 2016-17: 10557.40 FY 2015-16: 9562.75 Average Net Profit: 9700.85
4.	Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 194.02 Lakhs
5.	Details of CSR spent during the financial year:	
	a. total amount to be spent for the financial year:	₹ 194.02 Lakhs
	b. amount unspent:	Nil
	c. manner in which the amount spent during the financial year is detailed below:	

CSR Project or activity identified	Sector in which the project is covered.	(1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount Spent: Direct or through implementing agency
Construction of Hostel building for Students and establishment of Skill Development centre	Promoting Education	Gandipet, near Hyderabad, Telangana Sricity, Chittoor District, Andhra Pradesh	250 Lakhs	91.05 Lakhs	--	Through Implementing Agency - NTR Memorial Trust
Kerala Tragic Floods	Relief	Kerala	-	44.23 Lakhs	-	Direct
Srikakulam – Titli Cyclone	Relief	Srikakulam, Andhra Pradesh	-	48.50 Lakhs	-	Smart Andhra Pradesh Foundation
			-	10.24 Lakhs	-	Distributed milk and milk products to the victims directly
TOTAL			**250 Lakhs**	**194.02 Lakhs**	**--**	

Our CSR responsibilities:

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

Place: Hyderabad
Date: May 22, 2019

D Seetharamaiah
Chairperson
(DIN: 00005016)

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

Annexure-6

BUSINESS RESPONSIBILITY REPORT 2018-19

CONTENTS

Section A: General Information about the Company

1. **Corporate Identity Number of the Company** :
L15209TG1992PLC014332

2. **Name of the Company** :
Heritage Foods Limited

3. **Registered Address** :
#6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India

4. **Website** :
www.heritagefoods.in

5. **E-mail ID :**
hfl@heritagefoods.in

6. **Financial Year reported** :
1st April to 31st March

7. **Sector(s) that the Company is engaged in (industrial activity code-wise) :**

The Company is engaged in the business of procurement and processing of Milk & Milk products, manufacturing of cattle feeds and also generation of power through solar & wind for the captive consumption of its dairy plants.

Industrial Group	Description
105	Manufacture of dairy products
351	Generation of power through solar & wind for the captive consumption of its dairy plants

Note: The above grouping is as per National Industrial Classification of the Ministry of Statistics and Programme Implementation.

8. **List three key products / services that the Company manufactures / provides (as in balance sheet):**
   a) Milk
   b) Milk products
   c) Generation of power

9. **Total number of locations where business activity is undertaken by the Company:**
   a) Number of international locations: The Company does not carry on business at any international location.
   b) Number of national locations: The Company's businesses and operations are spread in 204 locations across the country.

10. **Markets served by the Company**: The Company products have a national presence and a few products are exported.

Section B: Financial Details of the Company as on March 31, 2019

1.	Paid up Capital:	₹ 2,319.90 Lakhs
2.	Total Turnover:	₹ 2,48,235 Lakhs
3.	Total Profit After Tax:	₹ 8,344 Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as a Percentage of profit after tax(%):	2.33 %
5.	List of activities in which expenditure in Sr.No.4 above has been incurred: a) Promoting education (building the classrooms and hostels for pursuing their educations)	

Section C: Other Company's Details

1. **Does the Company have any Subsidiary Company / Companies?**

Yes, as on March 31, 2019, the Company had one wholly owned subsidiary namely M/s. Heritage Nutrivet Limited (Formerly Known as M/s. Heritage Foods Retail Limited) (CIN:U15400TG2008PLC062054) and one Associate Company namely M/s SKIL Raigam Power (India) Limited (CIN:U40102TG2009PLC063671) and one Joint Venture Company namely M/s Heritage Novandie Foods Private Limited (CIN:U74999TG2017PTC120860)..

2. **Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company?**

No participation by the said subsidiary in business responsibility initiatives.

3. **Does any other entity / entities (suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?**

The Company encourages its suppliers, dealers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

Section D: Business Responsibility Information

1. Details of Director / Directors responsible for BR:

a. **Details of the Director / Directors responsible for implementation of the business responsibility policy / policies**

DIN	00003741
Name	Mrs. N Bhuvaneswari
Designation	Vice Chairperson and Managing Director

DIN	02338940
Name	Mrs. N Brahmani
Designation	Executive Director

b. **Details of the BR Head**

DIN	00003741
Name	Mrs. N Bhuvaneswari
Designation	Vice Chairperson and Managing Director
Tel No.	040 – 23391221
Email ID	hfl@heritagefoods.in

DIN	02338940
Name	Mrs. N Brahmani
Designation	Executive Director
Tel No.	040 – 23391221
Email ID	hfl@heritagefoods.in

2.1 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the

Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These are briefly are as under:

- Principle 1: Ethics, Transparency and Accountability [P1]
- Principle 2: Safety and Sustainability [P2]
- Principle 3: Well-being of all Employees' [P3]
- Principle 4: Protection of Stakeholders Interest [P4]
- Principle 5: Respecting and Promoting Human Rights [P5]
- Principle 6: Respecting and Protecting Environment [P6]
- Principle 7: Responsibility towards Public and Regulatory Policy [P7]
- Principle 8: Inclusive Growth & Equitable Development [P8]
- Principle 9: Consumer Value[P9]

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Yes. The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs, Govt of India								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Yes. The policies have been approved by the Board and signed by the Vice Chairperson and Managing Director.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes, the Company's officials/ respective departments are authorised to oversee the implementation of the policy								
6	Indicate the link for the policy to be viewed online?	Policies are available in the following link: https://www.heritagefoods.in/static/images/pdf/policies/hfl-br-policy.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all the internal and external stakeholders								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievances or feedback to the policies can be sent to hfl@heritagefoods.in								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policy relating to Environment, Health and Safety are evaluated by internal as well as external ISO audit agencies. The Whistle Blower Policy is reviewed by the Audit Committee of the Board annually.								

2.2 If answer to Sr. No.2.1 against any principle is 'No', please explain why: (Tick up to 2options)

Not applicable since the response to none of the Principles is in negative.

3. Governance related toBR

- **Indicate the frequency with which the Board of Directors, Committee ofthe Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.**

  There is no defined frequency. Assessment is an ongoing exercise and is an inherent part of corporate functions.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  No

Section E: Principle-wise Performance

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

1.1 Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company adopted the Code of Ethics and Business Policies governing conduct of business of the Company in an ethical manner. The Company encourages its business partners to follow the code.

The Board of the Company has also adopted a Code of Conduct (Code) which applies to the Directors, Key Managerial Persons and the senior management of the Company. The Company obtains an annual confirmation affirming compliance with the Code from the Directors Key Managerial Persons and the senior management every year.

1.2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Company received 134 complaints/requests from the shareholders during 2018-19 and there were no complaints pending as on March 31, 2019.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

2.1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

Implemented ISO 22000 (Food Safety), ISO 14001 (Environmental Safety) and ISO 50001 (Effective Energy Management System)

2.2 Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Our Company's sourcing of milk has increased many folds sine last 26 years. We have a sustainable sourcing from farmers across the states we are operating. To keep our sourcing sustainable we do undertake lot more welfare activities which help farmers keep supplying milk to us.

2.3 Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Milk which is the raw material for the Dairy is procured locally from small farmers in the nearby villages. The Farmers are encouraged to produce more milk through extensive P&I activities which includes Artificial Insemination, Cattle Loans, subsidized feed, free medical camps, supply of fodder slips, etc and their total Milk produced is accepted without any restriction in any season.

2.4 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5 per cent, 5-10 per cent, >10 per cent).

The Company is not having any policy to recycle the products. In case of waste such as: water shall be treated before utilizing for irrigation purpose within the plant premises.

Principle 3: Businesses should promote the well being of all employees

3.1 Total number of employees: 3011

3.2 Total number of employees hired on temporary/ contractual / casual basis: 3320

3.3 The number of permanent women employees: 15

3.4 The number of permanent employees with disabilities: Nil

3.5 Do you have an employee association that is recognized by management?

Presently, Company does not have any employee association.

3.6 What percentage of your permanent employees is members of this recognized employee association? – NA

3.7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial yearand pending, as on the end of the financial year.

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour / forced Labour/involuntary	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

3.8 What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?

a.	Permanent Employees	21%
b.	Permanent Women Employees	50%
c.	Casual/Temporary/Contractual Employees	Nil
d.	Employees with Disabilities	Nil

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

4.1 Has the Company mapped its internal and external stakeholders?

Yes, the Company has mapped the stakeholders i.e. farmers, customers, shareholders, employees, suppliers, banks and financial institutions, government and regulatory bodies.

4.2 Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

The Company continuously engages with farmers and identifies their needs and priorities so as to serve.

4.3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company has taken special initiatives through its trust for welfare of the farmers. The activities includes cattle insurance, insurance coverage for farmers, healthcare facilities for milch animals, case reward for meritorious students and relief activities in case of any unforeseen calamities.

Principle 5: Businesses should respect and promote human rights

The Company respects and promotes human rights for all individuals. The Company's commitment to human rights and fair treatment is set in its Policy on Human Rights.

5.1 Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures / Suppliers/ Contractors / NGOs / Others?

The Company follows its policy on Human Rights which are applicable to all employees in the Company. The Company encourages its Business Partners to follow the policy. Company discourages dealing with any supplier/contractor if it is in violation of human rights and also prohibits the use of forced or child labour at all manufacturing units /with business associates.

5.2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any stakeholder complaint pertaining to human rights during the financial year 2018-19.

Principle 6: Business should respect, protect and make efforts to restore the environment

6.1 Does the policy related to Principle 6 cover only the company or extends to the Group /Joint Ventures / Suppliers / Contractors / NGOs /others.

The Company follows its policy on Environment Protection which is applicable to all its business places.

6.2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

Company is in constant lookout for opportunities for reducing its own operational environmental footprint. Use of renewable energy to the maximum extent & energy conservation efforts are in line with global initiatives such as climate change.

6.3 Does the company identify and assess potential environmental risks?

Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants and projects. The Company is consistently putting in efforts to improve the environment protection measures further.

6.4 Does the company have any project related to Clean Development Mechanism?

Currently no projects related to Clean Development Mechanism have been taken up by the Company. However we are in constant lookout for opportunities in this regard.

6.5 Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.

The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to manufacture its products. The efforts of the Company are aimed to minimise energy consumption by adopting energy conservation measures.

6.6 Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the financial year being reported?

Company's emissions/waste generated was always within the regulatory defined limits.

6.7 Number of show cause/ legal notices received from CPCB/ SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The Company has not received any show cause notice or legal notice from Central Pollution Control Board/State Pollution Control Board during 2018-19.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

7.1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is a member of The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI)

7.2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas.

Company's Senior Management represents the Company in various industry forums. They understand their responsibility while representing the company in such associations, and while they engage in constructive dialogues and discussions in favour of public good.

Principle 8: Businesses should support inclusive growth and equitable development

8.1 Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8?

The Company undertakes the initiatives through the CSR committee of the Board as per the CSR policy of the Company. A brief outline of the policy for undertaking the CSR activities of the Company includes the following:

- Promoting education
- Enhancing the vocational skills
- Supply of clean drinking water

Apart from the CSR activities under the Companies Act, 2013 the Company continues to voluntarily support the following social initiatives through Heritage Farmers Welfare Trust (HFWT) for enhancing the income of farmers.

- Veterinary care and cattle management practices through Heritage Mobile Veterinary Clinic, (equipped with necessary tools and trained human resources 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. The Mobile veterinary vans reach needy places for educational video film in the evening and free health camp on the next day morning in villages.
- Extending Insurance coverage for accidental death of farmer members as a social security measure..

8.2 Are the programmes/projects undertaken through in-house team/own foundation / external NGO / government structures /any other organization?

The Company's Social Responsibility Projects have been carried out by the Company directly and/or through implementing agencies (i.e. NTR Memorial Trust, Hyderabad).

8.3 Have you done any impact assessment of your initiative? (From CSR)

Yes, the CSR committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

8.4 What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Company spent an amount of ₹ 194.02 Lakhs on community development project viz., Promoting education (building the hostels for pursuing their educations) and ₹ 337.93 Lakhs through HFWT.

8.5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Companies CSR initiatives are rolled out in partnership with Trust. This helps in increasing reach as well as ensuring the adoption of initiative by communities. CSR Committee of the Board track the reach and takes necessary steps to make it successful.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

9.1 What percentages of customer complaints / consumer cases are pending as on the end of financial year?

There is no consumer complaints are pending as on the end of financial year.

9.2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Yes, the Company adheres to all the applicable regulations regarding product labelling and displays relevant information on it.

9.3 Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

Neither any complaint was filed relating to above during the past five years nor is any complaint pending as at the end of financial year.

8.4 Did your Company carry out any consumer survey/ consumer satisfaction trends?

Yes, Consumer satisfaction is important for business. Company connects with consumer with multiple touch points. A survey is conducted with consumers to understand the product quality feedback.

Annexure-7

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of Energy

"Your Company is committed to looking for innovative ways to optimize the energy mix towards cleaner, more efficient forms of energy increasing share of renewable energy sources, while continuing to reduce consumption. Your Company continue to investigate the feasibility of technologies with the potential to reduce emissions and contribute to energy efficiency".

i. Energy conservation dictates how efficiently a company can conduct its operations. The Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon di-oxide (CO2) emissions and strengthened the Company's commitment towards becoming an environment friendly organization. A dedicated 'Energy Conservation Cell' is focusing on energy management and closely monitor energy consumption pattern across all manufacturing sites. Periodic energy audits are conducted to improve energy performance.

ii. The Capital investment during 2018-19 on energy conservation equipment is ₹ 10.76 lakhs

B. Technology Absorption

i. The efforts made by the Company towards technology absorption during the year under review are:

- Installation of Compact type skid mounted refrigeration system
- Installation of energy efficient evaporative conditioner/compressor
- installation of high energy efficient ammunition screw compressor system along with variable frequency drive (VFD)
- Commissioned 2TPH Biomass Fuel Fired Boilers
- Provided LED lighting system to all packing stations
- Installed Automatic CIP system
- Provide Crate conveyor system
- Ucrete Flooring for better Hygiene
- Implementation of Rapid Milk chilling to enhance quality of Milk
- Implementation of Automatic milk analyzer for accurate quality/quantity management system
- Installed automatic power measurements ABT method systems
- Installed High efficiency Homogenisers.

ii. The benefits derived like product Improvement, cost reduction, product development or import substitution: Energy saving & reduction of cost of products, improved product quality.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Not Applicable

iv. The Expenditure incurred an Research and Development : NIL

C. Foreign Exchange Earnings and Outgo

During the year under review foreign exchange earnings were ₹ 4782.57 Lakhs (previous Year ₹ 1,697.34 Lakhs) and foreign exchange outgo was ₹ 302.94 Lakhs (Previous year ₹ 478.86 Lakhs).

For and on behalf of

HERITAGE FOODS LIMITED

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6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Place: Hyderabad
Date: May 22, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE OVERVIEW

Heritage Foods Limited (the Company) has consolidated its position in Dairy Industry with deeper penetration into remote rural areas to procure raw milk and supply processed milk and milk products to consumers in urban areas. Your Company now has over 27 years of legacy in the Indian dairy space.

The Financial statements are prepared in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 2013 ("the Act") read with Section 133 of the Companies Act, 2013.

Your Management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgments used therein. These estimates and judgments relating to financial statements are prudently made to reflect in a true and fair manner the form and substance of transactions. This also enables in reasonably presenting the Company's state of affairs and profits and cash flows for the year ended March 31st, 2019

INDIAN ECONOMY

The International Monetary Fund (IMF) has pared India's growth forecast for the just-concluded fiscal and the next two years, citing softer recent growth and weaker global outlook, but expects the country to retain its place as the fastest growing major economy.

According to IMF estimates, India's economy grew 7.1% in financial year 2018-19 and is expected to accelerate to 7.3% growth during 2019-20.

Dairy Sector Review

We believe the organized dairy sector is poised for healthy growth in the coming quarters. Milk production CAGR of 5% over FY12-17 coupled with 5-6% inflation indicates ~10% growth of the market in revenue terms. Organized players account for 28% of the overall milk market and we expect their share to grow going forward.

(a) INDUSTRY STRUCTURE AND DEVELOPMENTS

During the financial year 2018-19, India is the leading milk producing country in the world, accounting for 21% of the global market share. The milk processing industry in India is expected to expand at a compound annual growth rate (CAGR) of ~14.8% between FY 2018 and FY 2023.

Apart from milk, the revenue of the Indian dairy and milk processing industry is generated from several value-added products such as butter, curd, paneer, ghee, whey, flavoured milk, ultra-high temperature (UHT) milk, cheese, and yogurt. The market size of butter is expected to grow by 14.5%, curd by 14.4%, paneer by 14.1%, and ghee by 14.1%, among others.

(b) OPPORTUNITIES AND THREATS:

Opportunity:

Expanding market will see creation of enormous job and self employment opportunities. Economy is growing at the rate of nearly 6.8% 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 by products of the dairy industry for manufacturing value added products for import substitution. Interest subvention of 2% for farmers availing loan under Kisaan Credit Card (KCC) for pursuing activities of animal husbandry and fisheries. Additional 3% interest subvention on timely repayment of loans. Positive for the dairy sector as this will encourage farmers to invest in dairy farming as a stable source of income. Dairy is one of key focus areas for doubling farmers income and increase milk production in milk deficient regions like South India and East India

Threat:

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. Organized dairy industry handles only 28% of the milk produced. Cost effective technologies, mechanization, and quality control measures are seldom exercised in unorganized sector and remain key issues to be addressed. There is a gross lack of awareness among farmers about the quality parameters, including microbiological and chemical contaminants as well as residual antibiotics.

(c) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Liquid milk

Liquid milk is the largest category in the Indian dairy industry. However, a majority (72%) of the milk sold in India is still unorganised and in the form of loose milk sold by milkmen. The organised sector, too, is highly fragmented with several regional players and co-operatives. The organized fresh milk market is growing faster than the unorganised market and is estimated to account for 30% of the total liquid milk market by 2020.

Milk Powder

Milk powder manufacturing is a simple process now carried out on a large scale. It involves the gentle removal of water at the lowest possible cost under stringent hygiene conditions while retaining all the desirable natural properties of the milk- color, flavor, solubility, nutritional value.

Ghee

Ghee is traditionally used as cooking oil in Indian households and is the second largest category in the Indian dairy industry after fresh milk. Current ghee volumes are estimated to be 4.28 million MTs and expected to reach 4.66 million MTs by 2020. With higher consumer acceptance and availability, along with increasing health consciousness, the cow ghee segment is growing faster than the overall ghee market.

Paneer

Paneer is to India what cheese is to the Western world and is an integral part of many Indian recipes. It is the third largest segment in the milk-based products category. Current paneer market is 1.5 million MTs, expected to reach 1.8 million MTs by 2020 representing a market size of ₹ 36,550 crores. However, only ~3% of the total market is organized due to the fact that Paneer is consumed like vegetables in Indian households and therefore purchased fresh on a daily basis. Given that consumers now prefer paneer which is hygienic and is consistent in taste, the trend towards branded packaged paneer is gaining momentum.

Curd

The Indian market is expected to reach a value of nearly INR 807 Billion by 2021.The curd market in India is currently being driven by the increasing demand from urban regions. The convergence of hectic lifestyles and rising health consciousness among consumers has spurred the demand for packed curd in the country. In addition, the introduction of newer and healthier varieties such as low-fat curd has also attracted a large consumer-base.

Cheese

India's cheese market is one of the fastest growing segments among dairy products. Current cheese volumes are around 65,000 MTs and are expected to reach 91,700 MTs by 2020. The spurt will be led by strong growth in India's fast food market driven by pizzas, burgers, sandwiches, etc.

Buttermilk

As buttermilk offers relief from the scorching heat of the sun, it has gained immense popularity in India as a result of the country's extremely hot summers. The demand for buttermilk is also increasing as it is good for digestion and boosts immunity. According to the report, the market is further expected to reach a value of INR 237.5 Billion by 2024, exhibiting a strong growth during the forecast period (2019-2024).

Whey

Whey is the by-product that is left after casein and milk-fat are separated from milk by coagulation, while manufacturing cheese.

UHT milk

Currently, one of the major factors driving the market is the ease of storage of UHT milk which facilitates its transportation over long distances to milk scarce regions. Some of the other growth inducing factors include ease of use, hectic lifestyles, long-shelf life, changing dietary habits, etc. According to the report, the market is further expected to reach a value of INR 193 Billion by 2024,

Flavoured milk

The flavoured milk market is anticipated to grow at a CAGR of around 20% during 2015-2020.

Flavoured and frozen yoghurt

Flavoured and frozen yoghurt market in India saw 36% CAGR during 2011-2014 to touch ₹ 2.3bn in 2014; it is expected to grow to ₹ 12.1bn in 2020 (32% CAGR). Growth in the category has been driven primarily by increased health consciousness among the urban middle class.

Ice-Cream/ Frozen Desert

The Indian ice cream industry is one of the fastest growing segments of the dairy or food processing industry. The frozen dessert market is projected to grow at a CAGR of over 19% by 2023, on the back of rising GDP per capita and growing demand from expanding middle class population.

(d) OUTLOOK

According, "Indian Dairy Industry Outlook 2022" report, with an annual output of 179 Million Tonnes, India is the largest producer of milk in the world. It is also one of the largest producers and consumers of dairy products. Indian dairy industry also offers good opportunities to both domestic and foreign investors for entry and expansion. Due to their rich nutritional qualities, dairy products' consumption has been growing exponentially in the country; and considering various facts and figures, the study anticipates that milk production in India will further grow at a CAGR of around 3.5% by 2021-22.

(e) RISKS AND CONCERNS

Climate, water scarcity and geography

Climate change and scarcity of water is a major threat to the dairy industry. Milk production could go down by 3 million tonne over the next three years as the average temperatures rise, creating problems of water scarcity and reduced availability of green and dry fodder for the cattle. Temperate with milder seasons put less stress on cows than climates with more extreme weather. Geography is closely tied to weather. Heat and humidity are the factors with largest impact. If nighttime temperatures cool, cows get a chance for cover even in hot seasons. However, if they don't have a chance to cool down, they will eat less feed and produce less milk.

Survival of the fittest

It is expected that the competition will increase steadily as more and more companies targeting dairy sector and a few Multinational Corporations (MNC) too eyeing for increasing market share. Large established players are launching new products.

New Product Risk by MNCs who have better brand equity

Over the years a few private players have been able to anticipate and respond to changing consumer preferences which helped in building strong consumer demand for their brands. However continuous investment in research and development along with introduction of new products and different variants of existing products by MNCs, based on consumer preferences and demand, can be a risk for smaller players.

Rising labor cost

Over the last decade labor cost has also increased significantly. Cost of keeping and maintaining bovine is very high.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-defined and documented internal audit & 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 your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Four Directors in whom all are Non-Executive and three are independent Directors. The Audit Committee of the Board of Directors and Statutory Auditors 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. Your Company has a robust Management Information System which is an integral part of the control mechanism.

KEY INDUSTRY GROWTH DRIVERS

Young India and increase in population

India is the second most populated country in the world with nearly a fifth of the world's total population. India is relatively young country with rising expectations. 65% of India's population is below 40 and working age population (between 15 and 64 years) is expected to touch 1b mark surpassing China by 2030. With 50% of the population under 25 years of age, the large Indian young population is ready to experiment and try out new milk products. The opportunity is there for domestic players to capitalize on their understanding of taste and preferences of Indians.

Dual income households leading to higher usage of VAP due to lack of time

The number of dual household incomes is gradually increasing, leading to higher disposable incomes and readiness to try out value added products. Both rural and urban households have increased their expenditure on VADP at ~16% CAGR compared to liquid milk CAGR of 10-12%.

Traditional milkmen selling curd have disappeared today at least in urban areas with many of branded dairies launching their better quality curds and buttermilk. Dairy sector will be one of the key beneficiaries of Indian consumption story. Value-added products have been gaining importance due to changes in demographic and dietary patterns. While demand for branded milk has grown at 15%, growth in value added products has been even stronger at 23% in last decade.

Rising urbanization and disposable income

With rising urbanization and disposable income, there is growing brand awareness amongst consumers, which is driving demand for branded products. Also, there is a growing preference for clean, hygienic and ready-to-eat milk & dairy products that will boost organized dairy industry.

Rising health awareness

Over the last decade, there has been a growing awareness towards health and nutrition. This has led to increasing quality and safety concerns fuelling demand for packaged food. Younger consumers are especially trending towards more health conscious eating habits driving growth of value added dairy products.

Rising vegetarian population

India has ~28% of population who follow vegetarianism and this number is gradually increasing over last decade. A large vegetarian population is a key driver for dairy industry.

KEY SUCCESS FACTORS FOR DAIRY BUSINESS

Strategically located manufacturing units

As most of the dairy products have low shelf life, it is difficult to manufacture them at a central location and distribute pan-India like FMCG products. Hence, it is crucial to have a network of multiple production units across the country to have maximum reach.

Procurement of raw milk

The Company has emerged as a pan India player. About 13.8 Lakh LPD is currently being procured from Southern States like Telenagana, Andhra Pradesh, Tamilnadu, and Karnataka, Western States (Maharashtra) and Northern States like: Punjab, Haryana and Rajasthan.

Milk being a perishable commodity the incremental growth may come from closer to current markets. The acquisition of Reliance Dairy has been a success as it has helped the company to strengthen its presence in North.

Distribution reach and availability of products

Some dairy products require chilled temperatures. Products such as ice creams require backup of freezers. Fresh milk products are perishable in nature. Establishing distribution is extremely crucial so that products are available to consumers. If product is consistently available to consumers they will try and will come for repeat purchases.

An optimum product portfolio to ensure higher profitability

A range of products is crucial to attract consumers across income levels and across needs. It is important to have a right mix of milk business as well as value-added products so as to minimize working capital requirements and to maximize the return ratios. A right mix of fresh milk products and premium VAP will aid margins and return ratios.

REVIEW OF OPERATIONS

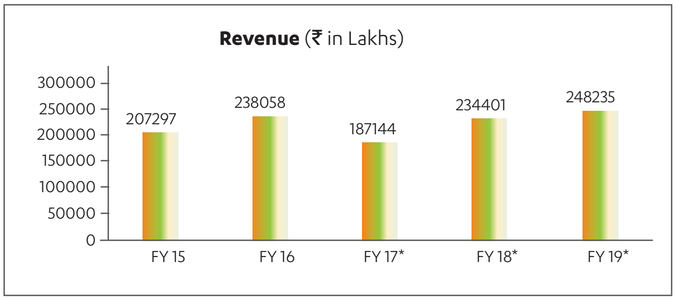
Tangible Results:

Total Revenue (₹ in Crore)	EBIDTA (₹ in Crore)	PAT (₹ in Crore)
FY19* 2,482.35	FY19* 192.43	FY19* 83.44
FY18* 2,344.01	FY18* 133.32	FY18* 60.38
FY17* 1,871.44	FY17* 149.23	FY17* 292.60
FY16 2,380.58	FY16 136.50	FY16 55.43
FY15 2,072.97	FY15 88.10	FY15 28.21

* Figures are from continuing operations

Your Company has set its aspiration to emerge as a ₹ 6000 Cr company by 2024. At the moment, all efforts are being made in that direction. Apart from the organic growth both in the liquid milk and value added products space. Your Company is looking for inorganic route also.

This year was indeed a "bottom line growth" story, thanks to prudent inventory management, efficiency in financial prudence in cutting down losses related to acquired dairy business operations, and good monsoons leading to greater availability of fodder. This is the reason the EBITDA and PAT were higher at ₹ 192.43 crore and ₹ 83.44 crore respectively.



* Figures are from continuing operations

Moving up value chain: The Company is rapidly moving up the value chain as the contribution of Value Added Products (VAP) in Dairy vertical is improving on Y-o-Y basis. The margin in VAP is almost double than that of Liquid Milk.

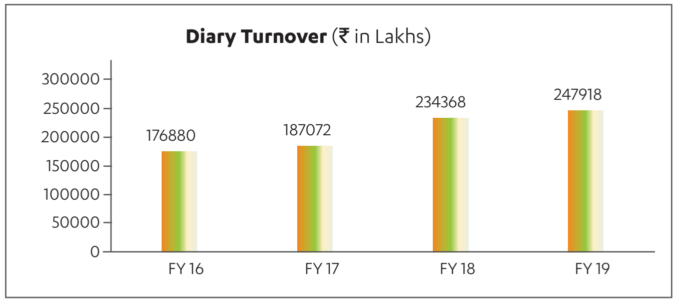
The company is gradually targeting to grow contribution of value added products to consolidate top line. Curd will continue to remain the largest component of value added product segment, contributing around 80.21% plus. Other products constitute: buttermilk; flavoured milk, lassi, paneer, frozen desert and ice creams. The yogurt plant, in collaboration with French company Novandie, is coming up near Mumbai and civil works have been already commenced.

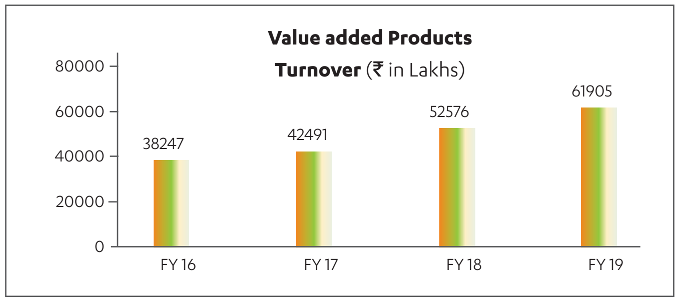
Making Rapid Strides: Was successful in making rapid strides in Maharashtra and Delhi markets in Dairy business vertical. Attempts are on to add further processing capacities in Maharashtra.

Dairy Business Vertical:

₹ 2,47,918 Lakh Revenue	**99.87 % Revenue Contribution**
₹ 18,256 Lakh EBITDA	**₹ 61,905 Lakh Revenue from Value Added Products**

The Dairy division accounting for 99.87% of revenue 2482.35 Lakh) is the flagship business vertical for your Company. The Last 4 financial year's revenue of the Dairy vertical is given below:





With a surge in the value added products, from ₹ 38,247 lakhs in FY15 to ₹ 61,905 lakhs in the current fiscal year, the percentage of contribution to the dairy revenue has improved from a mere 16% to nearly 25% in the current year. The value added products have been growing at a CAGR of 17.41% over the last 4 years.

These products indeed attract the attention of stakeholders as their profit margins are almost double compared to that of the liquid milk. Among these value added products, it's the curd that forms a significant portion. The rest include: ice cream/ Forzen Desert, paneer, butter milk lassi and flavored milk.

Renewable Energy Business Vertical:

Your Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward- looking enterprise, it is strongly committed to extending our 'Green' footprint. In line with this thinking, the division has increased its Renewable Energy Capacity with 4.09MW Solar Power and 6.30MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption:

₹ 1,137 Lakhs Revenue from Renewable Energy	**10.39 MW Renewable Energy Capacity**

Way Forward

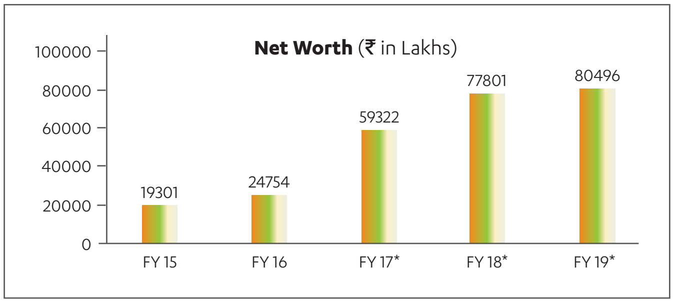
Your Company has the Right Channel Mix (over 90% milk is directly supplied to consumers), Right Product Mix (a good mix of fresh milk and value added products), High Capital Efficiency, and Branding (Heritage brand has a legacy of over 26 years).

Discussion on financial And Operational performances

Your Company has created significant wealth for its shareholders as the Company continues to maintain its growth momentum to become a nationally recognized brand for healthy and fresh products. Given below is the Company's performance for the last five years in various parameters.

Net worth Trend:

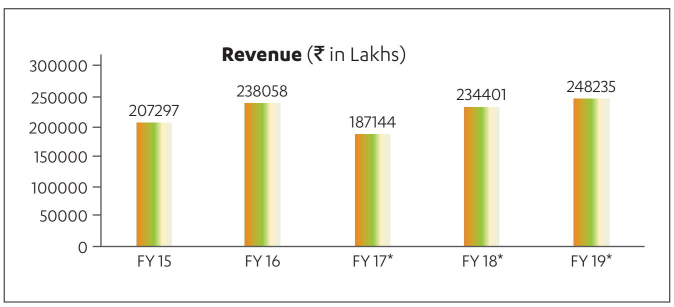
The net worth has shown a steady and constant ascent from ₹ 19,301 lakhs to ₹ 80,496 lakhs in the last five years.



* Figures are from continuing operations

Revenue Trend

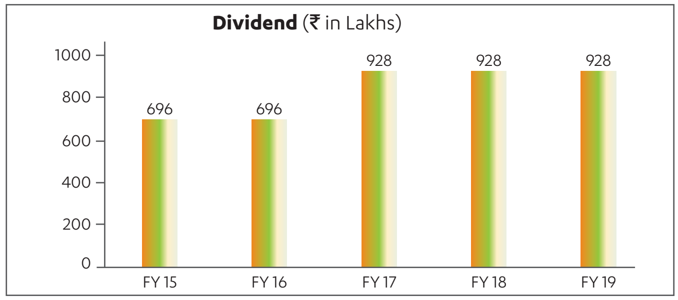
The focused approach helped the Company to deliver a revenue growth of 5.90% in FY19.



* Figures are from continuing operations

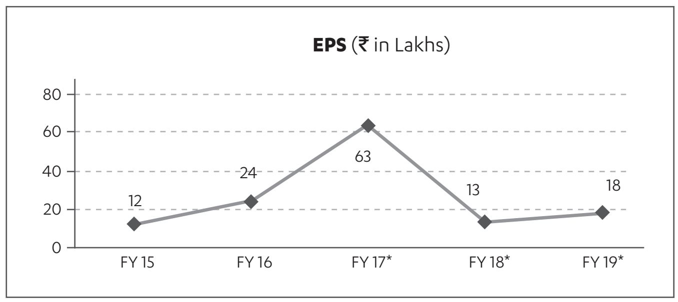
Dividend Payment History

The Dividend and the payout ratio computed on consolidated profits have remained high. The dividend payout ratio in last five years.



Earnings per Share

Earnings per share (EPS) (Equity Shares of the face value of ₹ 5/- each)



* Figures are from continuing operations

(g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATINAL PERFORMANCE

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 31 March 2019.

Overview of Standalone Financial Results

Particulars	2018 - 19		2017 - 18		FY 19 vs 18
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Net Sales	247946.42	99.88	234385.51	99.99	5.79
Other operating income	288.51	0.12	15.59	0.01	-
Total Revenue	**248234.93**	**100.00**	**234401.10**	**100.00**	**5.90**
Less: Total Expenditure	230036.03	92.67	221699.95	94.58	3.76
Fair value gain on FVTPL equity securities			39537.07	16.87	
Gain due to changes in fair value of derivative liabilities	13109.85	5.28	-	-	-
Fair value loss on FVTPL equity securities	(13109.85)	(5.28)	-	-	-
Loss due to changes in fair value of derivative liabilities	-	-	(38703.86)	(16.51)	-
Add: Other Income	1109.60	0.45	716.94	0.31	54.77
Profit before Interest, Depreciation and Tax	19308.50	7.78	14251.30	6.08	35.49
Less: Finance costs	2068.64	0.83	1745.45	0.74	18.52

Particulars	2018 - 19		2017 - 18		FY 19 vs 18
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Depreciation & Amortisation	4371.04	1.76	3698.54	1.58	18.18
Profit / (Loss) before tax	12868.82	5.18	8807.32	3.76	46.12
Less: Provision for current taxation (Including taxation of earlier years)	4228.00	1.70	2829.39	1.21	49.43
Less: Provision for deferred taxation	296.63	0.12	(60.23)	(0.03)	-
Profit / (Loss) after tax	8344.19	3.36	6038.16	2.58	38.19

Standalone Segment results :

Particulars	2018 - 19		2017 - 18		FY 19 vs 18
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
1. Total Revenue					
a. Dairy	242924.52		229671.55		5.77
b. Renewable energy	1137.08		685.93		65.77
c. Feed	4076.06		3591.71		13.49
d. Others	917.89		1104.40		(16.89)
Total (a+b+c+d)	**249055.55**		**235053.59**		**5.96**
2. Inter-segment Revenue					
a. Dairy	-		-		
b. Renewable energy	820.62		652.49		25.77
c. Feed	-		-		
d. Others	-		-		
Total (a+b+c+d)	**820.62**		**652.49**		**25.77**
3. External Revenue					
(Incl other operating income)					
a. Dairy	242924.52		229671.55		5.77
b. Renewable energy	316.46		33.44		846.27
c. Feed	4076.06		3591.71		13.49
d. Others	917.89		1104.40		(16.89)
Total (a+b+c+d)	**248234.93**		**234401.10**		**5.90**
4. Segment Results					
Profit (+) / (Loss) (-) before tax and finance costs					
a. Dairy	14387.70	5.92	10096.16	4.40	42.51
b. Renewable energy	659.25	57.98	317.81	46.33	107.44
c. Feed	(342.74)	(8.41)	(359.89)	(10.02)	(4.77)
d. Others	116.42	12.68	44.65	4.04	160.74
Total (a+b+c+d)	**14820.63**	**5.97**	**10098.73**	**4.30**	**46.76**
Less: Finance Cost	2068.64		1745.45		
Fair Value loss on derivative liabilities	13109.85		38703.86		
Others	194.02		420.96		
Add: Interest income	45.77		37.77		
Fair Value gain on Equity Securities (FVTPL)	13109.85		39537.07		
Dividend Income	4.00		4.02		
Reversal of Diminution in value of investments	261.09		-		
Total Profit before Tax	**12868.82**	**5.18**	**8807.32**	**3.76**	**46.12**

Segment wise Revenue Break-up :

Particulars	2018 - 19	2017 - 18
Dairy		
Finished goods sold		
Milk	156409.04	146781.20
Value Added Products	61819.49	52478.06
Fat Products	20687.06	26034.03
Skimmed Milk Powder	65.57	485.74
Total	**238981.16**	**225779.03**
Traded goods		
Milk	1188.67	2672.85
Value Added Products	85.38	97.85
Fat Products	2018.58	-
Other Products	403.96	630.00
Total	**3696.58**	**3400.69**
Sale of Service	228.96	488.74
Other operating income	17.82	3.09
Total Dairy Revenue	**242924.52**	**229671.55**
Renewable Energy		
Finished goods sold	45.77	20.94
Other operating income	270.69	12.50
Total Renewable Energy Revenue	**316.46**	**33.44**
Feed	4,076.06	3591.71
Others	917.89	1,104.40
Total Revenue	**2,48,234.93**	**234,401.10**

CASH FLOW

Cash inflows

₹ in Lakhs

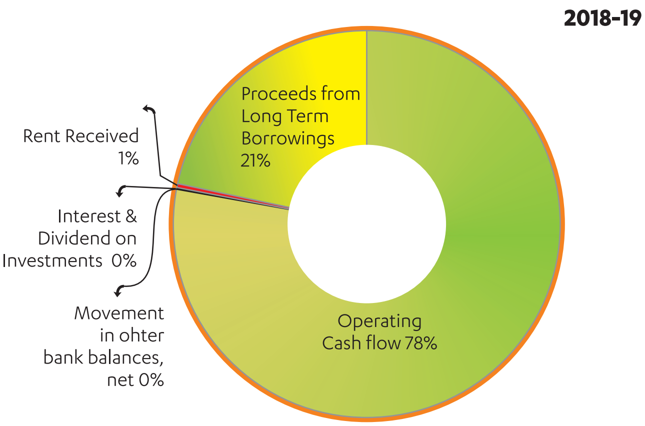
Particulars	2018 - 19	%	2017 - 18	%
Operating Cash flow	19077.18	77.92	13544.44	50.48
Change in working capital (net)	-	-	3004.55	11.20
Interest & Dividend on Investments	38.13	0.16	32.14	0.12
Movement in other bank balances, net	-	-	3.66	0.01
Rent Received	144.42	0.59	-	-
Proceeds from Long Term Borrowings	5223.32	21.33	10248.36	38.19
Total	**24483.05**	**100.00**	**26833.15**	**100.00**

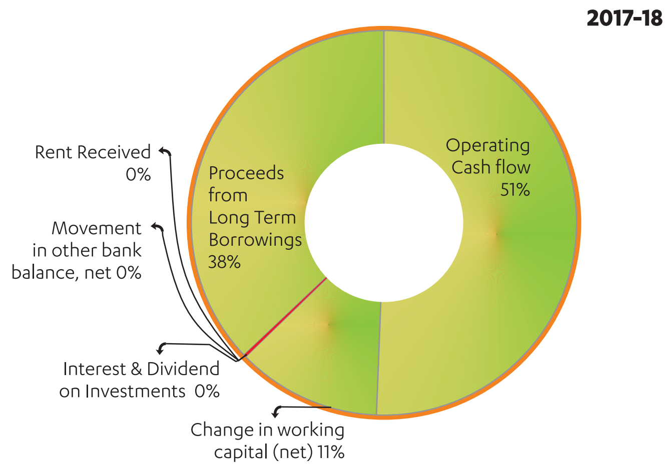
Cash Outflows

Particulars	2018 - 19	%	2017 - 18	%
Repayment of Long Term Borrowings	3251.16	14.01	1708.34	5.90
Change in Working capital (net)	1095.41	4.72	-	-
Taxes paid	3718.33	16.02	2777.25	9.59
Payment for purchase of property, plant and equipment (Net)	10488.98	45.19	13818.35	47.70
Payment on account of business combination	-	-	6151.00	21.23

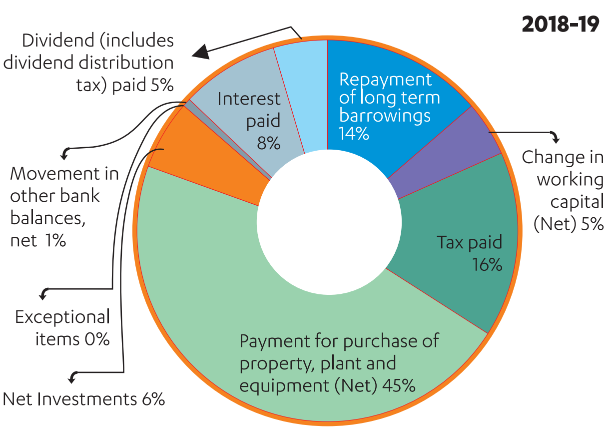
Particulars	2018 - 19	%	2017 - 18	%
Net Investments	1399.93	6.03	1767.93	6.10
Movement in other bank balances, net	151.96	0.65	-	-
Interest Paid	1984.27	8.55	1628.48	5.62
Dividend (includes dividend distribution tax) Paid	1118.73	4.82	1116.87	3.86
Total	**23208.77**	**100.00**	**28968.22**	**100.00**
Net increase /(decrease) in cash and cash equivalents	1274.28		(2135.07)	
Add: Opening Cash and Cash Equivalents	(4237.21)		(2102.14)	
Cash and cash equivalents at the end of the period	(2962.93)		(4237.21)	
Cash and cash equivalents includes :				
Cash on hand	758.07		243.33	
Balances with banks in current accounts	5391.05		5742.36	
Cheques on hand	111.02		-	
Loans repayable on demand from banks	(9223.07)		(10222.90)	

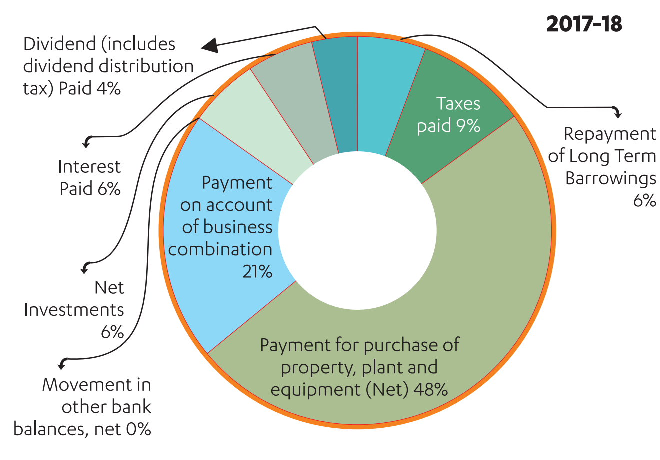
Cash inflows





Cash Outflows





Key Financial Ratios as per SEBI (LO&DR) Regulations, 2015

Particulars	31 March 2019	31 March 2018
Debtors Turnover Ratio	99	219
Inventory Turnover Ratio (on Cost of Goods Sold)	14	14
Interest Coverage Ratio	7.42	5.80
Current Ratio	0.82	0.73
Debt Equity Ratio	0.19	0.18
Operating Profit (PBIT) Margin (%)	5.99%	4.11%
Net Profit Margin (%)	3.36%	2.58%
Return on Net Worth (RONW)	10.37%	7.76%

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. To ensure good human resources management, your Company focused on all aspects of the employee lifecycle. This provides a holistic experience for the employee as well. During their tenure at the Company, employees are motivated through various skill- development, engagement and volunteering programs. Your Company has a structured induction process at all locations and management development programs to upgrade skill of managers. Objective appraisal systems based on Key Result Areas are in place for senior management members.

Your Company is committed to nurturing, enhancing and retaining talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in long run. The total strength of your Company employees at the end of financial year 2018-19 was 3011.

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

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is based on preserving core beliefs and ethical business conduct while maintaining a strong commitment to maximise long-term stakeholder value. Your Company is focused towards bringing transparency in all its dealings, adhering to well-defined corporate values and leveraging the corporate resources for long-term value creation.

Your Company is committed to moulding Corporate Governance practices in line with its core values, beliefs and ethics. Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on imbibing good Corporate Governance practices.

Your Company continues to strengthen its governance principles to generate long-term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

Your Company's Corporate Governance Framework ensures that making timely disclosures and share accurate information regarding the financial and performance, as well as the leadership and governance of the Company.

Your Company's Corporate Governance Philosophy is based on the following principles:

- Corporate Governance Standards should satisfy both the spirit of the law and the letter of the law
- Ensure transparency and maintain a high level of disclosure
- Clearly distinguish between personal conveniences and corporate resources
- Communicate externally and truthfully, about how the Company is run internally as permitted by the statue.
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the shareholders' capital and not the owner.

Transparency and accountability are the two basic requirements of Corporate Governance. Responsible Corporate conduct is integral to the way the Company do the business. The actions are governed by the values and principles which are reinforced at all levels in your Company. The code of business is reflected in the continued commitments to ethical business practices across the dealings.

Your Company firmly believes that Board independence is essential to bring objectivity and transparency in the management and in the dealings of your Company. As on March 31, 2019, the Board consists of seven members out of which two (2) are Executive/ Whole-time Women Directors, three (3) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non-Executive Director.

Ethics/Governance Policies:

Your Company strives to conduct the business and strengthen the relationship in a manner that is dignified, distinctive and responsible. Your Company adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with stakeholders. Therefore, your Company have adopted various codes and policies to carry out duties in an ethical manner. Some of these codes and policies are:

- Code of Conduct & Ethics for Board & Senior Management
- Code of Conduct for Fair Disclosure of Unpublished Price Sensitive Information
- Code of Conduct to Regulate, Monitor & Report Trading by Insiders
- Whistle Blower Policy
- Policy on Materiality of Related Party Transactions
- Corporate Social Responsibility Policy
- Board Diversity and Nomination & Remuneration Policy
- Board Evaluation Framework
- Policy for Determining Material Subsidiaries
- Risk Management Policy
- Familiarisation Programme for Independent Directors
- Policy on Preservation of Documents
- Archival Policy
- Policy on Determination of Materiality of Events
- Business Responsibility Policy
- Dividend Distribution Policy

Appropriate Management Structure with defined roles and responsibilities:

Your Company has put in place an internal management structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has constituted six Committees to discharge its responsibilities in an effective manner. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 as amended from time to time. The Chairperson and the Vice Chairperson & Managing Director (VC&MD) provide overall direction and guidance to the business. In the operations and functioning of the Company, the VC&MD is assisted by Executive Director and a core group of senior level executives.

Board Leadership:

Your Company believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. Your Company has defined guidelines and an established framework for the meetings of the Board and its Committees. These guidelines seek to systematise the decision-making process at the meeting of the Board and its Committees in an informed and efficient manner.

The Board critically evaluates your Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the Board reviews related party transactions if any, possible risks and risk mitigation measures, financial reports from the Chief Financial Officer (CFO) and business reports from the division heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

2. BOARD OF DIRECTORS

(a) Composition and category of Directors

The Board policy is to have an appropriate mix of executive, non-executive, independent and women directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2019, the Board consists of Seven (7) members, out of (2) are Executive/Whole-time Women Directors, three (3) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non-Executive Director. The Board periodically evaluates the need for change in its composition and size.

None of the Independent Directors on the Board serve as an independent director in more than seven listed entities and 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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. The Directors have made the necessary disclosures regarding Committee positions during the period under review.

Availability of information to Board Members

The Board has unrestricted access to all Company- related information including that of your employees. Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results of the operating divisions or business segments
- Quarterly/Annually report on Management Information System division wise
- Monthly summary report of Internal Audit observations division wise
- The Board minutes of the Subsidiaries/Associate Companies/Joint Venture Company
- The Board Minutes of Heritage Farmer Welfare Trust
- General notices of interest received from Directors, if any
- Dividend data
- Minutes of meetings of previous Board & Committee Meetings and abstracts of Circular Resolutions passed, (if any) etc.
- Information on recruitment and remuneration of senior officers below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary, if any
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution problems.
- Any materially relevant defaults in financial obligations to and by us
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures or collaboration agreements, if any.
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholder services, such as non-payment of dividend and delays in share transfer etc.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/ profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Directors on the Board. The Committee, inter alia, considers qualification positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other Companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

Meetings of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 & the Rules made there under and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. The meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the Board, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties.

One meeting of Independent Directors was held during the year.

Succession planning

The Nomination and Remuneration Committee works with the Board on the leadership succession plan, and also prepares contingency plans for succession in case of any exigencies.

(b) Attendance of each Director at the meeting of the Board of Directors and last Annual General Meeting:

Name	No. of Meetings		Attendance at Last AGM
	Held	Attended	
Independent Director			
Mr. D Seetharamaiah	6	6	Yes
Mr. N Sri Vishnu Raju	6	6	No
Mr. Rajesh Thakur Ahuja	6	5	Yes
Mrs. Aparna Surabhi*	6	1	NA
Non Executive Director			
Dr. V Nagaraja Naidu	6	5	Yes
Whole-time Director			
Mrs. N Bhuvaneswari	6	6	No
Mrs. N Brahmani	6	6	Yes

* Mrs. Aparna Surabhi appointed as an Non-Executive Independent Woman Director w.e.f. 1st April, 2019

(c) Number of other board of directors or committees in which a director is a member or chairperson:

Name	No. of other Directorships* (Including Heritage Foods)	Committee memberships# (Including Heritage Foods)	
		Member	Chairman
Independent Director			
Mr. D Seetharamaiah	4	2	1
Mr. N Sri Vishnu Raju	20	2	1
Mr. Rajesh Thakur Ahuja	4	0	-
Mrs. Aparna Surabhi @	-	-	-
Non Executive Director			
Dr. V Nagaraja Naidu	3	1	1
Whole-time Director			
Mrs. N Bhuvaneswari	9	1	-
Mrs. N Brahmani	10	-	-

* The directorships held by directors as mentioned above, do not include directorships in Foreign Companies.

\# In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Memberships/ Chairmanships of only Audit Committee, Stakeholders Relationship Committee of all Public Limited Companies have been considered.

@ Mrs. Aparna Surabhi appointed as an Non-Executive Independent Woman Director w.e.f. 1st April, 2019

(d) Number of meeting of the Board of directors held and dates on which held:

Six Board meetings were held during the year ended March 31, 2019. These were held on May 24, 2018, July 27, 2018, October 31, 2018, December 05, 2018, January 30, 2019 and March 25, 2019.

The tentative dates for Board meetings in the ensuing financial year are decided in advance and published as part of the Annual Report. The Non-executive Chairperson of the Board and the Company Secretary, draft the agenda for each meeting, along with explanatory notes, in consultation with the VC&MD, and distribute these in advance to the Directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary.

(e) Disclosure of relationship between directors inter-se:

As on March 31, 2019, the Board consists of Seven (7) members, out of which (2) are Executive/Whole-time Women Directors, three (3) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non-Executive Director.

None of the Directors has relations with other except executive director/Whole-time director of the Company. Mrs. N Brahmani, Executive Director of the Company is the daughter-in-law of Mrs. N Bhubaneswari, Vice Chairperson cum Managing director of the Company.

(f) Number of shares and convertible instruments held by non-executive directors:

None of the Non-executive directors of the Company are having shares and convertible instruments except Dr. V Nagaraja Naidu, Non-Executive Director of the Company is holding 1,00,000 equity shares.

(g) Familiarisation programmes for Board Members

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and its Committee Meetings, on business and performance updates of the Company and business strategy. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. https://www.heritagefoods.in/static/images/pdf/policies/Familiarisation-programme.pdf

BOARD COMMITTEES

As on March 31, 2019, the Board has 6 (Six) Committees i.e. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and Management Committee.

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

3. AUDIT COMMITTEE

(a) Brief description of term of reference:

The Committee composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Members of the Audit Committee possess financial accounting expertise/exposure.

(b) Composition, name of the members and chairperson:

Composition of the Committee as on 31st March, 2019:

Name	Designation	Category
Mr. NSri Vishnu Raju	Chairperson	Non Executive Independent Director
Mr. D Seetharamaiah	Member	Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	Member	Non Executive Independent Director
Dr. V Nagaraja Naidu	Member	Non Executive Director

The primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Audit Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the statutory auditors, and notes the processes and safeguards employed by each of them. The committee has the ultimate authority and responsibility to select, evaluate and where appropriate, replace the statutory auditors in accordance with the law. All possible measures were taken by the committee to ensure the objectivity and independence of the statutory auditors.

(c) Meeting and attendance during the year:

Five meetings of Audit Committee were held during the financial year 2018-19, i.e. May 24, 2018, July 27, 2018, October 31, 2018, January 30, 2019 and March 25, 2019. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mr. N Sri Vishnu Raju	5	5
Mr. D Seetharamaiah	5	5
Mr. Rajesh Thakur Ahuja	5	4
Dr. V Nagaraja Naidu	5	4

The terms of reference, Powers, Roles & responsibilities of the Audit Committee are as stated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 and the rules made thereof as amended from time to time.

Dr. M Sambasiva Rao, President, Mr. A Prabhakara Naidu, Chief Financial Officer, Statutory Auditor and Lead Internal Auditor of the Company are permanent invitees to the Audit Committee Meeting, Mr. Umakanta Barik, Company Secretary is the Secretary to the Committee.

4. NOMINATION & REMUNERATION COMMITTEE

(a) Brief description of terms of reference:

The Committee's constitution and terms of reference are in compliance with provisions of the Section 178 of the Companies Act, 2013 & Rules made thereof and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

(b) Composition, name of members and chairperson:

Name	Designation	Category
Mr. N Sri Vishnu Raju	Chairperson	Non Executive Independent Director
Mr. D Seetharamaiah	Member	Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	Member	Non Executive Independent Director

The committee shall review and discuss all matters pertaining to candidates and shall evaluate the candidates in accordance with a process that it sees fit, passing on the recommendations to the Board. The committee coordinates and oversees the annual self- evaluation of the Board and of individual directors. The Committee also review the performance and approve the revision of annual fixed salary & variable pay and promotions of all the Employees one level below the Board including the Functional Heads of the Company. The committee also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

(c) Meeting and attendance during the year:

The Nomination & Remuneration Committee held three meeting during the financial year 2018-19 on April 19, 2018, May 24, 2018 and January 30, 2019. The attendance details of the Committee Meeting are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Sri Vishnu Raju	3	3
Mr. D Seetharamaiah	3	3
Mr. Rajesh Thakur Ahuja	3	3

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President of the Company are permanent invitees to the Committee Meeting, Mr. Umakanta Barik Company Secretary is the Secretary to the Committee.

(d) Performance evaluation criteria for independent directors:

One of the key functions of the Committee is to monitor and review the board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors. The questionnaire is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship to stakeholders, company performance, company strategy, and the effectiveness of the whole Board and its various committees on a scale of one to five. Feedback on each director is encouraged to be provided as part of the questionnaire and shares the feedback with the Chairman. The Chairman discusses the feedback at the Board Meeting.

5. REMUNERATION OF DIRECTORS

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to director(s). All Board-level compensation shall be approved by the shareholders and disclosed separately in the financial statements. Remuneration for the Vice-Chairperson & Managing Director and Executive Director consists of fixed component and variable component.

The compensation payable to the Independent/Non-Executive Directors is limited to sitting fees and reimbursement of actual conveyance, travelling and other expenses for attending the Board & Committee meeting(s), as approved by the Board & shareholders, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The performance of the Independent Directors is reviewed by the Board on an annual basis.

(a) All pecuniary relationship or transactions of the Non-Executive Directors

There is no pecuniary relationship or transactions between the company and Non-Executive directors except the sitting fees they are getting for attending the board/committee meeting and dividend on shares held by him/her.

(b) Criteria of making payments to Non-Executive Directors:

The Non-executive Directors of the Company only getting the sitting fees for attending Board/Committee meeting and the reimbursement of expenses for attending for Board and Committee meetings.

(c) Other disclosures with respect to remuneration:

(i) All elements of remuneration package of individual directors summarized under major groups such as salary, benefits, bonuses, stock options, pensions etc.:

The Details of remuneration paid/payable for the year ended March 31, 2019 is as follows:

(₹ in Lakhs)

Name	Sitting Fees	Remuneration	Perquisites/ Perks	Commission	Total
Independent Directors					
Mr. D Seetharamaiah	3.90	-	-	-	**3.90**
Mr. N Sri Vishnu Raju	3.90	-	-	-	**3.90**
Mr. Rajesh Thakur Ahuja	2.40	-	-	-	**2.40**
Mrs. Aparna Surabhi*	0.20	-	-	-	**0.20**
Non Executive Directors					
Dr. V Nagaraja Naidu	2.20	-	-	-	**2.20**
Whole-time Directors					
Mrs. N Bhuvaneswari	-	120.00	10.71	562.93	**693.64**
Mrs. N Brahmani	-	60.00	5.00	489.91	**554.91**

* Mrs. Aparna Surabhi appointed as an Non-Executive Independent Woman Director w.e.f. 1st April, 2019.

(ii) Service contracts, notice period, severance fees:

The Company has entered service with executive directors having a 3 months notice period either side and there is no severance fees involved for any of its directors of the Company. The Company also has issued appointment letter to Non-Executive independent director as prescribed by the companies Act and applicable regulations.

(iii) Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:

The Company has not granted any stock option to any of its directors. Dr. V Nagaraja Naidu, Non-Executive Director of the Company is holding 1,00,000 equity shares, Mrs. N Bhuvaneswari and Mrs. N Brahmani, Executive/ Whole-time Directors of the Company are holding 1,06,61,652 and 2,02,000 equity shares of the Company respectively as on March 31, 2019.

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.

6. (i) STAKEHOLDERS GRIEVANCE/ RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as specified in Section 178 of the Companies Act, 2013 & rules made thereof as amended from time to time. The terms of reference of the Stakeholders Relationship Committee include to approve, transfer and transmission of shares and to approve Sub- division, Consolidation and issue of new/duplicate share certificates, whenever requested for by the share holders 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

(a) Name of non-executive director heading the committee:

Dr. V Nagaraja Naidu – Non-executive Director

(b) Name and designation of compliance officer:

Mr. Umakanta Barik, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

(c) Details of the Complaints /request during Financial Year 2018-19 as follows:

Number of shareholders complaints/request received: 134

Number of complaints solved to the satisfaction to the shareholders: 134

Number of pending complaints: NIL

Composition, name of members and chairperson:

Name	Designation	Category
Dr. V Nagaraja Naidu	Chairperson	Non Executive Director
Mr. D Seetharamaiah	Member	Non Executive Independent Director
Mr. N Sri Vishnu Raju	Member	Non Executive Independent Director
Mrs. N Bhuvaneswari	Member	Executive Director

Four Stakeholders Relationship Committee meetings were held during the financial year 2018-19. These were held on April 19, 2018, July 27, 2018, October 31, 2018 and January 30, 2019. The attendance details of the Committee Meeting are as follows:-

Stakeholders Relationship Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Dr. V Nagaraja Naidu	4	4
Mr. D Seetharamaiah	4	4
Mr. N Sri Vishnu Raju	4	4
Mrs. N Bhuvaneswari	4	4

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

(ii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility policy' observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof as amended from time to time

Composition of the Committee as on 31st March, 2019:

Name	Designation	Category
Mr. D Seetharamaiah	Chairperson	Non Executive Independent Director
Mr. N Sri Vishnu Raju	Member	Non Executive Independent Director
Mrs. N Bhuvaneswari	Member	Executive Director

The committee shall be overseeing the activities/ functioning with regards to Company's project/ works of M/s. NTR Memorial Trust, Hyderabad, being an external agency for implementation of the CSR activities of the Company and identifying the areas of CSR activities, programs and execution of initiatives as per pre-defined guidelines/policy.

Two CSR Committee meetings was held during the financial year 2018-19 on June 21, 2018 and October 31, 2018. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	2	2
Mr. N Sri Vishnu Raju	2	2
Mrs. N Bhuvaneswari	2	2

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

(iii) RISK MANAGEMENT COMMITTEE

The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. Framing of Risk Management Plan and Policy, Overseeing implementation of Risk Management Plan and Policy, Monitoring the process of risk management, Validating the process of risk management, Validating the procedure for Risk Minimisation, Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and Risk Management process, Performing such other functions as may be necessary or appropriate for the performance of its oversight function.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition, name of members and chairperson:

Name	Designation	Category
Mr. Rajesh Thakur Ahuja	Chairperson	Non-Executive Independent Director
Mr. D Seetharamaiah	Member	Non-Executive Independent Director
Mr. N Sri Vishnu Raju	Member	Non-Executive Independent Director
Mrs. N Bhuvaneswari	Member	Executive Director

One Risk Management committee meeting was held during the financial year 2018-19 on March 25, 2019.

The attendance detail of the committee meeting is as follows:

Risk Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. Rajesh Thakur Ahuja	1	1
Mr. D Seetharamaiah	1	1
Mr. N Sri Vishnu Raju	1	1
Mrs. N Bhuvaneswari	1	1

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President and Mr. A Prabhakara Naidu Chief Financial Officer of the Company are permanent invites to the Committee Meeting, Mr. Umakanta Barik Company Secretary is the Secretary to the Committee.

(iv) 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 operations and timely action/compliances. The Committee meets at frequent intervals and disposes matters which are of urgent in nature without having to wait for the next Board Meeting.

Composition, name of members and chairperson:

Name	Designation	Category
Mr. D Seetharamaiah	Chairperson	Non-Executive Independent Director
Mr. N Sri Vishnu Raju	Member	Non-Executive Independent Director
Mrs. N Bhuvaneswari	Member	Executive Director

Five Management Committee meetings were held during the financial year 2018-19. These were held on April 19, 2018, June 21, 2018, September 28, 2018, November 29, 2018 and February 18, 2019. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	5	5
Mr. N Sri Vishnu Raju	5	5
Mrs. N Bhuvaneswari	5	4

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

7. GENERAL BODY MEETINGS

(a) Location and time, where the last three annual general meeting held:

During the preceding three years, the Company's Annual General Meetings were held at Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45. Details of date & time are as follows:

Financial year ended	Date and time
March 31, 2018	August 30, 2018 at 10.30 a.m.
March 31, 2017	August 23, 2017 at 11.00 a.m.
March 31, 2016	August 19, 2016 at 10.30 a.m.

(b) Whether any special resolutions passed in the previous three annual general meeting: No

(c) Postal ballot

During the year, members of the company have approved the resolutions, stated in the below table by requisite majority, by means of Postal ballot, including Electronic Voting (e-voting). The Postal Ballot Notice dated January 30, 2019 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail addresses were registered with the Company/respective Depository Participants. The physical copies of the Postal Ballot Notice along with Postal Ballot Form are sent by courier along with self-addressed postage pre-paid Business Reply Envelope to all the members.

The Company had published a notice in the newspaper on February 8, 2019 in Financial Express and Visalaandhra in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard – 2. The voting period commenced from at 9:00 a.m. on Friday, February 8, 2019 and ended at 5:00 p.m. on Saturday, March 9, 2019 (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/beneficial owner (in case of electronic shareholding) as on Friday, February 1, 2019.

The details of the voting pattern are given below:

Resolution	Type of Resolution	No of Votes Polled	Votes Cast in favour		Votes Cast against	
			No of Votes	%	No of Votes	%
Re-appointment of Mr. D Seetharamaiah (DIN:00005016) as Non-Executive Independent Director for second term of 5 (five) consecutive years	Special	30932683	30320831	98.02	611852	1.98
Appointment of Mrs. Aparna Surabhi (DIN01641633) as an Non-Executive Independent Woman Director for a term of 5 (five) consecutive years	Ordinary	31120165	31119669	99.99	496	0.01
Re-Appointment of Mrs. N. Bhuvaneshwari (DIN:00003741) as Whole-time Director designated as Vice-Chair person and Managing Director (VC&MD) of the Company for further term of 5 (five) years w.e.f. April 1, 2019	Special	7461539	6849365	91.80	612174	8.20
Re-Appointment of Mrs. N Brahmani (DIN:02338940) as Whole-time Director designated as Executive Director of the Company for further term of 5 (five) years w.e.f. April 1, 2019	Special	7461542	6751014	90.48	710528	9.52

(d) Person who conducted the postal ballot exercise:

The Board had appointed Mr. K.V.S. Subramanyam, Partner of M/s. Ravi & Subramanyam (CP No: 4815) Practicing Company Secretary, Hyderabad-500 063, as Scrutiniser to conduct the postal ballot process in a fair and transparent manner and had engaged the services of Karvy Fintech Private Limited as the agency for the purpose of providing e-voting facility.

Mr. K.V.S. Subramanyam, Scrutiniser, had submitted his report on the postal Ballot to the Chairman on March 12, 2019.

(e) Whether any special resolution is proposed to be conducted through postal ballot:

There is no immediate proposal for passing any resolution through Postal Ballot.

(f) Procedure for postal ballot:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of M/s. Karvy Fintech Pvt. Ltd.

Postal ballot notices and forms are dispatched, along with postage-prepaid business reply envelopes to registered members/beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer. The results are also displayed on the Company website, www.heritagefoods.in, besides being communicated to the stock exchanges and registrar and share transfer agent.

8. Means of Communication

(a) Quarterly/Financial Results:

The Quarterly/Half yearly/Annual Un-Audited/Audited Financial Results (Standalone & Consolidated) are published in English and Regional Language Newspapers. 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.

(b) News Paper where results normally published:

The quarterly/annual Financial results are published in English newspaper namely i.e. Financial express all editions and vernacular language newspaper namely i.e. Vishalandhra Hyderabad edition.

(c) 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 the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

(d) 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

(e) Presentations to institutional investors/analysts:

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website www.heritagefoods.in

Annual Report: The Annual Report containing inter- alia Notice of the 27th Annual General Meeting, Audited Annual Accounts (Standalone & Consolidated), Directors' Report including Annexure thereto, Auditors Report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report and other important information is circulated to Members and others entitled thereto.

Chairman's Communiqué: The printed copy of the Chairman's speech is distributed to shareholders at Annual General Meeting venue.

Reminder to Investors: Reminders for unclaimed/ unpaid dividend and shares thereof are sent to shareholders as per records every year.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by National Stock Exchange of India Limited (NSE), Mumbai for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application Centre'): BSE's Listing Centre is a web- based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web- based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

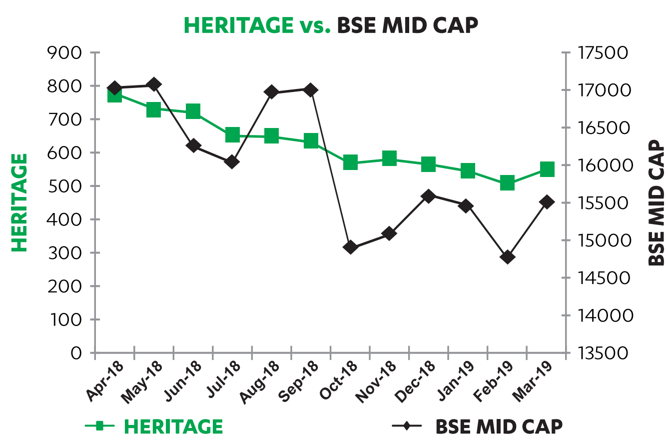
9. GENERAL SHAREHOLDER INFORMATION

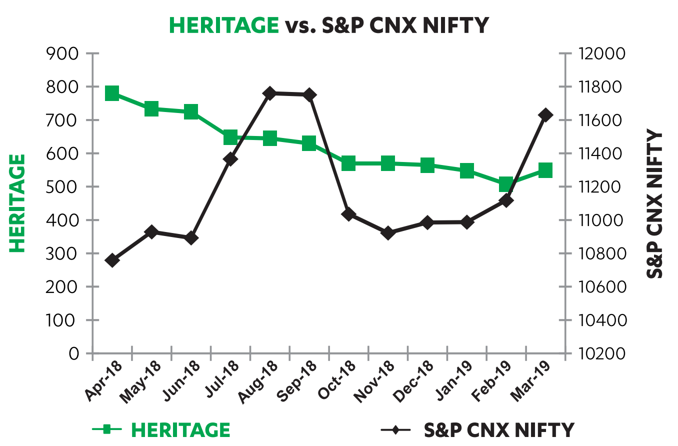
(a)	Company Identification No. (CIN)	L15209TG1992PLC014332
	Annual General Meeting -Date andTime	August 30, 2019 at 10.30am
	Venue	Auditorium Hall, 2nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 Ph No. 040-23608317
(b)	Financial year	April 01 to March 31
	Financial Calendar (tentative) Results for the quarter ending	June 30, 2019 – Last week of July, 2019 September 30, 2019 – Last week of October, 2019 December 31, 2019 - Last week of January, 2020 March 31, 2020 - Last week of May, 2020 Annual General Meeting - August, 2020
	Date of Book Closure	Friday, August 23, 2019 to Friday, August 30, 2019 (both days inclusive)
(c)	Dividend Payment date	The dividend, if declared, shall be paid/credited to the respective bank account of shareholders / dividend warrant shall be dispatched on September 06, 2019
(d)	Listing on Stock Exchanges	**BSE Limited (BSE)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 **National Stock Exchange of India Limited (NSE)** "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400051
	Payment of Listing Fee	Annual listing fee for the year 2019-20 has been paid by the Company to BSE and NSE.
(e)	Stock / Scrip Code	BSE – 519552 NSE – HERITGFOOD
	ISIN Number	INE978A01027

(f) Market Price Data – high, low during each month of the financial year 2018-19

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2018	779.70	698.30	776.95	691.00
May, 2018	733.35	651.00	732.00	655.00
June, 2018	724.20	566.10	720.00	564.00
July, 2018	648.00	550.25	649.85	542.05
August, 2018	645.00	581.05	647.80	577.00
September, 2018	629.90	500.80	631.50	489.00
October, 2018	570.00	419.15	568.20	421.00
November, 2018	570.00	496.00	579.45	495.40
December, 2018	565.00	473.30	565.00	473.55
January, 2019	548.05	466.05	545.00	467.00
February, 2019	508.00	434.00	506.00	434.70
March, 2019	549.85	449.75	549.00	454.00

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





(h) During the year under review the securities of your Company are not suspended from trading by any of the stock exchange where the shares are listed.

(i) Registrar to an issue and share transfer agent:
Karvy Fintech Private Limited
Karvy Selenium Tower B, 6th Floor
Plot 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161566
Toll Free No.: 1-800-4258-998; Fax: +91-40-23114087

(j) Share transfer system:

Transfers in physical form are registered by the Registrar and share Transfer Agents immediately on receipt of completed documents and certificates are issued within 7 days of date of lodgment of transfer. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Vice Chairperson & Managing Director/Executive Director. A summary of transfer/transmission of securities of the Company so approved by the Vice Chairperson & Managing Director/Executive Director is placed at every Stakeholder's Relationship Committee. The Company obtains from a Company Secretary in Practice half- yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.

Shareholder having shares in physical shares: In terms of notification dated June 08, 2018 issued by Securities & Exchanges Board of India (SEBI) request for transfer of shares in physical form shall not be processed by Companies or Registrar w.e.f. April 01, 2019.

(k) Distribution of Shareholding as on March 31, 2019

Category Code	Category of Shareholder	Number of Share-holders	Total number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoters and Promoter Group			
1	Indian	13	18512942	39.90
2	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	13	18512942	39.90
(B)	Public Shareholding			
1	Institutions	79	8151883	17.57
2	Non-institutions	25383	19733175	42.53
	Total Public Shareholding	25462	27885058	60.10
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
1	Promoter and Promoter Group	0	0	0
2	Public	0	0	0
TOTAL(A)+(B)+(C)		**25475**	**46398000**	**100.00**

Shareholding Pattern by Size as on March 31, 2019

Category (No.of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	24,193	3658426	7.88
501 - 1000	650	961137	2.07
1001 - 2000	271	818689	1.76
2001 - 3000	84	410877	0.89
3001 - 4000	48	354667	0.76
4001 - 5000	44	409775	0.88
5001 - 10000	71	1085564	2.34
10001 - Above	114	38698865	83.41
TOTAL	**25475**	**46398000**	**100.00**

(l) Dematerialization of shares and liquidity:

Total Shares in Demat and Physical form as on March 31, 2019.

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	974	7,84,100	1.69
2	NSDL	14,775	4,04,89,637	87.27
3	CDSL	9,726	51,24,263	11.04
Total		**25475**	**46398000**	**100.00**

Dematerialisation

98.31% of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2019. 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.

The Company has complied the Regulation 31(2) of SEBI (Listing Obligation & Disclosure Requirement) Regulation 2015, as follows:

Category of Shareholder	Total		Shares In Demat Form		
	No of Shareholders	Number of shares Held	No of Share-holders	No of Shares	% of Respective Shareholding
Promoters & Promoters Group	13	18512942	13	18512942	100%
Public	25462	27885058	24488	27100958	97.19%
Total:	**25475**	**46398000**	**24501**	**45613900**	

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with the respective depository participants.

(m) The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments during the year under review.

(n) Commodity price risk or foreign exchange risk and hedging activities:

The Company is subject to the Commodity price risk due to fluctuation price of Dairy products. During the year Company has exported very less amount of Dairy products all receivables are in US Dollars and it is subject to the foreign exchange risk. The risks are tracked and monitored on regular basis.

(o) Major Plant Locations:

B. Kotha Kota
Beerangi (V), Sankarapuram (Post), Kotha kota (M),
Chittoor Dist-517370, Andhra Pradesh, India

Bayyavaram
Bayyavaram (V), Kasimakota (M),
Visakhapatnam Dist.-531031, Andhra Pradesh, India

Bengaluru
Yadavanhalli (V) Neraluru Post, Attibele (Hoble)
Anekal Taluk Bengaluru South-562107, Karnataka, India

Bhattiprolu
Vellaturu Raod, Bhattiprolu(V)&(M),
Guntur. Dist-522256, Andhra Pradesh, India

Bobbili
Mettavalasa (V), Growth Center, Bobbili,
Vizianagaram Dist-535558, Andhra Pradesh, India

Chittoor
Sundararajapuram (V), ER palli post, G.D Nellore (M),
Chittoor Dist-517125, Andhra Pradesh, India

Gokul
Kasipentala (V), Charndragiri (M), Chittoor Dist-517101
Andhra Pradesh, India

Pamarru
Yendagandi (V), K.Gangavaram(M),
East GodavariDist-533305, Andhra Pradesh, India

Rai
D No.497, Food Park, Phase 1, Sector-38,
Industrial Estate – HSIIDC, Rai, Sonipat Dist-131029,
Haryana, India

Sangvi
Milakt No. 892. AT/Post - Sangavi, Phaltan taluka,
Satara Dist-415523, Maharashtra, India

Khamanon Bhambri,
Khamanon, Dist- Fatehgarh Sahib-141801, Punjab, Inida

Vadamadurai
MorePatti (V), Vadamadurai, Dindigul Dist-624802
Tamilnadu, India

Kalluru
Koralagudam (V) Kalluru (M), Khammam Dist-507209
Telangana, India

Narketpalli
Cheruguttu (V), Narketpalli(M), Nalgonda Dist-508254
Telangana, India

Shameerpet
Survey No 174,198, 203.
Sampanbole Village Shamirpet Mandal,
Medchal Dt-500078, Telangana, India

Uppal
C- 10 Raoad No 7, IDA Uppal,
Hyderabad-500039, Telangana, India

(p) Address for Correspondence

Investor Correspondence

For Shares held in Physical form
Karvy Fintech Private Limited
Karvy Selenium Tower B, 6th Floor
Plot 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161566
Toll Free No.: 1-800-4258-998; Fax: +91-40-23001153
Website: www.karvy.com

Any query on the Annual Report
Mr. Umakanta Barik
Company Secretary
Heritage Foods Limited, #6-3-541/C, Panjagutta,
Hyderabad-500 082, Telangana, India,
Tel: +91-40-23391221, e-mail: hfl@heritagefoods.in

10. OTHER DISCLOSURES

(a) Disclosure in materiality significant related party transactions:

During the period under review, there have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, Key Managerial Person, Subsidiaries or relatives, except for those disclosed in the Notes on Accounts, forming part of the Annual Report.

(b) Details of non compliance by the listed entity, penalties, strictures imposed on the listed entity by the stock exchange(s) or the board or any statutory authority, on any matter related to capital market, during the last three years:

No penalty has been imposed by any stock exchange or Securities and Exchange Board of India (SEBI), nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years.

The Company has complied with all the mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

(c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee:

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. There is no complaint received during the Financial Year ended March 31, 2019.

No personnel have been denied access to the Audit Committee. A copy of the Whistle Blower Policy is available in the company's website i.e. www.heritagefoods.In.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The Company has adopted following non-mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

With regard to the discretionary requirements, the Company has adopted the clauses relating to the following:

The Board: The Company has Non-Executive Chairperson, separate persons were appointed for the post of Chairman and Managing Director.

Communication to Shareholders: Quarterly/ Half-yearly/Annual Financial statements are published in the News papers and uploaded in the Company's web site and intimated to the Stock Exchanges. Shareholders presentations on Quarterly/ Half-yearly/annual financial statements are uploaded in the Company's web site and intimated to Stock Exchanges and where shares of the Company are listed.

Audit Qualification: The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor: The Internal Auditor directly reports to the Audit Committee.

(e) Disclosures regarding the appointment or re-appointment of directors:

The Companies Act, 2013 and Rules made thereof as amended from time to time provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for re-appointment on the passing of a Special Resolution by the shareholders of the Company. Accordingly, all independent directors were appointed by the shareholders at the general meeting as required under Section 149(10).

Further, Section 149(11) states that no independent director shall be eligible to serve on the Board for more than two consecutive terms of five years each. Section 149(13) states that the provisions of retirement by rotation as defined in Sub- sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

(f) Remuneration/Fees of Statutory Auditor:

During the year under review your Company and its Subsidiary/Associate Company paid the following remuneration/fees to the Statutory Auditor namely M/s. Walker Chandiok & Co. LLP, Chartered Accountants (FRN 001076N/500013.

₹ in Lakhs

Particulars	Heritage Foods Ltd	Heritage Nutrivet Ltd	Skil Raigam India Pvt Ltd
Statutory Audit Fee	30.49	5.19	0.59
Tax Audit Fee	5.90	1.30	-
Limited Review Fee	17.70	-	-
Taxation Matters	1.18	1.81	-
Certification Fee	7.16	0.08	-
Reimbursement of Expenses	2.45	1.50	-

11. The Company has complied with the requirements of Schedule V of Corporate Governance Report sub-para (2) to (10) of the Securities Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015,

12. The Disclosure of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:

Sr. No.	Particulars	Regulation	Compliance Status Yes/ No/NA
1.	Board of Directors	17	Yes
2.	Audit Committee	18	Yes
3.	Nomination and Remuneration Committee	19	Yes
4.	Stakeholders Relationship Committee	20	Yes
5.	Risk Management Committee	21	Yes
6.	Vigil Mechanism	22	Yes
7.	Related Party Transaction	23	Yes
8.	Subsidiaries of the Company	24	Yes
9.	Obligations with respect to Independent Directors	25	Yes
10.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes
11.	Other Corporate Governance requirements	27	Yes
12	Website	46(2)(E) WR (L)	Yes

Credit Rating:

During the year under review your Company has obtained the Credit Rating from CRISIL Limited which is as follows:

Long-Term Rating	CRISIL A/Stable (Upgraded from CRISIL A-/Positive)
Short-Term Rating	CRISIL A1 (Upgraded from CRISIL A2+)

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") your Company has intimated to the stock exchanges where the share are listed.

Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 6,16,354/- (Rupees Six Lakhs Sixteen Thousand Three Hundred Fifty Four Only) towards the unclaimed/unpaid dividend amount for the financial year 2010-11 to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 [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.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the 36,820 equity shares belongs to 54 shareholders of the company to the Investor Education and Protection fund Authority (IEPF) on November 27, 2018 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [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/unpaid dividend and the shares thereof pertaining for the financial year 2011-12 shall be transferred to the Investor Education and Protection Fund during the financial year 2019-20.

CEO and CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. 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 Regulation 33(2)(a) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The annual certificate given by the Chairperson and 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) and 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.

In terms of the amended SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has obtained the Secretarial Compliance certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabd - 500 094 which forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

As per Section 204 of the Companies Act, 2013 and the Rules made thereof, the Board of Directors of the Company appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No.1796), Secunderabd - 500 094 to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2019, is forming part of the Annual Report.

Compliance Certificate from the Auditors

Certificate from Statutory Auditors of the Company M/s. Walker Chandiok & Co LLP, Chartered Accountants (FRN:001076N/N500013), Hyderabad confirming Compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report.

This Certificate has been forwarded to the Stock Exchanges where the Company Shares are listed.

Any query on the Annual Report

Mr. Umakanta Barik
Company Secretary
Heritage Foods Limited,
#6-3-541/C, Panjagutta,
Hyderabad-500 082, Tel: +91-40-23391221
Telangana, India
e-mail: hfl@heritagefoods.in

Code of Conduct

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available in the Company website i.e. www.heritagefoods.in.

Certificate on Compliance with Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2018-19.

(N. Bhuvaneswari)
Chairperson and Managing Director
(DIN: 00003741)

Hyderabad
May 22, 2019

CEO & CFO CERTIFICATION

(As per Regulation 17(8) of SEBI (LO&DR) Regulation, 2015)

To

The Board of Directors,

Heritage Foods Limited

Hyderabad.

We, N Bhuvaneswari, Vice-Chairperson and Managing Director and A Prabhakara Naidu, Chief Financial Officers of Heritage Foods Limited ("the Company") to the best of our knowledge and belief certify that

a. We have reviewed the Financial Statements and the Cash Flow Statements for the financial year ended March 31, 2019 and based on our knowledge and belief, we state that:

   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. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.

c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and 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, based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee

   i. Significant changes, if any, in the internal controls over financial reporting during the year;

   ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For HERITAGE FOODS LIMITED

	N. Bhuvaneswari	**A. Prabhakara Naidu**
Place: Hyderabad	Vice Chairperson & Managing Director	Chief Financial Officer
Date: May 22, 2019	(DIN: 00003741)	(M No: FCA 200974)

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
HERITAGE FOODS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 6 March 2019.

2. We have examined the compliance of conditions of corporate governance by Heritage Foods Limited ('the Company') for the year ended on 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2019.

   We 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.

Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
(FRN: 001076N/N500013)
(UDIN: 19207660AAAAAR9788)

Sanjay Kumar Jain
Partner
M No. 207660

Place : Hyderabad
Date : May 22, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of

Heritage Foods Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Heritage Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
The Company has significant value of intangible asset "Brand" that has arisen from Business Combination during the financial year ended 31 March 2018. The recoverable amount of Brand has been assessed based on its value in use. Value in use is calculated as the net present value of projected post-tax cash flows plus a terminal value. Significant judgement is required in forecasting the future cash flows of such intangible asset, together with the rate at which it is discounted. Considering the significance of the above matter to the financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.	Our principal audit procedures included testing the Company's controls surrounding intangible asset "Brand" impairment and evaluating the Company's assumptions used in assessing the recoverability of such intangible asset, in particular, revenue, cash flow projections and discount rates. We also performed sensitivity analysis over intangible asset "Brand", where we considered there to be a higher risk of impairment, to assess the level of sensitivity to key assumptions and focus our work on those areas. Our procedures also included challenging internally generated evidence by reviewing forecasts, and retrospective assessment of the accuracy of Company's projections. We also assessed the adequacy of related disclosures in the Company's standalone financial statements.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:

    a) we have sought and 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 it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 22 May 2019 as per Annexure B expressed unmodified opinion;

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 45(b) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place : Hyderabad
Date : 22 May 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'SREPORT OF EVEN DATE TO THE MEMBERS OF HERITAGE FOODS LIMITED, ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(b) The Property, plant and equipment have been physically verified by the management during the year by engaging the outside expert and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the Property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and guarantees. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 of the Act in respect of loans and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, goods and services tax, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, goods and services tax,duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

(₹ in lakhs)

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Purchase Tax	95.12	11.36	2001-02	The High Court of Judicature at Hyderabad for the State of Telangana
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax/ VAT	46.88	-	2008-09	The High Court of Judicature at Hyderabad for the State of Telangana
The Central Sales Tax Act,1956	Sales Tax/ VAT	15.93	15.93	2010-11	Joint Commissioner of commercial taxes (Appeals), Bangalore
The Central Sales Tax Act,1956	Sales Tax/ VAT	21.48	15.82	2011-12	Joint Commissioner of commercial taxes (Appeals), Bangalore
The Central Sales Tax Act,1956	Sales Tax/ VAT	7.31	7.31	2012-13	Joint Commissioner of commercial taxes (Appeals), Bangalore

(viii) The Company has not defaulted in repayment of borrowings to any bank during the year. There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors orpersons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of IndiaAct, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place: Hyderabad
Date: 22 May 2019

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

1. In conjunction with our audit of the standalone financial statements of Heritage Foods Limited ("the Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place : Hyderabad
Date : 22 May 2019

Standalone Balance Sheet as at 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	6	43,879.38	39,353.75
(b) Capital work-in-progress		2,231.26	872.71
(c) Investment property	8	369.26	397.21
(d) Other intangible assets	7	1,086.43	1,847.64
(e) Investment in subsidiary, joint venture and associate	9	3,379.70	1,695.68
(f) Financial assets			
(i) Investments	10	82,634.06	100,115.41
(ii) Loans	16	438.01	394.72
(iii) Other financial assets	11	65.36	75.22
(g) Other non-current assets	12	183.53	402.66
Total non-current assets		**134,266.99**	**145,155.00**
Current assets			
(a) Inventories	13	13,203.33	15,051.89
(b) Financial Assets			
(i) Investments	10	0.32	0.42
(ii) Trade receivables	14	3,996.75	1,010.40
(iii) Cash and cash equivalents	15(i)	6,260.14	5,985.69
(iv) Bank balances other than (iii) above	15(ii)	280.34	116.91
(v) Loans	16	236.05	436.15
(vi) Other financial assets	11	77.29	17.47
(c) Current tax assets (net)		101.79	46.45
(d) Other current assets	12	1,107.73	721.17
Total current assets		**25,263.74**	**23,386.55**
Total assets		**159,530.73**	**168,541.55**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	2,319.90	2,319.90
(b) Other equity	18	78,176.28	75,480.76
Total equity		**80,496.18**	**77,800.66**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	15,425.95	13,830.74
(ii) Other financial liabilities	20	29,501.20	42,611.74
(b) Provisions	21	693.56	584.30
(c) Government grant		7.65	8.76
(d) Deferred tax liabilities (net)	22	2,682.39	1,820.75
Total non-current liabilities		**48,310.75**	**58,856.29**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	9,223.07	10,222.90
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises;		752.81	574.28
- total outstanding dues of creditors other than micro and small enterprises		5,521.89	6,054.83
(iii) Other financial liabilities	20	13,865.05	13,656.61
(b) Other current liabilities	23	556.48	669.45
(c) Government grant		1.36	1.61
(d) Provisions	21	803.14	704.92
Total current liabilities		**30,723.80**	**31,884.60**
Total equity and liabilities		**159,530.73**	**168,541.55**

The accompanying notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Balance sheet referred to
in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Standalone Statement of Profit and Loss

for the year ended 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	For the year ended	
		31 March 2019	**31 March 2018**
Revenue from operations	25	248,234.93	234,401.10
Other income	26	1,109.60	716.95
Fair value gain on FVTPL equity securities		-	39,537.07
Gain due to changes in fair value of derivative liabilities		13,109.85	-
Total income		**262,454.38**	**274,655.12**
Expenses			
Cost of materials consumed	27	184,087.30	181,869.02
Purchase of Stock-in-trade		8,440.19	13,017.18
Excise duty	28	-	33.26
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	29	3,391.35	(4,305.13)
Employee benefit expenses	30	13,685.21	12,014.23
Finance costs	31	2,068.64	1,745.45
Depreciation and amortisation expense	6, 7 & 8	4,371.04	3,698.54
Impairment losses	6 & 7	365.95	40.28
Other expenses	32	20,066.03	19,031.11
Loss due to changes in fair value of derivative liabilities		-	38,703.86
Fair value loss on FVTPL equity securities		13,109.85	-
Total expenses		**249,585.56**	**265,847.80**
Profit before tax		**12,868.82**	**8,807.32**
Tax expense	33		
Current tax		4,228.00	2,829.39
Deferred tax expense/(benefit)		296.63	(60.23)
Profit for the year		**8,344.19**	**6,038.16**
Other comprehensive income ("OCI")			
Items that will not be reclassified to profit or loss			
(i) Remeasurement loss on defined benefit plan		(158.40)	(77.82)
(ii) Net gain /(loss) on FVTOCI equity securities		(4,371.54)	13,182.25
Total other comprehensive income/ (loss) for the year		**(4,529.94)**	**13,104.43**
Total comprehensive income for the year		**3,814.25**	**19,142.59**
Earnings per equity share [EPES] (in absolute ₹ terms)	34		
Par value per equity share		5.00	5.00
Basic and Diluted EPES		17.98	13.01

The accompanying notes form an integral part of the standalone financial statements.

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Standalone Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2019	31 March 2018
Cash flow from operating activities		
Profit before tax	**12,868.82**	**8,807.32**
Adjustments:		
Fair value (gain)/loss on FVTPL equity securities	13,109.85	(39,537.07)
(Gain)/loss due to changes in fair value of derivative liabilities	(13,109.85)	38,703.86
Depreciation and amortization expense	4,371.04	3,698.54
Impairment losses	365.95	40.28
Provision for doubtful advances	19.79	71.00
Provision for doubtful debts	27.38	12.63
Advances written off	11.09	-
Loss on sale of PPE	178.89	85.64
Impairment in value of investment	-	257.77
Reversal of impairment in value of investment, net	(261.09)	-
Provisions no longer required/ credit balances written back	(241.76)	(213.37)
Interest income	(23.70)	(23.24)
Interest expenses	2,003.12	1,659.63
Guarantee Income	(22.07)	(14.53)
Unrealised foreign exchange gain	(52.75)	-
Lease income	(163.53)	-
Dividend income on long term investments	(4.00)	(4.02)
Operating cash flows before working capital changes	**19,077.18**	**13,544.44**
Movements in working capital:		
Changes in inventories	1,848.56	1,358.55
Changes in trade receivables	(3,013.73)	106.44
Changes in loans	152.03	1,067.61
Changes in other assets	(394.62)	(460.82)
Changes in other financial assets	-	(6.12)
Changes in trade payables	(112.65)	455.92
Changes in provisions	49.08	123.55
Changes in Government grant	(1.36)	(36.70)
Changes in other financial liabilities	490.25	95.24
Changes in other liabilities	(112.97)	300.88
Cash generated from operating activities	**17,981.77**	**16,548.99**
Income-taxes paid, net	(3,718.33)	(2,777.25)
Net cash generated from operating activities (A)	**14,263.44**	**13,771.74**
Cash flow from investing activities		
Purchase of PPE and other intangible assets, including Capital work-in-progress	(10,792.08)	(14,227.94)
Proceeds from sale of PPE	303.10	409.59
(Purchase)/ sale of investments	0.06	(0.11)
Investment in joint venture	(849.99)	(10.00)
Investment in subsidiary	(550.00)	(1,757.82)
Interest received	34.13	28.12
Movement in other bank balances, net	(151.96)	3.66
Rent received	144.42	-
Consideration paid towards Business combination (refer note 42)	-	(6,151.00)
Dividend income received	4.00	4.02
Net cash used in investing activities (B)	**(11,858.32)**	**(21,701.48)**

Standalone Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2019	**31 March 2018**
Cash flow from financing activities		
Proceeds from long term borrowings	5,223.32	10,248.36
Repayment of long term borrowings	(3,251.16)	(1,708.34)
Interest paid	(1,984.27)	(1,628.48)
Dividend paid including dividend distribution tax	(1,118.73)	(1,116.87)
Net cash generated from/ (used in) financing activities (C)	**(1,130.84)**	**5,794.67**
Net increase/ (decrease) in cash and cash equivalents during the year (A + B + C)	**1,274.28**	**(2,135.07)**
Cash and cash equivalents at the beginning of the year	(4,237.21)	(2,102.14)
Cash and cash equivalents at the end of the year (Note 1)	**(2,962.93)**	**(4,237.21)**
Note 1:		
Cash and cash equivalents includes		
Cash on hand (refer note 15(i))	758.07	243.33
Cheques, drafts on hand (refer note 15(i))	111.02	-
Balances with banks in current accounts (refer note 15(i))	5,391.05	5,742.36
Loans repayable on demand from banks (refer note 19(b))	(9,223.07)	(10,222.90)
	(2,962.93)	**(4,237.21)**

Note 2:

Payment made for items under business combination has been considered under investing activity and has been excluded from the movement of respective items (refer note 42 for details).

This is the Standalone Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Standalone Statement of Changes in Equity for the year ended 31 March 2019

A Equity Share Capital (refer note 17)

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Number of shares	Amount
As at 1 April 2017	**2,31,99,000**	**2,319.90**
Changes during the year (refer note 17(vii))	2,31,99,000	-
As at 31 March 2018	**4,63,98,000**	**2,319.90**
Changes during the year	-	-
As at 31 March 2019	**4,63,98,000**	**2,319.90**

B Other Equity (refer note 18)

	Reserves and Surplus						OCI	Total
	Capital reserve	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve	Retained earnings	Changes in fair value of equity instruments	
Balance as at 1 April 2017	**(331.51)**	**81.00**	**3,784.14**	**318.69**	**8,427.39**	**36,478.96**	**8,243.76**	**57,002.43**
Profit for the year	-	-	-	-	-	6,038.16	-	6,038.16
Pursuant to business combination (refer note 42)	452.60	-	-	-	-	-	-	452.60
Payment of dividend (₹2 per equity share) (refer note 17(vii))	-	-	-	-	-	(927.96)	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(188.90)	-	(188.90)
Other comprehensive income	-	-	-	-	-	(77.82)	13,182.25	13,104.43
Balance as at 31 March 2018	**121.09**	**81.00**	**3,784.14**	**318.69**	**8,427.39**	**41,322.44**	**21,426.01**	**75,480.76**
Profit for the year	-	-	-	-	-	8,344.19	-	8,344.19
Payment of dividend (₹2 per equity share)	-	-	-	-	-	(927.96)	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(190.77)	-	(190.77)
Other comprehensive loss	-	-	-	-	-	(158.40)	(4,371.54)	(4,529.94)
Balance as at 31 March 2019	**121.09**	**81.00**	**3,784.14**	**318.69**	**8,427.39**	**48,389.50**	**17,054.47**	**78,176.28**

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Notes to the Standalone Financial Statements

for the year ended March 31 2019

1. Corporate information

The standalone financial statements of "Heritage Foods Limited" ("the Company" or "HFL") are for the year ended 31 March 2019.The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at #6-3-541/C, Punjagutta, Hyderabad - 500082.

Incorporated in 1992, Heritage Foods Limited is engaged in two key business verticals – Dairy and Renewable Energy.

The standalone financial statements were approved for issue in accordance with a resolution of the directors on 22 May 2019.

2. Significant accounting policies -

The standalone financial statements of the Company have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')) and relevant amendment rules issued thereafter and guidelines issued by the Securities Exchange Board of India ("SEBI"). The Company has uniformly applied the accounting policies during the periods presented.

The standalone financial statements have been prepared on a going concern basis under historical cost, except for the following:

- certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and
- employee defined benefit assets/ (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

The standalone financial statements are presented in ₹ and all values are rounded to the nearest lakhs, except when otherwise indicated.

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.

3. Summary of significant accounting policies

a. Business combinations and goodwill/capital reserve

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

The Company's financial statements are presented in Indian Rupees (INR), which is also its functional currency.

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.

Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spots rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

d. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e. Revenue recognition

The Company derives revenues primarily from manufacturing, marketing and trading of milk and dairy products. It is also engaged in generation of power and trading of food and beverages.

Effective 1 April 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective application method. In accordance with modified retrospective application method, the comparatives have not been retrospectively adjusted. Refer Note 3 "Summary of significant accounting policies", in the Company's 26th Annual Report for the policies in effect for revenue prior to 1 April 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services is recognised at the time when performance obligation is satisfied.

Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the statement of profit and loss.

Dividend Income

Dividend income is recognized when the Company's right to receive dividend is established.

Rental Income

Rental income arising from operating leases on investment properties is recognised on a straight-line basis over the term of the relevant lease except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases**.**

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

g. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

h. Property, plant and equipment

Capital Work in progress, Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), the cost of replacing the part of plant and equipment and 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. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and management estimate, useful life is different from than those described in Schedule II. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

i) Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 30 years. Useful life of each asset is determined based on internal and external technical evaluation.

ii) Furniture and Fixtures: Depreciation on Furniture and Fixtures is provided on the basis of straight line method based on the useful life ranging from 1 to 15 years.

iii) Office Equipment : Depreciation on Office Equipment is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years.

iv) Vehicles: Depreciation on vehicles is provided on the basis of straight line method based on the useful life ranging from 2 to 10 years.

v) Buildings: Depreciation on buildings is provided on the basis of straight line method based on the useful life ranging from 5 to 40 years.

vi) Improvements to leasehold property: Depreciation on Improvements to leasehold property is provided over a period of lease.

vii) 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.

The useful life provided for different asset classes under schedule II of the Companies Act, 2013 are as follows:

Asset class	Useful life (years)
Buildings	30
Plant and machinery	15
Furniture and Fixtures	10
Vehicles	8
Office Equipment	5

Depreciation on assets which are commissioned during the year is charged on pro -rata basis from the date of commissioning. The company depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company depreciates building component of investment property over the useful life prescribed in Schedule II to the Act.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The Amortisation expense on intangible assets with finite life is recognised in the Statement of Profit and Loss.

The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Distribution network	5

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

k. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating Leases - Company as a lessee

Lease rentals are recognized as expense on a straight line basis with reference to lease terms in the Statement of Profit and Loss except where

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating Leases - Company as a lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease in the Statement of Profit and Loss except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

Finance leases as lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases as lessor

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts is adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment.

m. Inventories

All inventories except stores, spares, consumables and packaging material, are valued at lower of cost and net realisable value.

- **Raw material** - Cost or net realisable value ("NRV") whichever is lower. However these items are considered to be realisable at cost if the finished products, in which they shall be used, are expected to be sold at or above cost. Cost has been ascertained on weighted average cost method.
- **Finished goods** - Cost or NRV whichever is lower - Cost has been ascertained on weighted average cost method.
- **Stores, spares and consumables** - At cost - Cost has been ascertained on FIFO basis.
- **Work in progress** - Cost of NRV whichever is lower - Cost has been ascertained on weighted average cost method basis.
- **Tradable goods** - Cost or NRV whichever is lower - Cost has been ascertained on moving weighted average basis.
- **Packaging material** - At Cost - Cost has been ascertained on FIFO basis.

Cost of inventories comprises following

- Raw material, stores, spares, consumable stores and packaging material: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.
- Tradable goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Impairment of non-financial assets

Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

o. Provision and contingencies

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

When the Company expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities is identified and disclosed with respect to following:·

a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

- a present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

p. Employee benefits

Short term benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Post-employment benefits and other long term employee 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. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

Gratuity: The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leave Encashment: The Company operates a long term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 "Employee Benefits".

q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement ofProfit and Loss.

Equity instruments All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial guarantee contracts which are not measured as at FVTPL
- Lease receivables under Ind AS 17

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instrument - Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss (refer to note 47 for further details).

r. 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.

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.

s. Cash flow statement

The cash flow statement is prepared as per the Indirect Method. Cash Flow Statements present 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.

t. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

u. Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders of the when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

v. Investments in subsidiary, joint venture and associate

The Company has elected to recognise its investments in equity instruments in subsidiary, joint venture and associate at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

4. Key accounting estimates, judgements and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a. Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b. Taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax and determining the provision for income taxes.

c. Defined benefit plans and other long term benefit plan

The cost and present value of the defined benefit gratuity plan and leave encashment (other long term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

e. Business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable assets to be fair valued. Significant estimates are required to be made in determining the value of identifiable assets acquired. These valuations are conducted by independent valuation experts.

f. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

5. Standards issued but not yet effective

The new standards or amendments to the existing standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards/amendments to the existing standards, if applicable, when they become effective.

(a) Ind AS 116, Leases:

On 30 March 2019, the MCA has notified Ind AS 116, Leases. Ind AS 116 would replace existing leases standard, Ind AS 17, Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. lessor and lessee. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognise the assets and liabilities for all leases with a term more than twelve months, unless the underlying asset is of low value. Currently operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements of Ind AS 17.

The effective date for the adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019. The standard permits full retrospective and modified retrospective methods for transition purpose. Certain practical expedients are available under both the methods.

The Company plans to adopt the new standard on the required effective date using modified retrospective method. Management is still in the process of reasonably estimating the impact on adoption of Ind AS 116.

(b) Ind AS 12, Appendix C, Uncertainty over income tax treatments:

On 30 March 2019, the MCA has notified Ind AS 12, Appendix C, Uncertainty over income tax treatments which is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the Appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for the adoption of Ind AS 12, Appendix C is annual periods beginning on or after 1 April 2019. The standard permits full retrospective and modified retrospective methods for transition purpose. The Company plans to adopt the Ind AS 12, Appendix C on the required effective date using modified retrospective method and the impact of such adoption is expected to be insignificant.

(c) Amendments to Ind AS 12, Income taxes:

On 30 March 2019, the MCA issued the amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that the entity shall recognise the income tax in consequences of dividend in profit and loss, other comprehensive income or equity according to where the entity originally recognised those past events or transactions.

The effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment.

(d) Amendment to Ind AS 19, plan amendment, curtailment or settlement:

On 30 March 2019, the MCA issued amendments to Ind AS 19, Employee Benefits in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of asset ceiling.

The effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company has no impact on account of this amendment.

Summary of significant accounting policies and other explanatory information

6. Property, Plant and Equipment

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Freehold Office equipment	Leasehold Office equipment	Vehicles	Total
Gross Block									
Balance as at 1 April 2017	**1,903.41**	**7,883.97**	**31.25**	**18,882.71**	**110.08**	**357.78**	**-**	**342.14**	**29,511.34**
Additions (refer note (c) below)	2,196.63	2,020.68	1.97	10,161.43	43.52	713.46	348.43	111.38	**15,597.50**
Disposals/transfers	-	482.00	1.97	1,643.62	11.24	326.55	-	13.19	**2,478.57**
Balance as at 31 March 2018	**4,100.04**	**9,422.65**	**31.25**	**27,400.52**	**142.36**	**744.69**	**348.43**	**440.33**	**42,630.27**
Additions/transfers	747.38	1,427.07	-	6,351.38	75.02	175.14	-	68.94	**8,844.93**
Disposals	-	0.70	-	876.55	6.41	210.44	-	10.68	**1,104.78**
Balance as at 31 March 2019	**4,847.42**	**10,849.02**	**31.25**	**32,875.35**	**210.97**	**709.39**	**348.43**	**498.59**	**50,370.42**
Accumulated depreciation									
Up to 31 March 2017	-	315.43	-	1,319.23	15.83	2.30	-	40.58	**1,693.37**
Depreciation charge	-	352.15	1.48	2,511.02	30.36	197.06	32.70	68.54	**3,193.31**
Adjustment for disposals/transfers	-	149.01	-	1,282.26	10.37	197.06	-	11.74	1,650.44
Impairment loss	-	-	-	21.67	0.41	18.20	-	-	**40.28**
Up to 31 March 2018	**-**	**518.57**	**1.48**	**2,569.66**	**36.23**	**20.50**	**32.70**	**97.38**	**3,276.52**
Depreciation charge	-	450.29	1.48	3,035.83	27.50	161.00	87.11	74.10	**3,837.31**
Adjustment for disposals	-	0.37	-	532.49	4.75	80.01	-	5.17	**622.79**
Up to 31 March 2019	**-**	**968.49**	**2.96**	**5,073.00**	**58.98**	**101.49**	**119.81**	**166.31**	**6,491.04**
Net carrying value									
As at 31 March 2018	4,100.04	8,904.08	29.77	24,830.86	106.13	724.19	315.73	342.95	39,353.75
As at 31 March 2019	**4,847.42**	**9,880.53**	**28.29**	**27,802.35**	**151.99**	**607.90**	**228.62**	**332.28**	**43,879.38**

Notes:

(a) For details of assets pledged as security, refer note 19(a) to 19 (b).

(b) Borrowing cost capitalised during the year ended 31 March 2019 is Nil (31 March 2018: ₹ 33.44).

(c) Includes additions on account of business combination aggregating ₹ 1,415.42 (refer note 42).

(d) Impairment loss excludes impairment loss on capital work in progress aggregating to ₹ 15.95 for the year ended 31 March 2019. (31 March 2018 : Nil)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

7. Other intangible assets

	Computer Software	Brand	Non-compete	Procurement network	Distribution Network	Total
Gross Block						
As at 1 April 2017	**103.59**	**-**	**-**	**-**	**-**	**103.59**
Additions (refer note (a) below)	288.05	745.52	321.84	432.00	502.46	**2,289.87**
As at 31 March 2018	**391.64**	**745.52**	**321.84**	**432.00**	**502.46**	**2,393.46**
Additions	105.32	-	-	-	-	**105.32**
As at 31 March 2019	**496.96**	**745.52**	**321.84**	**432.00**	**502.46**	**2,498.78**
Accumulated amortization						
Up to 31 March 2017	**55.19**	**-**	**-**	**-**	**-**	**55.19**
Amortization charge	60.72	144.61	104.04	83.80	97.46	**490.63**
Up to 31 March 2018	**115.91**	**144.61**	**104.04**	**83.80**	**97.46**	**545.82**
Amortization charge	73.27	149.10	107.27	86.40	100.49	**516.53**
Impairment charge	-	350.00	-	-	-	**350.00**
Up to 31 March 2019	**189.18**	**643.71**	**211.31**	**170.20**	**197.95**	**1,412.35**
Net carrying value						
As at 31 March 2018	275.73	600.91	217.80	348.20	405.00	1,847.64
As at 31 March 2019	**307.78**	**101.81**	**110.53**	**261.80**	**304.51**	**1,086.43**

Note:

(a) Includes additions on account of business combination aggregating ₹ 2,001.82 (refer note 42).

8. Investment property

	Land	Building	Total
Gross Block			
As at 1 April 2017	10.75	122.80	133.55
Additions/ transfers	-	287.66	287.66
As at 31 March 2018	**10.75**	**410.46**	**421.21**
Additions/ transfers	(10.75)	-	(10.75)
As at 31 March 2019	**-**	**410.46**	**410.46**
Accumulated depreciation			
Up to 31 March 2017	**-**	**9.40**	**9.40**
Depreciation charge	-	14.60	14.60
Up to 31 March 2018	**-**	**24.00**	**24.00**
Depreciation charge	-	17.20	17.20
Up to 31 March 2019	**-**	**41.20**	**41.20**
Net carrying value			
As at 31 March 2018	10.75	386.46	397.21
As at 31 March 2019	**-**	**369.26**	**369.26**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(a)	Information of net income derived from Investment property	For the year ended	
		31 March 2019	31 March 2018
	Lease rental income (refer note 26)	153.36	150.03
	Less: Depreciation	17.20	14.60
	Net income from Investment property	**136.16**	**135.43**

(b)	Description of valuation technique and key assumptions used	As at	
		31 March 2019	31 March 2018
	Valuation technique: Discounted Cash Flow ("DCF") method		
	Estimated rental value per square feet per month	18	18
	Rental growth per annum	5%	5%
	Discount rate	10%	10%

(c)	Changes in fair value of Investment property is shown below:	
		Amount
	Fair value as on 1 April 2017	1,422.90
	Additions/transfers during the year	1,809.63
	Fair value as on 31 March 2018	**3,232.53**
	Transferred to property, plant & equipment during the year	(10.75)
	Fair value as on 31 March 2019	**3,221.78**

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9. Investment in subsidiary, joint venture and associate

	As at	
	31 March 2019	31 March 2018
Unquoted		
Investment in subsidiary		
2,952,488 (31 March 2018: 2,371,577) equity shares of ₹ 10 each fully paid held in Heritage Nutrivet Limited	**2,465.19**	**1,892.25**
Less: Impairment of investment (refer note 26)	**-**	**271.57**
	2,465.19	**1,620.68**
Investment in associate		
650,000 (31 March 2018: 650,000) equity shares of ₹ 10 each fully paid held in SKIL Raigam Power (India) Limited	65.00	65.00
Less: Impairment of investment (refer note 26)	10.48	-
	54.52	**65.00**
Investment in joint venture		
2,280,299 (31 March 2018: 100,000) equity shares of ₹ 10 each fully paid held in Heritage Novandie Foods Private Limited	859.99	10.00
	859.99	**10.00**
	3,379.70	**1,695.68**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

10. Investments

	As at	
	31 March 2019	**31 March 2018**
Non current		
Investments at fair value through other comprehensive income ("FVTOCI")		
Investments in equity instruments		
363 (31 March 2018: 363) quoted equity shares of ₹ 10 each fully paid held in Andhra Bank	0.10	0.15
1,740 (31 March 2018: 1,740) quoted equity shares of ₹ 2 each fully paid held in Bank of Baroda	2.24	2.47
4,462,855 (31 March 2018: 4,462,855) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited	20,243.51	24,619.34
223,093 (31 March 2018: 223,093) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited	412.16	407.59
200,000 (31 March 2018: 200,000) unquoted equity shares of ₹ 10 each fully paid held in Heritage Finlease Limited	26.02	26.02
	20,684.03	**25,055.57**

	As at	
	31 March 2019	**31 March 2018**
Investments at fair value through profit or loss ("FVTPL")		
Investments in equity instruments		
13,384,565 (31 March 2018: 13,384,565) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited	60,712.39	73,835.95
669,278 (31 March 2018: 669,278) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (a) below)	1,236.49	1,222.77
	61,948.88	**75,058.72**

(a) During the year ended 31 March 2018, the company was allotted equity shares pursuant to the composite scheme of arrangement between Future Retail Limited ("FRL"), Bluerock eServices Private Limited, Praxis Home Retail Limited and their respective shareholders.

	As at	
	31 March 2019	**31 March 2018**
Investments at amortized cost		
Investments in government securities	1.15	1.12
	1.15	**1.12**
	82,634.06	**100,115.41**
Aggregate market value of quoted investments	82,606.89	100,088.27
Aggregate value of unquoted investments	27.17	27.14
Current		
Investments at amortized cost		
Investments in government securities	0.32	0.42
	0.32	**0.42**
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.32	0.42

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

11. Other financial assets

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Interest accrued but not due on bank deposits	13.28	11.67
Earmarked balances with banks	20.23	19.09
Margin money deposits with banks	31.85	44.46
	65.36	**75.22**
Current		
Interest accrued but not due on bank deposits	5.43	17.47
Rent receivable	19.11	-
Others	52.75	-
	77.29	**17.47**

12. Other assets

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Unsecured, Considered good		
Capital advances	172.66	399.85
Prepaid expenses	10.87	2.81
	183.53	**402.66**
Unsecured, Considered doubtful		
Capital Advances	26.59	11.58
Less: Allowance for doubtful capital advances	26.59	11.58
	-	-
	183.53	**402.66**

	As at	
	31 March 2019	**31 March 2018**
Current		
Unsecured, Considered good		
Balance with Statutory authorities	109.39	31.48
Prepaid expenses	298.58	145.47
Other Advances	699.76	544.22
	1,107.73	**721.17**
Unsecured, Considered doubtful		
Other Advances	69.65	69.65
Less: Provision for doubtful advances	69.65	69.65
	-	-
	1,107.73	**721.17**

No advances are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 43 for dues from related parties.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

13. Inventories

	As at	
Refer note 3(m)	**31 March 2019**	**31 March 2018**
Raw materials (including goods in transit of ₹ 49.95 (31 March 2018: ₹ 13.02)	5,871.03	4,393.40
Work-in-progress	106.41	77.95
Semi finished goods	1,429.62	2,839.26
Finished goods	4,656.64	6,590.58
Stock-in-trade	152.84	229.07
Packing materials	679.43	616.64
Stores, spares and consumables	307.36	304.99
	13,203.33	**15,051.89**

14. Trade receivables

	As at	
	31 March 2019	**31 March 2018**
Unsecured, considered good	3,997.78	1,010.74
Unsecured, significant increase in credit risk	69.89	56.25
	4,067.67	**1,066.99**
Less: Allowance for receivables with significant increase in credit risk	69.89	56.25
Less: Expected credit loss	1.03	0.34
	3,996.75	**1,010.40**

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 43 for dues from related parties.

15. Cash and Bank Balances

	As at	
	31 March 2019	**31 March 2018**
(i) Cash and cash equivalents		
Balances with banks in current accounts	5,391.05	5,742.36
Cheques, drafts on hand	111.02	-
Cash on hand	758.07	243.33
	6,260.14	**5,985.69**
(ii) Other bank balances		
Earmarked balance with banks		
Unpaid dividend	136.27	97.68
Other deposit	0.50	1.86
Margin money deposit with banks	143.57	17.37
	280.34	**116.91**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

16. Loans

	As at	
	31 March 2019	31 March 2018
Non Current		
Unsecured, considered good		
Loans to employees	-	0.45
Security deposits	438.01	394.27
	438.01	**394.72**
Current		
Unsecured, considered good		
Loans to employees	2.57	6.35
Loans to others	53.36	200.68
Security deposits	180.12	229.12
	236.05	**436.15**
Unsecured, significant increase in credit risk		
Loans to others	10.38	7.16
Less: Allowance for doubtful loans	10.38	7.16
	-	-
	236.05	**436.15**

17. Equity share capital

i. Authorised share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares of ₹ 5 each	96,000,000	4,800.00	96,000,000	4,800.00
Preference shares of ₹ 10 each	2,000,000	200.00	2,000,000	200.00
		5,000.00		**5,000.00**

ii. Issued, subscribed and fully paid up

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
'Equity shares of ₹ 5 each	46,398,000	2,319.90	46,398,000	2,319.90
	46,398,000	**2,319.90**	**46,398,000**	**2,319.90**

iii. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	46,398,000	2,319.90	23,199,000	2,319.90
Add: Increase on account of subdivision (refer note vii)	-	-	23,199,000	-
At the end of the year	**46,398,000**	**2,319.90**	**46,398,000**	**2,319.90**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

iv. 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 ₹ 5 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.

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.

v. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	As at 31 March 2019		As at 31 March 2018	
	Number	% Holding	Number	% Holding
N Bhuvaneswari	10,661,652	22.98%	10,661,652	22.98%
Nirvana Holdings Private Limited	5,145,684	11.09%	5,145,684	11.09%
Nara Lokesh	4,732,800	10.20%	4,732,800	10.20%
Megabid Finance & Investment Private Limited	2,447,600	5.28%	2,447,600	5.28%

vi. The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceeding the balance sheet date.

vii. During the previous year, the equity shares of the Company having face value of ₹ 10 each were subdivided into 2 equity shares having a face value of ₹ 5 each. Accordingly 23,199,000 equity shares of face value of ₹ 10 each were sub divided into 46,398,000 equity shares of face value of ₹ 5 each.

18. Other equity

	As at	
	31 March 2019	31 March 2018
Reserves and surplus		
Capital reserve	121.09	121.09
Capital redemption reserve	81.00	81.00
Securities premium	3,784.14	3,784.14
Warrants money appropriated	318.69	318.69
General reserve	8,427.39	8,427.39
Retained earnings	48,389.50	41,322.44
	61,121.81	**54,054.75**
Item of OCI		
Changes in fair value of equity instruments	17,054.47	21,426.01
	17,054.47	**21,426.01**
	78,176.28	**75,480.76**

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of equity shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013 ("the Act").

Capital reserve

The excess of net assets taken, over the consideration paid, as part of the business combination has been recorded under the capital reserve during the earlier years. Capital reserve to the extent of adverse ₹ 331.51 was created in accordance with the composite scheme of arrangement and to the tune of ₹ 452.60 on acquisition of dairy business of Reliance Retail Limited (refer note 42).

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares in the earlier years. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Act.

Warrants money appropriated

Warrants money appropriated represents forfeiture of share application money made during the earlier years.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

General reserve

The reserve has arisen on transfer of a portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

Changes in fair value of equity instruments

This represents the cumulative gains and losses arising on the fair valuation of the equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

19. Borrowings

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Secured		
Term loans from banks (refer note (a))	14,628.67	12,896.20
Deferred payment liabilities	663.36	739.77
	15,292.03	**13,635.97**
Unsecured		
Finance lease obligations (refer note 46)	133.92	194.77
	133.92	**194.77**
	15,425.95	**13,830.74**
Current		
Secured		
Loans repayable on demand from banks (refer note (b))	6,723.07	8,475.82
	6,723.07	**8,475.82**
Unsecured		
Loans repayable on demand from banks (refer note (b))	2,500.00	1,747.08
	2,500.00	**1,747.08**
	9,223.07	**10,222.90**

Reconciliation of liabilities arising from financial activities*

	For the year ended	
	31 March 2019	**31 March 2018**
Balance as at beginning of the year	**16,291.34**	**7,718.07**
Proceeds from long term borrowings	5,223.32	10,248.36
Repayment of long term borrowings	(3,199.11)	(1,635.19)
Others	-	(39.90)
Balance as at end of the year	**18,315.55**	**16,291.34**

*Borrowings include current and non-current portions of term loans from banks and finance lease obligations.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

19 (a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2019	31 March 2018			
1	Andhra Bank	112.39	560.74	Base rate + 0.25% per annum	Repayable in 16 quarterly installments commenced from September 2015 and ending in June 2019.	– First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. – Second pari passu charge on current assets of the Company along with consortium banks and Yes Bank.
2	Andhra Bank	263.15	328.08	One year MCLR +0.45% per annum	Repayable in 24 quarterly installments commenced from June 2017 and ending in March 2023.	– "First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. – Second pari passu charge on current assets of the Company along with consortium banks."
3	Andhra Bank	273.87	-	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commencing from May 2020 and ending in Feb 2026.	– "First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. – Second pari passu charge on current assets of the Company along with consortium banks."
4	Bank of Baroda	1,653.33	1,981.39	One year MCLR +0.35% per annum	Repayable in 24 quarterly installments commenced from May 2018 and ending in February 2024.	– ''First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. – Second pari passu charge on current assets of the Company.''
5	Bank of Baroda	1,485.37	611.75	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commencing from May 2019 and ending in February 2025.	– "First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. – Second pari passu charge on current assets of the Company."
6	Bank of Baroda	471.71	-	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commencing from February 2020 and ending in November 2025.	– "First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers excluding project specific assets charged to YES Bank, Kotak Bank and HDFC Bank. – Second pari passu charge on current assets of the Company."
7	HDFC Bank	927.40	1,095.43	One year MCLR per annum	Repayable in 26 quarterly installments commenced from May 2018 and ending in August 2024.	– Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
8	HDFC Bank	747.74	913.42	One year MCLR per annum	Repayable in 24 quarterly installments commenced from December 2017 and ending in September 2023.	– Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
9	HDFC Bank	1,162.39	831.36	One year MCLR per annum	Repayable in 24 quarterly installments commenced from January 2019 and ending in December 2025.	– Exclusive charge on assets acquired and exclusive charge on the land and building in relation to the assets being acquired.
10	HDFC Bank	664.89	830.65	One year MCLR +0.15% per annum	Repayable in 24 quarterly installments commenced from May 2017 and ending in February 2023.	– Exclusive charge on wind assets installed by the Company.
11	HDFC Bank	948.19	-	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commencing from March 2020 and ending in December 2025.	– Subservient charge on movable Fixed Assets of the Company.
12	Kotak Mahindra Bank	2,911.05	3,492.10	One year MCLR + spread per annum	Repayable in 24 quarterly installments commenced from April 2018 and ending in January 2024.	– First pari passu hypothecation charge on all existing and future movable fixed assets of the Company's dairy division.
13	Kotak Mahindra Bank	1,420.76	-	One year MCLR + spread per annum	Repayable in 24 quarterly installments commencing from July 2019 and ending in April 2025.	– First pari passu hypothecation charge on all existing and future movable fixed assets of the Company's dairy division -Exclusive Equitable Mortgage of Land at Khamnon, Punjab.
14	Yes Bank	827.34	944.61	One year MCLR per annum	Repayable in 24 quarterly installments commenced from September 2018 and ending in June 2024.	– Exclusive charge on assets financed by the loan taken.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2019	31 March 2018			
15	Yes Bank	306.10	484.03	One year MCLR + spread per annum	Repayable in 20 quarterly installments commenced from September 2015 and ending in June 2020.	- "First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company."
16	ICICI Bank	1,855.70	1,557.07	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commenced from December 2018 and ending in December 2024.	- "First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC and YES bank. - Second pari passu charge on current assets of the Company."
17	ICICI Bank	893.29	1,091.08	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commenced from December 2017 and ending in September 2023.	- "First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on movable assets of the Company with Kotak Mahindra bank."
18	ICICI Bank	745.28	1,041.39	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 20 quarterly installments commenced from December 2016 and ending in September 2021.	- "First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company."
19	ICICI Bank	-	179.80	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan has been repaid during the year ended March 2019.	- "First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company."
20	ICICI Bank	418.24	-	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commencing from March 2020 and ending in December 2025.	- "First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC and YES banks. - Second pari passu charge on current assets of the Company."
		18,088.19	**15,942.90**			

*Including current maturities of term loans from banks.

19(b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on		Interest rate (%)	Repayment terms	Type of security
		31 March 2019	31 March 2018			
1	Bank of Baroda	2,664.74	3,708.64	One year MCLR + 0.4% per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
2	Andhra Bank	1,675.15	2,049.19	One year MCLR + 0.6% per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
3	ICICI Bank	2,383.18	2,717.99	Six months IMCLR + spread per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
4	HDFC Bank	-	1,747.08	Six months MCLR per annum	The loan has been repaid during the year ended 31 March 2019.	Unsecured loan given by the bank.
5	HDFC Bank	2,500.00	-	Six months MCLR per annum	Repayable on demand.	Unsecured loan given by the bank.
		9,223.07	**10,222.90**			

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

20. Other financial liabilities

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Derivative contracts (refer note 47)	29,448.88	42,558.72
Financial guarantees (refer note (i) below)	52.32	53.02
	29,501.20	**42,611.74**
Current		
Current maturities of deferred payment liabilities	128.22	52.05
Current maturities of term loans from banks	3,459.52	3,046.70
Current maturities of finance lease obligations (refer note 46)	93.44	153.67
Current maturities of financial guarantees (refer note (i) below)	17.56	16.88
Interest accrued but not due on borrowings	93.65	74.80
Freight payable	1,198.78	1,026.44
Capital creditors	1,615.74	2,294.91
Employee related payables	2,152.08	1,868.72
Security deposits	2,637.02	2,264.98
Unpaid dividend	136.27	97.68
Other payables	2,332.77	2,759.78
	13,865.05	**13,656.61**

Note:

(i) The Company has outstanding guarantees given to bankers towards loans availed by its wholly owned subsidiary i.e. Heritage Nutrivet Limited. Carrying amount of such financial guarantees as at 31 March 2019 is ₹ 69.88 (31 March 2018: ₹ 69.90). Amount outstanding to bankers by Heritage Nutrivet Limited as at 31 March 2019 is ₹ 1,606.55 (31 March 2018: ₹ 691.21) .

21. Provisions

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Compensated absences	693.56	584.30
	693.56	**584.30**
Current		
Gratuity (refer note (a) below)	104.03	87.53
Compensated absences	699.11	617.39
	803.14	**704.92**

(a) **Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the “Gratuity Plan”. The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit in accordance with the Payment of Gratuity Act, 1972.

(i) **Change in projected benefit obligation**	As at	
	31 March 2019	**31 March 2018**
Projected benefit obligation at the beginning of the year	658.05	529.58
Service cost	86.44	116.10
Interest cost	49.02	39.19
Actuarial loss	153.30	66.84
Benefits paid	(48.02)	(93.66)
Projected benefit obligation at the end of the year	**898.79**	**658.05**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(ii)	Change in fair value of plan assets	As at	
		31 March 2019	31 March 2018
	Fair value of plan assets at the beginning of the year	570.52	512.10
	Interest income	50.97	48.45
	Contribution made	242.14	119.58
	Actuarial loss	(5.10)	(10.98)
	Benefits paid/transferred	(63.77)	**(98.63)**
	Fair value of plan assets at the end of the year	**794.76**	**570.52**

(iii)	Reconciliation of present value of obligation and fair value of plan assets	As at	
		31 March 2019	31 March 2018
	Present value of projected benefit obligation at the end of the year	898.79	658.05
	Funded status of the plan	794.76	570.52
	Net liability recognised in the balance sheet	**104.03**	**87.53**

(iv)	Expense recognized in the statement of profit and loss	For the year ended	
		31 March 2019	31 March 2018
	Interest cost	49.02	39.19
	Service cost	86.44	116.10
	Interest income	(50.97)	(48.45)
		84.49	**106.84**

(v)	Expense recognized in OCI	For the year ended	
		31 March 2019	31 March 2018
	Actuarial loss	158.40	77.82
		158.40	**77.82**

(vi)	Key actuarial assumptions	As at	
		31 March 2019	31 March 2018
	Discount rate	7.00%	7.73%
	Salary escalation rate	8.00%	5.00%
	Attrition rate	15.00%	2.50%

(vii) **Sensitivity analysis**

Reasonably possible changes as at 31 March 2019 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

	As at 31 March 2019	
	Increase	Decrease
Discount rate (1% movement)	(40.23)	44.44
Salary escalation rate (1% movement)	42.68	(39.50)
Attrition rate (1% movement)	(4.53)	4.76

(viii) The Company expects to contribute ₹ 104.03 as its contribution to gratuity within one year from the year ended 31 March 2019.

(ix)	Maturity analysis of Gratuity as on 31 March 2019 is as follows:	
		Amount
	Within one year	186.47
	2 to 5 years	580.00
	More than 5 years	817.95
		1,584.42

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

22. Deferred tax liabilities (net)

	As at	
	31 March 2019	31 March 2018
Deferred tax liabilities arising on account of:		
Borrowings measured at amortised cost	39.73	47.41
Property, Plant and Equipment ("PPE")	3,347.39	2,913.46
	3,387.12	**2,960.87**
Deferred tax assets arising on account of:		
Provision on trade receivables and advances	(62.00)	(44.11)
Provision for employee benefits	(541.38)	(454.83)
Minimum alternate tax ("MAT") credit entitlement	(95.17)	(635.00)
Revaluation of investments at FVTOCI to fair value	(6.18)	(6.18)
	(704.73)	**(1,140.12)**
	2,682.39	**1,820.75**

Movement in deferred tax liabilities (net)

	Borrowings	Property, plant and equipment	Provision for employee benefits	MAT credit	Others	Total
As at 31 March 2017	**24.47**	**2,230.31**	**(370.44)**	**-**	**(6.34)**	**1,878.00**
Charged						
- to statement of profit and loss	22.94	683.15	(84.39)	(635.00)	(46.93)	**(60.23)**
- to OCI	-	-	-	-	2.98	**2.98**
As at 31 March 2018	**47.41**	**2,913.46**	**(454.83)**	**(635.00)**	**(50.29)**	**1,820.75**
Charged						
- to statement of profit and loss	(7.68)	433.93	(86.55)	539.83	(17.89)	**861.64**
As at 31 March 2019	**39.73**	**3,347.39**	**(541.38)**	**(95.17)**	**(68.18)**	**2,682.39**

23. Other liabilities

	As at	
	31 March 2019	31 March 2018
Current		
Advance from customers	267.31	290.65
Statutory dues payable	289.17	378.80
	556.48	**669.45**

24. Trade payables

	As at	
	31 March 2019	31 March 2018
Total outstanding dues of micro and small enterprises (refer note 48)	752.81	574.28
Total outstanding dues of creditors other than micro and small enterprises	5,521.89	6,054.83
	6,274.70	**6,629.11**

25. Revenue from operations

	For the year ended	
	31 March 2019	31 March 2018
Sale of products (including Excise duty)	2,47,717.46	2,33,896.77
Sale of services	228.96	488.74
Other operating income	288.51	15.59
	2,48,234.93	**2,34,401.10**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Revenue disaggregation geography wise is as follows:		
	For the year ended	
	31 March 2019	**31 March 2018**
India	2,43,452.36	2,32,703.75
Other than India	4,782.57	1,697.35
	2,48,234.93	**2,34,401.10**

26. Other income

	For the year ended	
	31 March 2019	**31 March 2018**
Interest income		
- Bank and other deposits	22.68	22.57
- Others	1.02	0.67
- Guarantee income	22.07	14.53
Dividend income from investments	4.00	4.02
Subsidy transferred from deferred government grant (under capital subsidy scheme)	1.36	36.69
Lease rental income	163.53	164.96
Provisions no longer required/ credit balances written back	241.76	213.37
Foreign exchange fluctuations (net)	66.91	29.14
Reversal of impairment in value of investment, net (refer note 9)	261.09	-
Other non operating income	325.18	231.00
	1,109.60	**716.95**

27. Cost of materials consumed

	For the year ended	
	31 March 2019	**31 March 2018**
Raw Materials*		
Opening stock	4,393.40	5,421.47
Add: Purchases during the year	177,847.30	173,820.07
Less: Closing stock	5,871.03	4,393.40
	176,369.67	**174,848.14**
Packing Materials*		
Opening stock	616.64	590.05
Add: Purchases during the year	7,780.42	7,047.47
Less: Closing stock	679.43	616.64
	7,717.63	**7,020.88**
	184,087.30	**181,869.02**

*Disclosed based on derived figures, rather than actual records of issue.

28. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central Excise Tax, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind AS and Schedule III of the Act, unlike excise duty, levies such as GST, VAT etc., are not part of revenue from operations. Accordingly, the figures for the year ended 31 March 2019 and 31 March 2018 are not directly comparable.

29. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

	For the year ended	
	31 March 2019	**31 March 2018**
Opening balance		
- Finished goods	6,590.58	4,044.23
- Semi finished goods	2,839.26	1,214.15
- Work-in-progress	77.95	27.73
- Stock-in-trade	229.07	145.62
	9,736.86	**5,431.73**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2019	**31 March 2018**
Closing balance		
- Finished goods	4,656.64	6,590.58
- Semi finished goods	1,429.62	2,839.26
- Work-in-progress	106.41	77.95
- Stock-in-trade	152.84	229.07
	6,345.51	**9,736.86**
	3,391.35	**(4,305.13)**

30. Employee benefit expenses

	For the year ended	
	31 March 2019	**31 March 2018**
Salaries and wages	12,845.99	11,195.78
Contribution to provident and other funds (refer note (a) below)	518.27	494.28
Staff welfare expenses	320.95	324.17
	13,685.21	**12,014.23**

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance scheme for the year ended 31 March 2019 amounts to ₹ 433.78 (31 March 2018: ₹ 387.44).

31. Finance costs

	For the year ended	
	31 March 2019	**31 March 2018**
Interest on borrowings calculated using effective interest method	2,003.12	1,659.63
Interest on income tax	5.78	13.50
Other borrowing costs	59.74	72.32
	2,068.64	**1,745.45**

32. Other expenses

	For the year ended	
	31 March 2019	**31 March 2018**
Consumption of stores, spares and consumables	2,401.67	2,293.45
Power and fuel	3,066.41	2,742.80
Rent	507.53	525.89
Repairs and maintenance		
- Buildings	52.10	88.51
- Plant and equipment	237.60	166.44
- Others	588.02	560.36
Insurance	141.34	85.53
Electricity charges	105.10	100.54
Rates and taxes, excluding taxes on income	357.60	291.96
Freight outwards	7,162.36	6,710.21
Communication	194.92	216.18
Office maintenance	53.55	57.14
Travelling and conveyance	479.46	490.93
Legal and professional fees	1,036.93	828.18
Loss on sale of assets (net)	178.89	85.64

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2019	31 March 2018
Payment to auditors (refer note (i) below)	64.88	56.91
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	194.02	163.19
Selling and distribution expenses	1,967.45	2,020.07
Provision for doubtful advances and loans (refer note 12 and 16)	19.79	71.00
Advances written off	11.09	-
Provision towards doubtful debts (refer note 14)	27.38	12.63
Bank charges	146.25	152.31
Advertisement expenses	27.44	201.42
Contribution to Heritage Farmers Welfare Trust	337.93	215.32
Impairment in value of investment (refer note 9)	-	257.77
Security charges	412.52	393.65
Printing and stationery	108.13	98.46
Miscellaneous expenses	185.67	144.62
	20,066.03	**19,031.11**

		For the year ended	
(i)	**Details of payments to auditors :**		
		31 March 2019	31 March 2018
	As auditor:		
	- Statutory audit fee	30.49	28.45
	- Tax audit fee	5.90	11.20
	- Limited review fee	17.70	4.85
	In other capacities:		
	- Taxation matters	1.18	4.63
	- Certification fees	7.16	3.48
	- Reimbursement of expenses	2.45	4.30
		64.88	**56.91**

		For the year ended	
(ii)	**Details of CSR expenditure :**		
		31 March 2019	31 March 2018
(a)	Gross amount required to be spent during the year	194.02	163.19
(b)	Amount spent during the year	194.02	163.19

33. Income tax expense

		For the year ended	
		31 March 2019	31 March 2018
(a)	**Income tax expense reported in the statement of profit or loss**		
	Tax expense comprises of:		
	Current income tax	4,228.00	2,829.39
	Deferred tax expense/(benefit)	296.63	(60.23)
		4,524.63	**2,769.16**

The major components of income tax expense and the reconciliation of expected tax expense based on the corporate tax rate of the Company at 34.944% (31 March 2018: 34.608%) and the reported tax expense in the standalone statement of profit and loss is as follows:

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
	For the year ended	
	31 March 2019	**31 March 2018**
Profit before tax	**12,868.82**	**8,807.32**
Tax at the Indian tax rate 34.944% (31 March 2018: 34.608%)	4,496.88	3,048.04
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961")	(272.04)	(230.09)
Effect of expenses not deductible under the IT Act, 1961	387.03	264.16
Effect of income not subject to tax under the IT Act, 1961	(102.61)	(288.36)
Other adjustments	15.37	(24.59)
Income tax expense	**4,524.63**	**2,769.16**

34. Earnings per share (EPS)

	For the year ended	
	31 March 2019	**31 March 2018**
Profit for the year	**8,344.19**	**6,038.16**
Weighted average number of equity shares outstanding during the year	46,398,000	46,398,000
Earnings per equity share (EPES) (in absolute ₹ terms)		
Nominal value per share equity share	5.00	5.00
Basic and Diluted EPES	17.98	13.01
The Company did not had any potential dilutive equity shares as on 31 March 2019 and 31 March 2018.		

35. Dividend proposed before approval or issue of financial statements

The amount of dividend proposed or declared to be paid in cash before the financial statements were approved for issue but not recognised as a distribution to owners during the year ended 31 March 2019 amounts to ₹ 927.96 (₹ 2 per equity share) (31 March 2018: ₹ 927.96 (₹ 2 per equity share)). Dividend distribution tax on such dividend distribution amounts to ₹ 190.77 (31 March 2018: ₹ 190.77).

36. Fair value hierarchy

(i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:		
	As at	
	31 March 2019	**31 March 2018**
Financial assets		
Fair value hierarchy (Level 1)		
Quoted equity shares	82,606.89	100,088.27
Fair value hierarchy (Level 3)		
Unquoted equity shares	26.02	26.02
Financial liabilities		
Fair value hierarchy (Level 2)		
Derivative liability	29,448.88	42,558.72
There are no transfers between levels during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.		

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(ii) Valuation technique and inputs used for level 3 instruments:

The fair value of the level 3 instruments has been estimated using the discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecasting of cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of the fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019 and 31 March 2018 are as shown below:

Significant unobservable inputs*	Assumption made	Sensitivity of the inputs
Future growth rate	3%	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by ₹ 8.86/ (₹ 8.86) as on 31 March 2019 and 31 March 2018.
Discount rate	20%	5% increase/ (decrease) in the discount rate would result in (decrease)/ increase in fair value by (₹ 7.16)/ ₹ 7.16 as on 31 March 2019 and 31 March 2018.
Discount for lack of marketability (DFLM)	15%	5% increase/ (decrease) in the DFLM would result in (decrease)/ increase in fair value by (₹ 1.53)/ ₹ 1.53 as on 31 March 2019 and 31 March 2018.

*keeping all other inputs constant.

(iii) Reconciliation of level 3 fair value measurement:

	Amount
As at 1 April 2017	26.02
Changes during the year	-
As at 31 March 2018	26.02
Changes during the year	-
As at 31 March 2019	**26.02**

(iv) Valuation techniques and inputs used for level 2 instruments:

Derivative liability, in the nature of upside sharing is measured at fair value of equity instruments, based on quoted market prices, adjusted for the formula agreed in the Implementation agreement (refer note 47 for details).

37. Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹ 616.20 and ₹ 633.24 as on 31 March 2019 and 31 March 2018 respectively.

Categories of financial instruments

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Quoted equity shares	61,948.88	20,658.01	-	75,058.72	25,029.55	-
Unquoted equity shares	-	26.02	-	-	26.02	-
Investment in government securities	-	-	1.47	-	-	1.54
Trade receivables	-	-	3,996.75	-	-	1,010.40
Cash and cash equivalents	-	-	6,260.14	-	-	5,985.69
Other bank balances	-	-	280.34	-	-	116.91
Loans	-	-	674.06	-	-	830.87
Other financial assets	-	-	142.65	-	-	92.69
	61,948.88	**20,684.03**	**11,355.41**	**75,058.72**	**25,055.57**	**8,038.10**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial liabilities						
Derivative liabilities	29,448.88	-	-	42,558.72	-	-
Deferred payment liabilities	-	-	791.58	-	-	791.82
Borrowings excluding deferred payment liabilities	-	-	27,538.62	-	-	26,514.24
Trade payables	-	-	6,274.70	-	-	6,629.11
Other financial liabilities excluding deferred payment liabilities	-	-	10,236.19	-	-	10,457.21
	29,448.88	**-**	**44,841.09**	**42,558.72**	**-**	**44,392.38**

The fair value of the financial assets and financial liabilities are included at an amount at which the instruments could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

38. Financial risk management objectives and policies

Financial Risk Management Framework

The Company's Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations. The Company also holds FVTOCI/FVTPL investments and enters into derivative transactions.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in interest rates, equity risk and foreign currency rates), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A. Credit risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, derivative financial instruments, balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of the customers on a continuous basis to whom credits have been granted after obtaining necessary approvals. Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 93,988.32 and ₹ 108,152.39 as of 31 March 2019 and 31 March 2018 respectively, representing carrying amount of all financial assets with the Company.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2019 and 31 March 2018.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Financial assets that are past due but not impaired

The Company's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables, net of those impaired is given below:

	As at	
	31 March 2019	**31 March 2018**
0-30 days	3,676.63	861.99
31-60 days	285.50	148.75
61-90 days	-	-
Greater than 90 days	35.65	-
	3,997.78	**1,010.74**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of Balance Sheet whether a financial asset or a group of financial assets are impaired. Expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since the initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

B. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations as and when they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are available for meeting due obligations of the Company. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and financial liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at 31 March 2019	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	9,223.07	3,552.96	14,762.59	**27,538.62**
Deferred payment liabilities	-	128.22	663.36	**791.58**
Trade payables	-	6,274.70	-	**6,274.70**
Other financial liabilities	-	10,183.87	52.32	**10,236.19**
Derivatives	-	-	29,448.88	**29,448.88**
	9,223.07	**20,139.75**	**44,927.15**	**74,289.97**

As at 31 March 2018	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	10,222.90	3,200.37	13,090.97	**26,514.24**
Deferred payment liabilities	-	52.05	739.77	**791.82**
Trade payables	-	6,629.11	-	**6,629.11**
Other financial liabilities	-	10,404.19	53.02	**10,457.21**
Derivatives	-	-	42,558.72	**42,558.72**
	10,222.90	**20,285.72**	**56,442.48**	**86,951.10**

C. Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in the market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

i. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term obligations with floating interest rates.

For the years ended 31 March 2019 and 31 March 2018, every 50 basis point decrease in the floating interest rate component applicable to the Company's long-term borrowings would have decrease the loss by approximately ₹ 47.89 and ₹ 43.10 respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in the foreign currencies.The Company uses foreign exchange forward contracts to offset its exposure in foreign currency risk.

The carrying amount of the Company's unhedged foreign currency denominated monetary items in ₹ as at 31 March 2019 and 31 March 2018 are as follows:

Financial assets- trade receivables

	As at	
	31 March 2019	31 March 2018
- USD	2,521.15	-

Financial liabilities- capital creditors

	As at	
	31 March 2019	31 March 2018
- EURO	44.60	87.03

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

Particulars	Impact on profit before tax for the year ended	
	31 March 2019	31 March 2018
USD sensitivity		
₹/USD - Increase by 5%	126.06	-
₹/USD - Decrease by 5%	(126.06)	-
EURO sensitivity		
₹/EURO - Increase by 5%	(2.23)	(4.35)
₹/EURO - Decrease by 5%	2.23	4.35

iii. Derivative financial instruments:

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

		As at	
	Sell	31 March 2019	31 March 2018
Derivatives not designated as hedge			
Forward contracts	USD	US$ 36.50	-

iv. Equity price risk:

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 26.02. Sensitivity analyses of these investments have been provided in Note 36.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 82,606.89 (31 March 2018: 100,088.27). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹ 3,097.44 (31 March 2018: ₹ 3,752.94) on the Statement of Profit and loss of the Company, and an increase in prices, a visa versa impact. Further decrease of 5% in market price of the securities, which are measured at FVTOCI, would have an adverse impact of ₹ 1,032.90 (31 March 2018: ₹ 1,251.48) on the OCI of the Company, and an increase in prices, a visa versa impact.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

39. Capital risk management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 10% to 25%. The Company includes within net debt, borrowings from banks and finance lease obligations, less cash and cash equivalents.

	As at	
	31 March 2019	**31 March 2018**
Borrowings from banks and finance lease obligations (note 19 and 20)	27,538.62	26,514.24
Less: Cash and cash equivalents (note 15(i))	(6,260.14)	(5,985.69)
Net debt	**21,278.48**	**20,528.55**
Total equity	80,496.18	77,800.66
Capital and net debt	101,774.66	98,329.21
Net debt to equity ratio (%)	**20.91%**	**20.88%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the lenders to immediately call back the borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

40. Disclosure of Interest in subsidiary, joint venture and associate:

			Ownership interest (%)	
	Nature of relationship	**Country of Incorporation**	**As at 31 March 2019**	**As at 31 March 2018**
Heritage Nutrivet Limited	Subsidiary	India	100.00%	100.00%
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint venture	India	50.00%	50.00%

41. The Company has extended no loans or advances to its subsidiary and associate during the year ended 31 March 2019 and 31 March 2018.

42. Business combination

(A) The Company has acquired Dairy business of Reliance Retail Limited through slump sale on 12 April 2017 for cash consideration. The Company has made this acquisition to expand its reach in North and Western Indian markets. Details of net assets acquired and capital reserve are as follows:

Particulars	**Amount**
Assets	
Property, plant and equipment	1,415.42
Inventories	4,761.94
Other intangible assets	2,001.82
Total assets	**8,179.18**
Liabilities	
Trade payables	1,315.57

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Amount
Security deposits and advance from customers	260.01
Total Liabilities	**1,575.58**
Net assets transferred	**6,603.60**
Purchase consideration paid	6,151.00
Gain directly recognised in capital reserve	**452.60**

(B) During the year ended 31 March 2018, business combination related costs of ₹ 80.55 has been debited to the standalone statement of profit and loss under the head other expenses.

43. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Heritage Nutrivet Limited ("HNL")	Subsidiary Company
SKIL Raigam Power (India) Limited	Associate Company
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint Venture
Heritage Farmers Welfare Trust Heritage Employees Welfare Trust	Controlled Trust
Heritage Finlease Limited NTR Memorial Trust	Enterprise over which Key Managerial Persons exercise significant influence
Nirvana Holdings Private Limited	Entity belonging to Promoter Group and holding 10% or more shareholding in the Company
N Bhuvaneswari N Brahmani M Sambasiva Rao A Prabhakara Naidu Umakanta Barik	Key Managerial Personnel (KMP)

(b) Transactions with related parties

		For the year ended	
		31 March 2019	**31 March 2018**
(i)	**Heritage Nutrivet Limited**		
	Investment in equity shares	572.94	1,842.25
	Sale of products	48.41	20.94
	Financial guarantee income	22.07	14.53
	Purchases	4,425.34	3,996.13
	Lease rental income	6.64	1.42
	Sale of Property, Plant and Equipment	23.34	-
(ii)	**Heritage Novandie Foods Private Limited**		
	Investment in equity shares	849.99	10.00
	Sale of Property, Plant and Equipment	40.18	-
(iii)	**Heritage Farmers Welfare Trust**		
	Contribution made	337.93	215.32
	Lease rental income	0.11	-
(iv)	**Heritage Finlease Limited**		
	Dividend received	4.00	4.00
	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	7,341.00	7,001.00
	Cattle loan facilitation charges	9.11	-
(v)	**Nirvana Holdings Private Limited**		
	Dividend paid	102.91	102.91
(vi)	**NTR Memorial Trust**		
	CSR expenditure	91.05	163.19

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

		For the year ended	
		31 March 2019	**31 March 2018**
(vii)	**N Bhuvaneswari**		
	Short-term employee benefits	693.64	449.08
	Post-employment benefits	8.64	8.64
	Other long-term benefits	5.77	5.77
	Rent paid	-	30.23
	Refund of rental deposit	-	26.83
(viii)	**N Brahmani**		
	Short-term employee benefits	554.91	359.30
	Post-employment benefits	4.32	4.32
(ix)	**M Sambasiva Rao**		
	Short-term employee benefits	267.82	209.08
	Post-employment benefits	6.43	6.08
	Other long-term benefits	22.32	-
(x)	**A Prabhakara Naidu**		
	Short-term employee benefits	56.68	52.14
	Post-employment benefits	2.80	2.57
	Other long-term benefits	12.66	-
(xi)	**Umakanta Barik**		
	Short-term employee benefits	28.16	25.78
	Post-employment benefits	1.39	1.28
	Other long-term benefits	-	2.31

(c) Balances receivable/(payable)

		As at	
		31 March 2019	**31 March 2018**
(i)	**Heritage Nutrivet Limited**		
	Trade receivable	-	1.42
	Trade payable	(72.02)	(275.63)
	Other receivables	1.85	-
(ii)	**Heritage Finlease Limited**		
	Loan proceeds payable	(239.73)	(243.32)
	Other receivables	1.44	-
(iii)	**Heritage Farmers Welfare Trust**		
	Contribution payable	(49.71)	(30.10)
	Rent receivable	0.11	-
(iv)	**N Bhuvaneswari**		
	Short-term employee benefits payable	(563.16)	(318.38)
(v)	**N Brahmani**		
	Short-term employee benefits payable	(489.91)	(294.30)
(vi)	**M Sambasiva Rao**		
	Short-term employee benefits payable	(148.72)	(96.48)

Notes:

(a) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which such parties operates.

(b) As at 31 March 2019 and 31 March 2018, the Company has outstanding guarantees given to bankers towards loans availed by its wholly owned subsidiary i.e. Heritage Nutrivet Limited. Amount outstanding to bankers by Heritage Nutrivet Limited as at 31 March 2019 is ₹ 1,606.55 (31 March 2018: ₹ 691.21) .

(c) Post-employment & other long term benefits disclosed above does not include those benefits & which are computed for the company as a whole.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

44. Segment reporting

In accordance with Ind AS 108 - 'Operating segments', segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

45. Contingent liabilities and commitments

		As at	
		31 March 2019	**31 March 2018**
(a)	**Commitments**		
	(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	505.26	988.77
	(ii) Other commitments		
	- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	324.96	2,104.72
(b)	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts		
	- Disputed purchase tax levied under Section 6A of The Central Sales Tax Act, 1956 ("CST Act") on purchase of milk	-	38.76
	- Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk	95.12	95.12
	- Disputed Input tax credit disallowed under Tamil Nadu Value Added Tax Act, 2006	32.50	32.50
	- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	46.88	46.88
	"- Disputed milk cess levied on installed capacity under the Haryana Murrah Buffalo and other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001. "	95.37	-
(c)	**Guarantees excluding financial guarantee**	46.84	94.41
(d)	**Other money for which the Company is contingently liable**		
	'C' form under collection	18.36	58.46

(e) The Hon'ble Supreme Court (SC) has clarified in the case of Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal that various allowances like conveyance allowance, special allowance, education allowance, medical allowance etc., paid uniformly and universally by an employer to its employees shall form part of basic wages for computation of the provident fund contribution.On the basis of internal evaluation supported by a legal opinion from an independent legal expert, the management has determined that there is no impact of the aforesaid ruling on the standalone financial statements of the Company.

46. Leases

Finance leases

The Company has obtained server and data processing equipment on Finance lease. The term of lease is for four years. The future minimum lease payments and their present values as on 31 March 2019 and 31 March 2018 has been disclosed below:

Minimum lease payments

	As at	
	31 March 2019	**31 March 2018**
Not later than 1 year	103.27	193.63
Later than 1 year and not later than 5 years	154.91	219.45
	258.18	**413.08**

Present value of minimum lease payments

	As at	
	31 March 2019	**31 March 2018**
Not later than 1 year	93.44	153.67
Later than 1 year and not later than 5 years	133.92	194.77
	227.36	**348.44**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

47. Derivative contract

The Company has entered into an agreement with Future Retail Limited ("FRL") (the "Implementation Agreement") dated 7 November 2016, under which the Company agreed to share an upside with FRL in the following manner upon sale of shares, which the Company has received as a consideration under the composite scheme of arrangement approved by the National Company Law Tribunal between the Company, FRL, HNL and their respective shareholders and creditors.

If the net consideration by the Company, after deducting taxes statutorily required to be paid to any tax authority in respect of such sale of shares, (the "Share Sale Consideration"),

(i) is less than or equal to ₹ 40,000, then the Company shall be entitled to retain the entire share sale consideration.

(ii) exceeds ₹ 40,000 but is less than or equal to ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying an amount equal to the 50% of such excess over ₹ 40,000.

(iii) exceeds ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying amount equal to the 50% of such excess between ₹ 40,000 and ₹ 50,000 and 75% of excess over ₹ 50,000.

The Company recognized the above contractual provisions of the Implementation Agreement as derivative financial instruments.

48. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company. Disclosures in respect of the amounts payable to such parties are given below:

		As at	
		31 March 2019	**31 March 2018**
(i)	The principal amount remaining unpaid as at the end of the year.	752.81	574.28
(ii)	The amount of interest accrued and remaining unpaid on (i) above.	0.67	0.89
(iii)	Amount of interest paid by the Company in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-
(iv)	The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(v)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.67	0.89

Notes:

(a) Explanation - The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier' shall have the same meaning as assigned to them under clauses (b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006..

(b) This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the company. The auditors have placed reliance on the information provided by the management.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
Heritage Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income),the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below,is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
The Holding Company has significant value of intangible asset "Brand" that has arisen from Business Combination during the financial year ended 31 March 2018. The recoverable amount of Brand has been assessed based on its value in use. Value in use is calculated as the net present value of projected post-tax cash flows plus a terminal value. Significant judgement is required in forecasting the future cash flows of such intangible asset, together with the rate at which it is discounted. Considering the significance of the above matter to the financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.	Our principal audit procedures included testing the Company's controls surrounding intangible asset "Brand" impairment and evaluating the Company's assumptions used in assessing the recoverability of such intangible asset, in particular, revenue, cash flow projections and discount rates. We also performed sensitivity analysis over intangible asset "Brand", where we considered there to be a higher risk of impairment, to assess the level of sensitivity to key assumptions and focus our work on those areas. Our procedures also included challenging internally generated evidence by reviewing forecasts, and retrospective assessment of the accuracy of Company's projections. We also assessed the adequacy of related disclosures in the Company's standalone financial statements.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate and joint venture covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional ethics throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary company and its associate company (covered under the Act) have adequate internal financial controls system in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 1,014.91 lakhs and net assets of ₹ 984.07 lakhs as at 31 March 2019, total revenues of ₹ 731.03 lakhs and net cash inflows amounting to ₹ 145.05 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 38.35 lakhs for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, is based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

16. We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 227.91 lakhs and net assets of ₹ 186.52 lakhs as at 31 March 2019, total revenues of Nil and net cash outflows amounting to ₹ 115.56 lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit,we report that the Holding Company covered under the Act paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the joint venture,we report that the provisions of section 197 read with Schedule V to the Act are not applicable to joint venture company covered under the Act, since it is not a public company as defined under section 2(71) of the Act. We report that a subsidiary company and an associate company covered under the Act have not paid or provided for any managerial remuneration during the year.

18. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the subsidiary, associate and joint venture, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

    c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company, associate company and joint venture company covered under the Act, , none of the directors of the Holding company, its subsidiary company, its associate company and joint venture company covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to usand based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, associate and joint venture:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 43(b) to the consolidated financial statements;

ii. the Holding Company, its subsidiary, its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company, associate company and joint venturecompany covered under the Act, during the year ended 31 March 2019.

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For**Walker Chandiok& Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place : Hyderabad
Date : 22 May 2019

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

1. In conjunction with our audit of the consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company, its subsidiary company and its associate company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company and its associate company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary company and its associate company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For**Walker Chandiok& Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place : Hyderabad
Date : 22 May 2019

Heritage
HEALTH AND HAPPINESS

Consolidated Balance Sheet as at 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	6	46,100.78	41,060.84
(b) Capital work-in-progress		4,179.24	872.73
(c) Investment property	8	369.26	397.21
(d) Other intangible assets	7	1,086.42	1,847.64
(e) Investment in associate and joint venture	9	867.48	56.78
(f) Financial assets			
(i) Investments	10	82,634.06	100,115.41
(ii) Loans	16	463.19	412.40
(iii) Other financial assets	11	70.24	75.22
(g) Other non-current assets	12	187.23	422.48
Total non-current assets		**135,957.90**	**145,260.71**
Current assets			
(a) Inventories	13	13,836.31	15,474.92
(b) Financial Assets			
(i) Investments	10	0.32	0.42
(ii) Trade receivables	14	4,235.20	1,289.42
(iii) Cash and cash equivalents	15(i)	6,334.86	6,021.21
(iv) Bank balances other than (iii) above	15(ii)	1,139.80	861.24
(v) Loans	16	236.69	437.40
(vi) Other financial assets	11	89.40	28.37
(c) Current tax assets (net)		117.68	58.60
(d) Other current assets	12	1,275.66	866.74
(e) Disposable group - assets held for sale		227.91	362.17
Total current assets		**27,493.83**	**25,400.49**
Total assets		**163,451.73**	**170,661.20**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	2,319.90	2,319.90
(b) Other equity	18	77,935.90	75,447.15
Equity attributable to the owners of the Company		**80,255.80**	**77,767.05**
(c) Non-controlling interest		1,170.60	1,055.67
Total equity		**81,426.40**	**78,822.72**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	16,657.48	14,230.74
(ii) Other financial liabilities	20	29,448.88	42,558.72
(b) Government grant		7.65	8.76
(c) Provisions	21	716.27	590.03
(d) Deferred tax liabilities (net)	22	2,634.28	1,860.64
Total non-current liabilities		**49,464.56**	**59,248.89**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	9,457.58	10,414.12
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises;		772.77	574.28
- total outstanding dues of creditors other than micro and small enterprises		6,084.10	6,122.01
(iii) Other financial liabilities	20	14,765.65	13,896.68
(b) Other current liabilities	23	619.28	701.33
(c) Government grant		1.36	1.61
(d) Provisions	21	818.65	728.97
(e) Disposable group - liabilities related to assets held for sale		41.38	150.59
Total current liabilities		**32,560.77**	**32,589.59**
Total equity and liabilities		**163,451.73**	**170,661.20**

The accompanying notes referred to above form an integral part of the consolidated financial statements.

This is the Consolidated Balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Notes	For the year ended	
		31 March 2019	31 March 2018
Revenue from operations	25	251,475.17	237,341.93
Other income	26	901.70	767.28
Fair value gain on FVTPL equity securities		-	39,537.07
Gain due to changes in fair value of derivative liabilities		13,109.85	-
Total income		**265,486.72**	**277,646.28**
Expenses			
Cost of materials consumed	27	188,050.35	185,194.45
Excise duty	28	-	33.26
Purchase of Stock-in-trade		5,924.00	11,086.15
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	29	3,327.24	(4,338.78)
Employee benefit expenses	30	14,182.70	12,418.29
Finance costs	31	2,148.33	1,824.22
Depreciation and amortisation expense	6, 7 & 8	4,465.52	3,782.64
Impairment losses	6, 7	365.95	40.28
Other expenses	32	21,121.10	19,912.32
Loss due to changes in fair value of derivative liabilities		-	38,703.86
Fair value loss on FVTPL equity securities		13,109.85	-
Total expenses		**252,695.04**	**268,656.69**
Profit before share of loss of an associate and a joint venture from continuing operations		**12,791.68**	**8,989.59**
Share of loss of an associate and a joint venture		(39.28)	(9.48)
Profit before tax from continuing operations		**12,752.40**	**8,980.11**
Tax expense	33		
Current tax		4,259.26	2,799.64
Deferred tax expense/(benefit)		208.64	(87.47)
Profit for the year from continuing operations		**8,284.50**	**6,267.94**
Discontinued operations			
Profit/(loss) before tax		(18.63)	11.04
Tax expense		6.42	5.72
Profit/(loss) for the year from discontinued operations		**(25.05)**	**5.32**
Profit for the year		**8,259.45**	**6,273.26**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Remeasurement loss on defined benefit plan, net of taxes		(164.37)	(72.77)
(ii) Net gain /(loss) on fair value through OCI equity securities		(4,371.54)	13,182.25
Total other comprehensive income/ (loss) for the year		**(4,535.91)**	**13,109.48**
Total comprehensive income for the year		**3,723.54**	**19,382.74**
Profit/(loss) for the year from continuing operations attributable to:			
- Owners of the Company		8,143.36	6,277.17
- Non-controlling interest		141.14	(9.23)
Profit/(loss) for the year from discontinued operations attributable to:			
- Owners of the Company		-	-
- Non-controlling interest		(25.05)	5.32
Profit/(loss) for the year attributable to:			
- Owners of the Company		8,143.36	6,277.17
- Non-controlling interest		116.09	(3.91)
Other comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		(4,535.91)	13,109.48
- Non-controlling interest		-	-
Total comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		3,607.45	19,386.65
- Non-controlling interest		116.09	(3.91)
Earnings per equity share [EPES] (in absolute ₹ terms)	34		
Par value per share		5.00	5.00
EPES for continuing operations			
Basic and Diluted EPES		17.55	13.53
EPES for discontinued operations			
Basic and Diluted EPES		-	-
EPES for continuing and discontinued operations			
Basic and Diluted EPES		17.55	13.53

The accompanying notes form an integral part of the consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Heritage

HEALTH AND HAPPINESS

Consolidated Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2019	31 March 2018
Cash flow from operating activities		
Profit before tax from continuing operations	**12,752.40**	**8,980.11**
Adjustments:		
Fair value (gain)/loss on FVTPL equity securities	13,109.85	(39,537.07)
(Gain)/loss due to changes in fair value of derivative liabilities	(13,109.85)	38,703.85
Depreciation and amortization expense	4,465.52	3,782.64
Impairment losses	365.95	40.28
Provision for doubtful advances	19.79	71.00
Share of loss of an associate and a joint venture	39.28	9.48
Provision for doubtful debts	142.23	63.04
Inventory written off	-	90.15
Loss on sale of property, plant and equipment	179.52	85.04
Provisions no longer required/ credit balances written back	(259.92)	(214.05)
Interest income	(85.81)	(86.80)
Interest expenses	2,084.84	1,824.22
Dividend income on long term investments	(4.00)	(4.02)
Lease rentals income	(157.69)	-
Unrealised foreign exchange gain	(52.74)	-
Operating cash flows before working capital changes	**19,489.37**	**13,807.87**
Changes in inventories	1,638.61	1,465.83
Changes in trade receivables	(3,088.01)	195.63
Changes in loans	146.70	27.43
Changes in other assets	(433.56)	(405.84)
Changes in other financial assets	6.58	(23.50)
Changes in trade payables	420.50	(415.28)
Changes in provisions	51.55	143.53
Changes in Government grant	(1.36)	(39.78)
Changes in other financial liabilities	521.49	(139.34)
Changes in other liabilities	(82.05)	316.65
Cash generated from operating activities	**18,669.82**	**14,933.20**
Income-taxes paid, net	(3,759.13)	(2,883.51)
Net cash generated from operating activities of continuing operations	**14,910.69**	**12,049.69**
Net cash generated from/ (used in) operating activities of discontinued operations	**(115.56)**	**69.79**
Net cash generated from operating activities (A)	**14,795.13**	**12,119.48**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets including Capital work in progress"	(12,700.45)	(14,416.68)
Proceeds from sale of property, plant and equipment	279.74	432.77
Sale/(Purchase) of investments, net	0.10	(0.11)
Investment in a joint venture	(849.99)	(10.00)
Interest received	95.03	91.68
Movement in other bank balances, net	(278.56)	44.98
Consideration paid towards Business combination (refer note 41)	-	(6,151.00)
Rent received	138.58	-
Dividend income received	4.00	4.02
Net cash used in investing activities of continuing operations	**(13,311.54)**	**(20,004.34)**
Net cash generated from investing activities of discontinued operations	**-**	**-**
Net cash used in investing activities (B)	**(13,311.54)**	**(20,004.34)**

Consolidated Cash Flow Statement for the year ended 31 March 2019

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended	
	31 March 2019	**31 March 2018**
Cash flows from financing activities		
Proceeds from long term borrowings	6,195.36	10,248.36
Repayment of long term borrowings	(3,351.16)	(1,808.33)
Interest paid	(2,053.30)	(1,772.22)
Movement in minority interest, net	(1.16)	(4.44)
Dividend paid including dividend distribution tax	(1,118.70)	(1,116.87)
Net cash generated from/ (used in) financing activities of continuing operations	**(328.96)**	**5,546.50**
Net cash used in financing activities of discontinued operations	**-**	**-**
Net cash generated from/ (used in) financing activities (C)	**(328.96)**	**5,546.50**
Net increase/(decrease) in cash and cash equivalents during the year (A + B + C)	**1,154.63**	**(2,338.36)**
Cash and cash equivalents at the beginning of the year	(4,065.35)	(1,726.99)
Cash and cash equivalents at the end of the year (Note 1)	**(2,910.72)**	**(4,065.35)**
Note 1:		
Cash and cash equivalents includes		
- Included in cash and cash equivalents and current borrowings		
Cash on hand (refer note 15(i))	758.31	243.53
Balances with banks in current accounts (refer note 15(i))	5,465.53	5,777.68
Cheques, drafts on hand (refer note 15(i))	111.02	-
Loans repayable on demand from banks (refer note 19(b))	(9,457.58)	(10,414.12)
	(3,122.72)	**(4,392.91)**
- Included in the assets of the disposal group (refer note 47)	**212.00**	**327.56**
	(2,910.72)	**(4,065.35)**

Note 2:

Payment made for items under business combination has been considered under investing activity and has been excluded from the movement of respective items.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Consolidated Statement of Changes in Equity for the year ended 31 March 2019

A Equity Share Capital (refer note 17)

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Number of shares	Amount
As at 1 April 2017	**2,31,99,000**	**2,319.90**
Changes during the year (refer note 17(vii))	2,31,99,000	-
As at 31 March 2018	**4,63,98,000**	**2,319.90**
Changes during the year	-	-
As at 31 March 2019	**4,63,98,000**	**2,319.90**

B Other Equity (refer note 18)

	Reserves and Surplus						OCI	Non controlling interest	Total
	Capital reserve	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve	Retained earnings	Changes in fair value of equity instruments		
Balance as at 1 April 2017	**(566.39)**	**81.00**	**3,784.14**	**318.69**	**8,427.38**	**36,472.07**	**8,243.76**	**1,063.99**	**57,824.64**
Profit for the year	-	-	-	-	-	6,277.17	-	(3.91)	6,273.26
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(4.44)	(4.44)
Pursuant to business combination (refer note 41)	452.60	-	-	-	-	-	-	-	452.60
Subsidy amount of discontinued operations	(35.86)	-	-	-	-	-	-	-	(35.86)
Payment of dividend (₹ 2 per equity share)	-	-	-	-	-	(927.96)	-	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(188.91)	-	-	(188.91)
Other comprehensive income	-	-	-	-	-	(72.79)	13,182.25	-	13,109.46
Balance as at 31 March 2018	**(149.65)**	**81.00**	**3,784.14**	**318.69**	**8,427.38**	**41,559.58**	**21,426.01**	**1,055.67**	**76,502.82**
Profit for the year	-	-	-	-	-	8,143.36	-	116.09	8,259.45
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(1.16)	(1.16)
Payment of dividend (₹2 per equity share)	-	-	-	-	-	(927.96)	-	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(190.74)	-	-	(190.74)
Other comprehensive loss	-	-	-	-	-	(164.37)	(4,371.54)	-	(4,535.91)
Balance as at 31 March 2019	**(149.65)**	**81.00**	**3,784.14**	**318.69**	**8,427.38**	**48,419.87**	**17,054.47**	**1,170.60**	**79,106.50**

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Notes to the Consolidated Financial Statements

for the year ended March 31 2019

1. Corporate information

The consolidated financial statements of "Heritage Foods Limited" ("the Company" or "the Holding Company" or "HFL" or "Parent Company" or "Parent") and its subsidiaries (collectively referred to as "Group") are for the year ended 31 March 2019. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at #6-3-541/C, Punjagutta, Hyderabad - 500082.

The Group is principally engaged in the provision of dairy, renewable energy and cattle feed products.

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on 22 May 2019.

2. Significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Group have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')) and relevant amendment rules issued thereafter and guidelines issued by the Securities Exchange Board of India ("SEBI"). The Group has uniformly applied the accounting policies during the periods presented.

The consolidated financial statements have been prepared on a going concern basis under historical cost, except for the following:

- Certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and
- Employee defined benefit assets/ (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

The consolidated financial statements are presented in and all values are rounded to the nearest ₹ lakhs, except when otherwise indicated.

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.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March. When the end of the reporting period of the Parent Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill or capital reserve.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

List of entities included in the consolidated financial statement is as under:

Name of the entity	Relationship	Country of incorporation	Proportion of ownership interest as at	
			31 March 2019	31 March 2018
Heritage Nutrivet Limited	Subsidiary	India	100%	100%
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint venture	India	50%	50%
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%
Heritage Farmer Welfare Trust	Trust	India	0%	0%
Heritage Employee Welfare Trust*	Trust	India	0%	0%

* The Board of Directors of the Company passed a resolution on 24 March 2017 to discontinue all the activities of the trust with effect from 1 April 2017, except for loan recoveries from employees.

3. Summary of significant accounting policies

a. Business combinations and goodwill/ capital reserve

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

d. Foreign currencies

The Group's financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.

Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spots rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

e. Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

f. Revenue recognition

The Group derives revenues primarily from manufacturing, marketing and trading of milk, dairy products and cattle feed. It is also engaged in generation of power and trading of food and beverages.

Effective 1 April 2018, the Group adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective application method. In accordance with modified retrospective application method, the comparatives have not been retrospectively adjusted. Refer Note 3 "Summary of significant accounting policies" of the consolidated financial statements, in the Company's Annual Report 2017-18 for the policies in effect for revenue prior to 1 April 2018. The effect on adoption of Ind AS 115 was nil.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services is recognised at the time when performance obligation is satisfied.

Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the statement of profit and loss.

Dividend Income

Dividend income is recognized when the Group's right to receive dividend is established.

Rental Income

Rental income arising from operating leases on investment properties is recognised on a straight-line basis over the term of the relevant lease except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

g. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

h. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

i. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

  Or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 41. All notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

j. Property, plant and equipment

Capital Work in progress, Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), the cost of replacing the part of plant and equipment and 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. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the Group intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and management estimate, useful life is different from than those described in Schedule II. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 30 years. Useful life of each asset is determined based on internal and external technical evaluation.

i) Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 30 years. Useful life of each asset is determined based on internal and external technical evaluation.

ii) Furniture and Fixtures: Depreciation on Furniture and Fixtures is provided on the basis of straight line method based on the useful life ranging from 1 to 15 years.

iii) Office Equipment : Depreciation on Office Equipment is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years.

iv) Office Equipment : Depreciation on Office Equipment is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years.v)
Vehicles: Depreciation on vehicles is provided on the basis of straight line method based on the useful life ranging from 2 to 10 years.

vi) Buildings: Depreciation on buildings is provided on the basis of straight line method based on the useful life ranging from 5 to 40 years.

vii) Improvements to leasehold property: Depreciation on Improvements to leasehold property is provided over a period of lease.

viii) 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.

The useful life provided for different asset classes under schedule II of the Companies Act, 2013 are as follows:

Asset class	Useful life (years)
Buildings	30
Plant and machinery	15
Furniture and Fixtures	10
Vehicles	8
Office Equipment	5

Depreciation on assets which are commissioned during the year is charged on pro -rata basis from the date of commissioning. The Group depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Group depreciates building component of investment property over the useful life prescribed in Schedule II to the Companies Act, 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

l. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite life is recognised in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Distribution network	5

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating Leases as a lessee

Lease rentals are recognized as expense on a straight line basis with reference to lease terms in the Statement of Profit and Loss except where

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating Leases as a lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease in the Statement of Profit and Loss except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Finance leases as lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases as lessor

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts are adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment.

o. Inventories

All inventories except stores, spares, consumables and packaging material, are valued at lower of cost and net realisable value.

- **Raw material** - Cost or net realisable value ("NRV") whichever is lower. However, these items are considered to be realisable at cost if the finished products, in which they shall be used, are expected to be sold at or above cost. Cost has been ascertained on weighted average cost method.
- **Finished goods** - Cost or NRV whichever is lower - Cost has been ascertained on weighted average cost method.
- **Stores, spares and consumables** - At cost - Cost has been ascertained on FIFO basis.
- **Work in progress** - Cost of NRV whichever is lower - Cost has been ascertained on weighted average cost method basis.
- **Tradable goods** - Cost or NRV whichever is lower - Cost has been ascertained on moving weighted average basis.
- **Packaging material** - At Cost - Cost has been ascertained on FIFO basis.

Cost of inventories comprises following:

- Raw material, stores, spares, consumable stores and packaging material: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.
- Tradable goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

p. Impairment of non-financial assets

Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

q. Provision and contingencies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

When the Group expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities is identified and disclosed with respect to following:·

a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

- a present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability**.**

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

r. **Employee benefits**

Short term benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Post-employment benefits and other long term employee 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 Group has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

Gratuity: The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leave Encashment: The Group operates a long term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 "Employee Benefits".

s. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Lease receivables under Ind AS 17

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss.

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instrument - Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss (refer note 46 for details).

t. 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.

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.

u. Cash flow statement

The cash flow statement is prepared as per the Indirect Method. Cash Flow Statements present the cash flows by operating, financing and investing activities of the Group. 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.

v. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

w. Cash dividends to equity holders

The Group recognises a liability to make cash distributions to equity holders of the when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

x. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

Vice Chairman and Managing Director, Executive Director, President and Chief Financial Officer have been identified as Chief Operating Decision Maker. Refer note 48 for segment information.

4. Key accounting estimates, judgements and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a. Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b. Taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax and determining the provision for income taxes.

c. Defined benefit plans and other long term benefit plan

The cost and present value of the defined benefit gratuity plan and leave encashment (other long term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group.

e. Business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable assets to be fair valued. Significant estimates are required to be made in determining the value of identifiable assets acquired. These valuations are conducted by independent valuation experts.

f. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

5. Standards issued but not effective

The new standards or amendments to the existing standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards/amendments to the existing standards, if applicable, when they become effective.

(a) Ind AS 116, Leases:

On 30 March 2019, the MCA has notified Ind AS 116, Leases. Ind AS 116 would replace existing leases standard, Ind AS 17, Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. lessor and lessee. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognise the assets and liabilities for all leases with a term more than twelve months, unless the underlying asset is of low value. Currently operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements of Ind AS 17.

The effective date for the adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019. The standard permits full retrospective and modified retrospective methods for transition purpose. Certain practical expedients are available under both the methods.

The Group plans to adopt the new standard on the required effective date using modified retrospective method. Management is still in the process of reasonably estimating the impact on adoption of Ind AS 116.

(b) Ind AS 12, Appendix C, Uncertainty over income tax treatments:

On 30 March 2019, the MCA has notified Ind AS 12, Appendix C, Uncertainty over income tax treatments which is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the Appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for the adoption of Ind AS 12, Appendix C is annual periods beginning on or after 1 April 2019. The standard permits full retrospective and modified retrospective methods for transition purpose. The Group plans to adopt the Ind AS 12, Appendix C on the required effective date using modified retrospective method and the impact of such adoption is expected to be insignificant.

(c) Amendments to Ind AS 12, Income taxes:

On 30 March 2019, the MCA issued the amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that the entity shall recognise the income tax in consequences of dividend in profit and loss, other comprehensive income or equity according to where the entity originally recognised those past events or transactions.

The effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment.

(d) Amendment to Ind AS 19, plan amendment, curtailment or settlement:

On 30 March 2019, the MCA issued amendments to Ind AS 19, Employee Benefits in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of asset ceiling.

The effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group has no impact on account of this amendment.

Summary of significant accounting policies and other explanatory information

6. Property, plant and equipment

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Freehold Office equipment	Leasehold Office equipment	Vehicles	Total
Gross Block									
Balance as at 1 April 2017	**2,078.04**	**8,667.11**	**31.25**	**19,621.94**	**115.92**	**380.49**	**-**	**378.77**	**31,273.52**
Additions (refer note (c) below)	2,196.63	2,030.83	1.97	10,292.80	51.44	732.85	348.43	117.96	**15,772.91**
Disposals/transfers	-	482.00	1.97	1,668.32	11.24	326.55	-	13.19	**2,503.27**
Balance as at 31 March 2018	**4,274.67**	**10,215.94**	**31.25**	**28,246.42**	**156.12**	**786.79**	**348.43**	**483.54**	**44,543.16**
Additions/transfers	1,080.33	1,633.19	-	6,381.50	77.60	183.02	-	75.35	**9,430.99**
Disposals	-	0.69	-	853.21	6.41	211.64	-	10.68	**1,082.63**
Balance as at 31 March 2019	**5,355.00**	**11,848.44**	**31.25**	**33,774.71**	**227.31**	**758.17**	**348.43**	**548.21**	**52,891.52**
Accumulated depreciation									
Upto 31 March 2017	**-**	**390.08**	**-**	**1,347.08**	**15.71**	**8.17**	**-**	**56.10**	**1,817.14**
Depreciation charge	-	377.19	1.48	2,557.72	31.49	202.76	32.70	73.59	**3,276.93**
Adjustments for disposals/transfers	-	149.01	-	1,283.85	10.37	197.06	-	11.74	**1,652.03**
Impairment loss	-	-	-	22.08	-	18.20	-	-	**40.28**
Upto 31 March 2018	**-**	**618.26**	**1.48**	**2,643.03**	**36.83**	**32.07**	**32.70**	**117.95**	**3,482.32**
Depreciation charge	-	476.11	1.48	3,088.24	30.00	170.23	87.11	78.62	**3,931.79**
Adjustment for disposals	-	0.37	-	532.49	4.75	80.59	-	5.17	**623.37**
Upto 31 March 2019	**-**	**1,094.00**	**2.96**	**5,198.78**	**62.08**	**121.71**	**119.81**	**191.40**	**6,790.74**
Net carrying value									
As at 31 March 2018	4,274.67	9,597.68	29.77	25,603.39	119.29	754.72	315.73	365.59	41,060.84
As at 31 March 2019	**5,355.00**	**10,754.44**	**28.29**	**28,575.93**	**165.23**	**636.46**	**228.62**	**356.81**	**46,100.78**

Note:

(a) For details of assets pledged as security, refer Note 19(a) and 19(b).

(b) Borrowing cost capitalised during the year ended 31 March 2019 is Nil (31 March 2018: ₹ 33.44).

(c) Includes additions on account of business combination aggregating ₹ 1,415.42 (refer note 41).

(d) Land includes asset valued at ₹ 172.08 (31 March 2018 : ₹ 174.63) pending execution of sale deed in the name of the Group. Sale deed shall be executed and registered on commencing of commercial production at Mallavalli plant of the Group.

(e) Impairment loss excludes empairment loss on capital work in progress aggregating to ₹ 15.95 for the year ended 31 March 2019. (31 March 2018 : Nil)

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

7. Other intangible assets

	Computer Software	Brand	Non-compete	Procurement network	Distribution Network	Total
Gross Block						
Balance as at 1 April 2017	**115.86**	**-**	**-**	**-**	**-**	**115.86**
Additions (refer note (a) below)	288.05	745.52	321.84	432.00	502.46	2,289.87
Balance as at 31 March 2018	**403.91**	**745.52**	**321.84**	**432.00**	**502.46**	**2,405.73**
Additions	105.31	-	-	-	-	105.31
Balance as at 31 March 2019	**509.22**	**745.52**	**321.84**	**432.00**	**502.46**	**2,511.04**
Accumulated amortization						
Up to 31 March 2017	**66.98**	**-**	**-**	**-**	**-**	**66.98**
Amortization charge	61.20	144.61	104.04	83.80	97.46	491.11
Up to 31 March 2018	**128.18**	**144.61**	**104.04**	**83.80**	**97.46**	**558.09**
Amortization charge	73.27	149.10	107.27	86.40	100.49	516.53
Impairment charge	-	350.00	-	-	-	350.00
Up to 31 March 2019	**201.45**	**643.71**	**211.31**	**170.20**	**197.95**	**1,424.62**
Net carrying value						
As at 31 March 2018	275.73	600.91	217.80	348.20	405.00	**1,847.64**
As at 31 March 2019	**307.77**	**101.81**	**110.53**	**261.80**	**304.51**	**1,086.42**

Note:

(a) Includes additions on account of business combination aggregating ₹ 2,001.82 (refer note 41).

8. Investment property

	Land	Building	Total
Gross Block			
Balance as at 1 April 2017	10.75	122.80	133.55
Additions/ transfers	-	287.66	287.66
Balance as at 31 March 2018	**10.75**	**410.46**	**421.21**
Additions/ transfers	(10.75)	-	(10.75)
Balance as at 31 March 2019	**-**	**410.46**	**410.46**
Accumulated depreciation			
Up to 31 March 2017	**-**	**9.40**	**9.40**
Depreciation charge	-	14.60	14.60
Up to 31 March 2018	**-**	**24.00**	**24.00**
Depreciation charge	-	17.20	17.20
Up to 31 March 2019	**-**	**41.20**	**41.20**
Net carrying value			
As at 31 March 2018	**10.75**	**386.46**	**397.21**
As at 31 March 2019	**-**	**369.26**	**369.26**

(a) Information of net income derived from Investment property	**For the year ended**	
	31 March 2019	**31 March 2018**
Lease rental income (refer note 26)	153.36	150.03
Less: Depreciation	17.20	14.60
Net income from Investment property	**136.16**	**135.43**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(b) Description of valuation technique and key assumptions used	As at	
	31 March 2019	31 March 2018
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month	18	18
Rental growth per annum	5%	5%
Discount rate	10%	10%

(c) Changes in fair value of Investment property is shown below:	
	Amount
Fair value as on 1 April 2017	**1,422.90**
Additions/transfers during the year	1,809.63
Fair value as on 31 March 2018	**3,232.53**
Transfers to property, plant & equipment during the year	(10.75)
Fair value as on 31 March 2019	**3,221.78**

9. Investment in associate and joint venture

	As at	
	31 March 2019	31 March 2018
Unquoted		
Investment in Associate		
650,000 (31 March 2018: 650,000) equity shares of ₹10 each fully paid held in SKIL Raigam Power (India) Limited	65.00	65.00
Less: Share of accumulated losses	11.00	10.06
	54.00	**54.94**
Investment in joint venture		
2,280,299 (31 March 2018: 1,00,000) equity shares of ₹10 each fully paid held in Heritage Novandie Foods Private Limited	859.98	10.00
Less: Share of accumulated losses	46.50	8.16
	813.48	**1.84**
	867.48	**56.78**

10. Investments

	As at	
	31 March 2019	31 March 2018
Non current		
Investments at fair value through other comprehensive income ("FVTOCI")		
Investments in equity instruments		
363 (31 March 2018: 363) quoted equity shares of ₹ 10 each fully paid held in Andhra Bank	0.10	0.15
1,740 (31 March 2018: 1,740) quoted equity shares of ₹ 2 each fully paid held in Bank of Baroda	2.24	2.47
4,462,855 (31 March 2018: 4,462,855) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited	20,243.51	24,619.34
223,093 (31 March 2018: 223,093) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (a) below)	412.16	407.59
200,000 (31 March 2018: 200,000) unquoted equity shares of ₹ 10 each fully paid held in Heritage Finlease Limited	26.02	26.02
	20,684.03	**25,055.57**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	As at	
	31 March 2019	**31 March 2018**
Investments at fair value through profit or loss ("FVTPL")		
Investments in equity instruments		
13,384,565 (31 March 2018: 13,384,565) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited	60,712.39	73,835.95
669,278 (31 March 2018:669,278) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (a) below)	1,236.49	1,222.77
	61,948.88	**75,058.72**
Investments at amortized cost		
Investments in government securities	1.15	1.12
	1.15	**1.12**
	82,634.06	**100,115.41**
Aggregate market value of quoted investments	82,606.89	100,088.27
Aggregate value of unquoted investments	27.17	27.14
Current		
Investments at amortized cost		
Investments in government securities	0.32	0.42
	0.32	**0.42**
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.32	0.42

Note:

(a) During the year ended 31 March 2018, the Holding Company was allotted equity shares pursuant to composite scheme of arrangement between Future Retail Limited ("FRL"), Bluerock eServices Private Limited, Praxis Home Retail Limited and their respective shareholders.

11. Other financial assets

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Interest accrued but not due on bank deposits	13.27	11.67
Earmarked balances with banks	20.23	19.09
Margin money deposits with banks	36.74	44.46
	70.24	**75.22**
Current		
Interest accrued but not due on bank deposits	17.55	28.37
Rent receivable	19.11	-
Others	52.74	-
	89.40	**28.37**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

12. Other assets

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Unsecured, Considered good		
Capital advances	176.36	419.68
Prepaid expenses	10.87	2.80
	187.23	**422.48**
Unsecured, Considered doubtful		
Capital Advances	26.59	11.58
Less: Allowance for doubtful capital advances	26.59	11.58
	-	-
	187.23	**422.48**
Current		
Unsecured, Considered good		
Balance with Statutory authorities	110.15	31.57
Prepaid expenses	303.64	146.72
Other Advances	861.87	688.45
	1,275.66	**866.74**
Unsecured, Considered doubtful		
Other Advances	69.65	69.65
Less: Provision for doubtful advances	69.65	69.65
	-	-
	1,275.66	**866.74**

No advances are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 42 for dues from related parties.

13. Inventories

	As at	
	31 March 2019	**31 March 2018**
Refer Note.3(o)		
Raw materials (including goods in transit of ₹49.95 (31 March 2018: ₹13.02)	6,296.33	4,699.01
Work-in-progress	106.41	77.95
Semi finished goods	1,429.62	2,839.26
Finished goods	4,779.85	6,671.81
Stock-in-trade (including stock in transit of Nil (31 March 2018: ₹4.91)	152.07	206.16
Packing materials	720.52	652.83
Stores, spares and consumables	351.51	327.90
	13,836.31	**15,474.92**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

14. Trade receivables

	As at	
	31 March 2019	**31 March 2018**
Unsecured Considered good	4,236.23	1,289.76
Unsecured Significant increase in the credit risk	557.10	422.13
	4,793.33	**1,711.89**
Less: Allowance for receivables with significant increase in the credit risk	557.10	422.13
Less: Expected credit loss	1.03	0.34
	4,235.20	**1,289.42**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 42 for dues from related parties.

15. Cash and Bank Balances

	As at	
	31 March 2019	**31 March 2018**
(i) Cash and cash equivalents		
Balances with banks in current accounts	5,465.53	5,777.68
Cheques, drafts on hand	111.02	-
Cash on hand	758.31	243.53
	6,334.86	**6,021.21**

	As at	
	31 March 2019	**31 March 2018**
(ii) Other bank balances		
Earmarked balances with banks		
Unpaid dividend	136.27	97.68
Other deposits	0.50	1.86
Margin money deposits with banks	143.57	17.37
Fixed deposits with maturity of more than 3 months but less than 12 months	859.46	744.33
	1,139.80	**861.24**

16. Loans

	As at	
	31 March 2019	**31 March 2018**
Non Current		
Unsecured, considered good		
Loans to employees	-	0.45
Security deposits	463.19	411.95
	463.19	**412.40**
Current		
Unsecured, considered good		
Loans to employees	2.72	7.49
Loans to others	53.35	200.68
Security deposits	180.62	229.23
	236.69	**437.40**
Unsecured, Significant increase in the credit risk		
Loans to others	10.38	7.16
Less: Allowance for doubtful loans with significant increase in the credit risk	10.38	7.16
	-	**-**
	236.69	**437.40**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

17. Equity share capital

i. Authorised share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares of ₹ 5 each	96,000,000	4,800.00	96,000,000	4,800.00
Preference shares of ₹ 10 each	2,000,000	200.00	2,000,000	200.00
		5,000.00		**5,000.00**

ii. Issued, subscribed and fully paid up

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
'Equity shares of ₹ 5 each	46,398,000	2,319.90	46,398,000	2,319.90
	46,398,000	**2,319.90**	**46,398,000**	**2,319.90**

iii. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares				
At the beginning of the year	46,398,000	2,319.90	23,199,000	2,319.90
Add: Increase on account of subdivision (refer note vii)	-	-	23,199,000	-
At the end of the year	**46,398,000**	**2,319.90**	**46,398,000**	**2,319.90**

iv. 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 ₹5 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.

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.

v. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	As at 31 March 2019		As at 31 March 2018	
	Number	% Holding	Number	% Holding
N Bhuvaneswari	10,661,652	22.98%	10,661,652	22.98%
Nirvana Holdings Private Limited	5,145,684	11.09%	5,145,684	11.09%
Nara Lokesh	4,732,800	10.20%	4,732,800	10.20%
Megabid Finance & Investment Private Limited	2,447,600	5.28%	2,447,600	5.28%

vi. The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceeding the balance sheet date.

vii. During the previous year, the equity shares of the Company having face value of ₹10 each were subdivided into 2 equity shares having a face value of ₹5 each. Accordingly 23,199,000 equity shares of face value of ₹10 each were sub divided into 46,398,000 equity shares of face value of ₹5 each.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

18. Other equity

	As at	
	31 March 2019	**31 March 2018**
Reserves and Surplus		
Capital reserve	(149.65)	(149.65)
Capital redemption reserve	81.00	81.00
Securities premium	3,784.14	3,784.14
Warrants money appropriated	318.69	318.69
General reserve	8,427.38	8,427.38
Retained earnings	48,419.87	41,559.58
	60,881.43	**54,021.14**
Item of OCI		
Changes in fair value of equity instruments	17,054.47	21,426.01
	17,054.47	**21,426.01**
	77,935.90	**75,447.15**

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of equity shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013 ("the Act").

Capital reserve

The excess of net assets taken, over the consideration paid, if any, as part of business combination has been recorded under the capital reserve. Capital reserve to the extent of ₹ 602.25 was created in accordance with the composite scheme of arrangement and to the tune of ₹ 452.60 on acquisition of dairy business of Reliance Retail Limited (refer note 41).

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares during the earlier years. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Act.

Warrants money appropriated

Warrants money appropriated reserve represents forfeiture of share application money made during the earlier years.

General reserve

The reserve has arisen on transfer of a portion of the net profit pursuant to the earlier provisions of the Companies Act,1956. Mandatory transfer to general reserve is not required under the Act.

Changes in fair value of equity instruments

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

19. Borrowings

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Secured		
Term loans from banks (refer note (a))	15,860.20	13,296.20
Deferred payment liabilities	663.36	739.77
	16,523.56	**14,035.97**
Unsecured		
Finance lease obligations (refer note 44)	133.92	194.77
	133.92	**194.77**
	16,657.48	**14,230.74**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	As at	
	31 March 2019	**31 March 2018**
Current		
Secured		
Loans repayable on demand from banks (refer note (b))	6,957.58	8,667.04
	6,957.58	**8,667.04**
Unsecured		
Loans repayable on demand from banks (refer note (b))	2,500.00	1,747.08
	2,500.00	**1,747.08**
	9,457.58	**10,414.12**

Reconciliation of liabilities arising from financial activities*	For the year ended	
	31 March 2019	**31 March 2018**
Balance as at beginning of the year	16,791.34	8,318.07
Proceeds from long term borrowings	6,195.36	10,248.36
Repayment of long term borrowings	(3,299.12)	(1,735.19)
Others	-	(39.90)
Balance as at end of the year	**19,687.58**	**16,791.34**

*Borrowings include current and non-current portions of term loans from banks and finance lease obligations.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

19 (a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2019	31 March 2018			
1	Andhra Bank	112.39	560.74	Base rate + 0.25% per annum	Repayable in 16 quarterly instalments commenced from September 2015 and ending in June 2019.	— First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company along with consortium banks and Yes Bank.
2	Andhra Bank	400.00	500.00	One year MCLR + 0.45% per annum	Repayable in 24 quarterly instalments commenced from June 2017 and ending in March 2023.	— First pari passu charge on all the fixed assets of Hindupur cattle feed plant of the Company. — Second charge on current assets of the cattle feed division of the Company.
3	Andhra Bank	263.15	328.08	One year MCLR +0.45% per annum	Repayable in 24 quarterly instalments commenced from June 2017 and ending in March 2023.	— First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company along with consortium banks.
4	Andhra Bank	273.87	-	One year MCLR +0.50% per annum	Repayable in 24 quarterly instalments commencing from May 2020 and ending in February 2026.	— First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company along with consortium banks.
5	Bank of Baroda	1,653.33	1,981.39	One year MCLR +0.35% per annum	Repayable in 24 quarterly instalments commenced from May 2018 and ending in February 2024.	— First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company.
6	Bank of Baroda	1,485.37	611.75	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly instalments commencing from May 2019 and ending in February 2025.	— First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company.
7	Bank of Baroda	471.71	-	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly instalments commencing from February 2020 and ending in November 2025.	— First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers excluding project specific assets charged to YES Bank, Kotak Bank and HDFC Bank. — Second pari passu charge on current assets of the Company."
8	HDFC Bank	927.40	1,095.43	One year MCLR per annum	Repayable in 26 quarterly instalments commenced from May 2018 and ending in August 2024.	— Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
9	HDFC Bank	747.74	913.42	One year MCLR per annum	Repayable in 24 quarterly instalments commenced from December 2017 and ending in September 2023.	— Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
10	HDFC Bank	1,162.39	831.36	One year MCLR per annum	Repayable in 24 quarterly installments commenced from January 2019 and ending in December 2025.	— Exclusive charge on assets acquired and exclusive charge on the land and building in relation to the assets being acquired.
11	HDFC Bank	664.89	830.65	One year MCLR +0.15% per annum	Repayable in 24 quarterly instalments commenced from May 2017 and ending in February 2023.	— Exclusive charge on wind assets installed by the Company.
12	HDFC Bank	948.19	-	One year MCLR +0.50% per annum	Repayable in 24 quarterly instalments commencing from March 2020 and ending in December 2025.	— Subservient charge on movable fixed assets of the company.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2019	31 March 2018			
13	Kotak Mahindra Bank	2,911.05	3,492.10	One year MCLR + spread per annum	Repayable in 24 quarterly instalments commenced from April 2018 and ending in January 2024.	— First pari passu hypothecation charge on all existing and future movable fixed assets of the Company's dairy division.
14	Kotak Mahindra Bank	1,420.76	-	One year MCLR + spread per annum	Repayable in 24 quarterly instalments commencing from July 2019 and ending in April 2025.	— First pari passu hypothecation charge on all existing and future movable fixed assets of the Company's dairy division. — Exclusive Equitable Mortgage of Land at Khamnon, Punjab.
15	Kotak Mahindra Bank	972.05	-	Three months MCLR + spread per annum	Repayable in 24 quarterly instalments commencing from March 2020 and ending in December 2025.	— Equitable mortgage on land and building located at Mallavalli village, Krishna district. Exclusive charge on movable fixed assets located at Mallavalli plant and by second charge on all current assets of cattle feed division.
16	Yes Bank	827.34	944.61	One year MCLR per annum	Repayable in 24 quarterly instalments commenced from September 2018 and ending in June 2024.	— Exclusive charge on assets financed by the loan taken.
17	Yes Bank	306.10	484.03	One year MCLR + spread per annum	Repayable in 20 quarterly instalments commenced from September 2015 and ending in June 2020.	— First pari passu charge on entire fixed assets of the Company. — Second pari passu charge on current assets of the Company.
18	ICICI Bank	1,855.70	1,557.07	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commenced from December 2018 and ending in December 2024.	— First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC and YES banks. — Second pari passu charge on current assets of the Company
19	ICICI Bank	893.29	1,091.08	One year IMCLR + spread per annum	Repayable in 24 quarterly instalments commenced from December 2017 and ending in September 2023.	— First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. — Second pari passu charge on movable assets of the Company with Kotak Mahindra Bank
20	ICICI Bank	745.28	1,041.39	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 20 quarterly instalments commenced from December 2016 and ending in September 2021.	— First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company.
21	ICICI Bank	-	179.80	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan has been repaid during the year ended 31 March 2019.	— First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. — Second pari passu charge on current assets of the Company.
22	ICICI Bank	418.23	-	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly instalments commencing from March 2020 and ending in December 2025.	— First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC and YES banks. — Second pari passu charge on current assets of the Company
		19,460.22	**16,442.90**			

*Including current maturities of term loans from banks.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

19(b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on		Interest rate	Repayment terms	Type of security
		31 March 2019	31 March 2018	(%)		
1	Bank of Baroda	2,664.74	3,708.64	One year MCLR + 0.4% per annum	Repayable on demand	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
2	Andhra Bank	1,675.15	2,049.19	One year MCLR + 0.6% per annum	Repayable on demand	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
3	ICICI Bank	2,383.18	2,717.99	Six months IMCLR + spread per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
4	HDFC Bank	-	1,747.08	Six months MCLR per annum	The loan has been repaid during the year ended March 2019	Unsecured loan given by the bank.
5	HDFC Bank	2,500.00	-	Six months MCLR per annum	Repayable on demand	Unsecured loan given by the bank.
6	Kotak Mahindra Bank	234.51	191.22	One year MCLR + Spread per annum	Repayable on demand	First charge on current and future assets of the cattle feed division of the Company.
		9,457.58	**10,414.12**			

20. Other financial liabilities

	As at	
	31 March 2019	**31 March 2018**
Non-current		
Derivative contracts (refer note 45)	29,448.88	42,558.72
	29,448.88	**42,558.72**
Current		
Current maturities of deferred payment liabilities	128.22	52.05
Current maturities of term loans from banks (refer note 19(a))	3,600.02	3,146.70
Current maturities of finance lease obligations (refer note 44)	93.44	153.67
Interest accrued but not due on borrowings	102.06	76.30
Freight payable	1,251.32	1,054.21
Capital creditors	2,227.98	2,323.74
Employee related payables	2,185.64	1,892.22
Security deposits	2,693.97	2,276.49
Unpaid dividend	136.27	97.68
Other payables	2,346.73	2,823.62
	14,765.65	**13,896.68**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

21. Provisions

	As at	
	31 March 2019	31 March 2018
Non-current		
Compensated absences	716.27	590.03
	716.27	**590.03**
Current		
Gratuity (refer note (a))	104.03	90.77
Compensated absences	714.62	638.20
	818.65	**728.97**

(a) **Gratuity**

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit in accordance with Payment of Gratuity Act, 1972.

(i)	**Change in projected benefit obligation**	As at	
		31 March 2019	31 March 2018
	Projected benefit obligation at the beginning of the year	677.04	545.33
	Service cost	89.54	124.39
	Interest cost	50.36	39.19
	Actuarial loss	152.07	61.79
	Benefits paid	(49.57)	(93.66)
	Projected benefit obligation at the end of the year	**919.44**	**677.04**

(ii)	**Change in fair value of plan assets**	As at	
		31 March 2019	31 March 2018
	Fair value of plan assets at the beginning of the year	586.27	527.85
	Interest income	54.15	48.45
	Contribution made	259.71	119.58
	Actuarial loss	(12.30)	(10.98)
	Benefits paid	(49.57)	(98.63)
	Fair value of plan assets at the end of the year	**838.26**	**586.27**

(iii)	**Reconciliation of present value of obligation and fair value of plan assets**	As at	
		31 March 2019	31 March 2018
	Present value of projected benefit obligation at the end of the year	919.44	677.04
	Funded status of the plan	838.26	586.27
	Liability recognised in the balance sheet	104.03	90.77
	Asset recognised in the balance sheet	**22.85**	**-**

(iv)	**Expense recognized in the statement of profit and loss**	For the year ended	
		31 March 2019	31 March 2018
	Interest cost	50.36	39.19
	Service cost	89.54	124.39
	Interest income	(54.15)	(48.45)
		85.75	**115.13**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(v)	Expense recognized in OCI	For the year ended	
		31 March 2019	**31 March 2018**
	Actuarial loss	164.37	72.77
		164.37	**72.77**

(vi)	Key actuarial assumptions	As at	
		31 March 2019	**31 March 2018**
	Discount rate	6.60%- 7.00%	7.73% - 7.75%
	Salary escalation rate	8.00%	5.00%
	Attrition rate	15.00%-30.00%	0% - 2.50%

(vii) **Sensitivity analysis**

Reasonably possible changes as at 31 March 2019 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

	As at 31 March 2019	
	Increase	**Decrease**
Discount rate (1% movement)	(40.66)	44.89
Salary escalation rate (1% movement)	42.94	(39.78)
Attrition rate (1% movement)	(4.65)	4.88

(viii) The Company expects to contribute ₹ 104.03 as its contribution to gratuity within one year from the year ended 31 March 2019.

(ix)	Maturity analysis of Gratuity as on 31 March 2019 is as follows:	
		Amount
	Within one year	192.26
	Within two to five years	599.54
	More than five years	834.85
		1,626.65

22. Deferred tax liabilities (net)

	As at	
	31 March 2019	**31 March 2018**
Deferred tax liabilities arising on account of:		
Borrowings measured at amortised cost	39.73	47.41
Property, Plant and Equipment ("PPE")	3,490.55	3,069.81
	3,530.28	**3,117.22**
Deferred tax assets arising on account of:		
Provision for trade receivables & advances and Unrealised profits on inventories	(206.18)	(138.32)
Provision for employee benefits and bonus	(552.01)	(471.88)
Minimum alternate tax ("MAT") credit entitlement	(131.63)	(640.20)
Revaluation of investments at FVTOCI to fair value	(6.18)	(6.18)
	(896.00)	**(1,256.58)**
	2,634.28	**1,860.64**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Movement in deferred tax liabilities (net)

	PPE	Provision for employee benefits and bonus	MAT credit entitlement	Others	Total
As at 31 March 2017	**2,297.44**	**(377.59)**	**-**	**18.13**	**1,937.98**
Charged					
- to statement of profit and loss (SPL)	772.37	(94.29)	(640.20)	(118.20)	**(80.32)**
- to OCI	-	-	-	2.98	**2.98**
As at 31 March 2018	**3,069.81**	**(471.88)**	**(640.20)**	**(97.09)**	**1,860.64**
Charged					
- to SPL/Utilised during the year, net	420.74	(80.13)	508.57	(75.54)	**773.64**
- to OCI	-	-	-	-	**-**
As at 31 March 2019	**3,490.55**	**(552.01)**	**(131.63)**	**(172.63)**	**2,634.28**

23. Other liabilities

	As at	
	31 March 2019	**31 March 2018**
Current		
Advances from customers	288.62	314.11
Statutory dues payable	330.66	387.22
	619.28	**701.33**

24. Trade payables

	As at	
	31 March 2019	**31 March 2018**
Total outstanding dues of micro and small enterprises (refer note 46)	772.77	574.28
Total outstanding dues of creditors other than micro and small enterprises	6,084.10	6,122.01
	6,856.87	**6,696.29**

25. Revenue from operations

	For the year ended	
	31 March 2019	**31 March 2018**
Sale of products (including excise duty)	250,609.21	236,615.82
Sale of services	228.96	488.74
Other operating income	637.00	237.37
	251,475.17	**237,341.93**

	For the year ended	
Revenue disaggregation geography wise is as follows:	**31 March 2019**	**31 March 2018**
India	246,692.60	235,644.58
Other than India	4,782.57	1,697.35
	251,475.17	**237,341.93**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

26. Other income

	For the year ended	
	31 March 2019	**31 March 2018**
Interest income		
- Bank and other deposits	77.24	71.96
- Others	8.57	14.84
Dividend income from investments	4.00	4.02
Subsidy transferred from deferred government grant (under capital subsidy scheme)	1.36	36.69
Lease rental income	157.69	164.96
Provisions no longer required/credit balances written back	259.92	214.05
Foreign exchange fluctuations (net)	66.91	-
Other non operating income	326.01	260.76
	901.70	**767.28**

27. Cost of materials consumed

	For the year ended	
	31 March 2019	**31 March 2018**
Raw Materials*		
Opening stock	4,699.01	6,001.04
Add: Purchases during the year	181,755.14	176,844.66
Less: Inventory written off	-	90.15
Less: Closing stock	6,296.33	4,699.01
	180,157.82	**178,056.54**
Packing Materials*		
Opening stock	652.83	606.28
Add: Purchases during the year	7,960.22	7,184.46
Less: Closing stock	720.52	652.83
	7,892.53	**7,137.91**
	188,050.35	**185,194.45**

*Disclosed based on derived figures, rather than actual records of issue.

28. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central Excise Tax, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind AS and Schedule III of the Act, unlike excise duty, levies such as GST, VAT etc., are not part of revenue from operations. Accordingly, the figures for the year ended 31 March 2019 and 31 March 2018 are not directly comparable.

29. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

	For the year ended	
	31 March 2019	**31 March 2018**
Opening balance		
- Finished goods	6,671.81	4,062.86
- Semi finished goods	2,839.26	1,214.15
- Work-in-progress	77.95	27.73
- Stock-in-trade	206.16	151.66
	9,795.18	**5,456.40**
Closing balance		
- Finished goods	4,779.85	6,671.81
- Semi finished goods	1,429.62	2,839.26
- Work-in-progress	106.41	77.95
- Stock-in-trade	152.06	206.16
	6,467.94	**9,795.18**
	3,327.24	**(4,338.78)**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

30. Employee benefits expenses

	For the year ended	
	31 March 2019	31 March 2018
Salaries and wages	13,293.06	11,552.98
Contribution to provident and other funds (refer note (a) below)	542.50	521.22
Staff welfare expenses	347.14	344.09
	14,182.70	**12,418.29**

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance scheme for the year ended 31 March 2019 amounts to ₹456.75 (31 March 2018: ₹406.09).

31. Finance costs

	For the year ended	
	31 March 2019	31 March 2018
Interest on borrowings calculated using effective interest method	2,079.06	1,728.69
Interest on income tax	5.78	20.85
Other borrowing costs	63.49	74.68
	2,148.33	**1,824.22**

32. Other expenses

	For the year ended	
	31 March 2019	31 March 2018
Consumption of stores, spares and consumables	2,505.99	2,368.04
Power and fuel	3,113.99	2,835.33
Rent	524.00	528.68
Repairs and maintenance		
- Buildings	52.56	88.52
- Plant and equipment	240.10	168.99
- Others	595.14	564.10
Insurance	144.31	89.38
Electricity charges	105.11	100.54
Rates and taxes, excluding taxes on income	485.16	305.96
Freight outwards	7,567.64	7,079.54
Communication	201.95	225.85
Office maintenance	55.88	58.68
Travelling and conveyance	587.54	480.95
Legal and professional fees	1,058.31	841.24
Loss on sale of assets (net)	179.52	85.04
Payment to auditors (refer note (i) below)	75.24	65.42
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	194.02	163.19
Selling and distribution expenses	2,027.97	2,119.07
Provision for doubtful advances and loans (refer note 12 and 16)	19.79	71.00
Provision towards doubtful debts (refer note 14)	142.23	63.04
Bank charges	149.71	155.73
Advertisement expenses	27.44	204.10
Inventory written off	-	90.15
Security charges	426.36	404.22
Miscellaneous expenses	641.14	755.56
	21,121.10	**19,912.32**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(i)	Details of payments to auditors:	For the year ended	
		31 March 2019	**31 March 2018**
	As auditor:		
	- Statutory audit fee	36.16	32.65
	- Tax audit fee	7.20	13.99
	- Limited review fee	17.70	5.56
	In other capacities:		
	- Taxation matters	2.99	4.63
	- Certification fees	7.24	3.64
	- Reimbursement of expenses	3.95	4.95
		75.24	**65.42**

(ii)	Details of CSR expenditure	For the year ended	
		31 March 2019	**31 March 2018**
(a)	Gross amount required to be spent during the year	194.02	163.19
(b)	Amount spent during the year	194.02	163.19

33. Income tax expense

		For the year ended	
		31 March 2019	**31 March 2018**
(a)	**Tax expense comprises of:**		
	Current income tax	4,265.68	2,805.36
	Deferred tax expense/(benefit)	208.64	(87.47)
	Income tax expense reported in the statement of profit or loss	**4,474.32**	**2,717.89**
	Income tax expense attributable to:		
	Continuing operations	4,467.90	2,712.17
	Discontinued operations	6.42	5.72
		4,474.32	**2,717.89**

Reconciliation between expected tax expense based on the corporate tax rate of the Holding Company at 34.944% (31 March 2018: 34.608%) and the reported tax expense in the consolidated statement of profit and loss is as follows:

Reconciliation of tax expense and the accounting profit multiplied by the India's tax rate:	For the year ended	
	31 March 2019	**31 March 2018**
Profit before tax from continuing operations	12,752.41	8,980.11
Profit/(loss) before tax from discontinued operations	(18.63)	11.04
Expected tax expense at the Indian tax rate	**4,449.69**	**3,111.66**
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961")	(272.04)	(230.09)
Effect of expenses not deductible under the IT Act, 1961	387.03	264.16
Effect of income not subject to tax under the IT Act, 1961	(7.71)	(288.36)
Other adjustments	(82.65)	(139.48)
Income tax expense	**4,474.32**	**2,717.89**

Heritage
HEALTH AND HAPPINESS

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

34. Earnings per share (EPS)

	For the year ended	
	31 March 2019	**31 March 2018**
Attribute to Owners of the Company		
Profit from continuing operations	8,143.36	6,277.17
Profit from discontinued operations	-	-
Profit for the year	**8,143.36**	**6,277.17**
Weighted average number of equity shares outstanding during the year	46,398,000	46,398,000
Earnings per equity share (EPES) (in absolute ₹ terms)		
Nominal value per equity share	5.00	5.00
Basic and Diluted EPES from continuing operations	17.55	13.53
Basic and Diluted EPES from discontinued operations	-	-
Basic and Diluted EPES from operations	17.55	13.53
The Company does not have any potential dilutive equity shares as on 31 March 2019 and 31 March 2018.		

35. Dividend proposed before approval or issue of financial statements

The amount of dividend proposed or declared to be paid in cash before the financial statements were approved for issue but not recognised as a distribution to owners during the year ended 31 March 2019 amounts to ₹ 927.96 (₹ 2 per equity share) (31 March 2018: ₹ 927.96 (₹ 2 per equity share)). Dividend distribution tax on such dividend distribution amounts to ₹ 190.77 (31 March 2018: ₹ 190.77)

36. Fair value hierarchy

(i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:

	As at	
	31 March 2019	**31 March 2018**
Financial assets		
Fair value hierarchy (Level 1)		
Quoted equity shares	82,606.89	100,088.27
Fair value hierarchy (Level 3)		
Unquoted equity shares	26.02	26.02
Financial liabilities		
Fair value hierarchy (Level 2)		
Derivative liability	29,448.88	42,558.72
There are no transfers between levels during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.		

(ii) Valuation technique and inputs used for level 3 instruments:

The fair value of the level 3 instruments has been estimated using the discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecasting of cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of the fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019 and 31 March 2018 are as shown below:

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Significant unobservable inputs	Assumption made	Sensitivity of the inputs
Future growth rate	3%	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by ₹ 8.86/(₹ 8.86) as on 31 March 2019 and 31 March 2018.
Discount rate	20%	5% increase/ (decrease) in the discount rate would result in (decrease)/ increase in fair value by ₹ 7.16/(₹ 7.16) as on 31 March 2019 and 31 March 2018.
Discount for lack of marketability (DFLM)	15%	5% increase/ (decrease) in the DFLM would result in (decrease)/ increase in fair value by ₹ 1.53/(₹ 1.53) as on 31 March 2019 and 31 March 2018.
*keeping all other inputs constant.		

(iii) Reconciliation of level 3 fair value measurement:

	Amount
As at 1 April 2017	26.02
Changes during the year	-
As at 31 March 2018	26.02
Changes during the year	-
As at 31 March 2019	**26.02**

(iv) Valuation techniques and inputs used for level 2 instruments:

Derivative liability, in the nature of upside sharing is measured at fair value of equity instruments, based on quoted market prices, adjusted for the formula agreed in the Implementation agreement (refer to the note 45).

37. Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹616.20 and ₹633.24 as on 31 March 2019 and 31 March 2018 respectively.

Categories of financial instruments

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Quoted equity shares	61,948.88	20,658.01	-	75,058.72	25,029.55	-
Unquoted equity shares	-	26.02	-	-	26.02	-
Investment in government securities	-	-	1.47	-	-	1.54
Trade receivables	-	-	4,235.20	-	-	1,289.42
Cash and cash equivalents	-	-	6,334.86	-	-	6,021.21
Other bank balances	-	-	1,139.80	-	-	861.24
Loans	-	-	699.88	-	-	849.80
Other financial assets	-	-	159.64	-	-	103.59
Total financial assets	**61,948.88**	**20,684.03**	**12,570.85**	**75,058.72**	**25,055.57**	**9,126.80**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities						
Derivative liability	29,448.88	-	-	42,558.72	-	-
Deferred payment liabilities	-	-	791.58	-	-	791.82
Borrowings excluding deferred payment liabilities	-	-	29,145.16	-	-	27,205.46
Trade payables	-	-	6,856.87	-	-	6,696.29
Other financial liabilities excluding deferred payment liabilities	-	-	10,943.97	-	-	10,544.26
Total financial liabilities	**29,448.88**	**-**	**47,737.58**	**42,558.72**	**-**	**45,237.83**

The fair value of the financial assets and financial liabilities are included at an amount at which the instruments could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

38. Financial risk management objectives and policies

Financial Risk Management Framework

The Group's Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Group derives directly from its operations. The Group also holds FVTOCI/ FVTPL investments and enters into derivative transactions.

The Group is exposed primarily to Credit risk, Liquidity risk and Market risk (fluctuations in interest rates, equity risk and foreign currency rates), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

A. Credit risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, derivative financial instruments, balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 95,203.76, ₹109,241.09 as of 31 March 2019 and 31 March 2018 respectively, representing carrying amount of all financial assets with the Group.

Financial assets that are neither past due nor impaired

None of the Group's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2019 and 31 March 2018.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Financial assets that are past due but not impaired

The Group's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables, net of those impaired is given below:

	As at	
	31 March 2019	**31 March 2018**
0-30 days	3,882.74	946.66
31-60 days	316.81	232.32
61-90 days	-	31.90
Greater than 90 days	35.65	78.54
	4,235.20	**1,289.42**

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of Balance Sheet whether a financial asset or a group of financial assets are impaired. Expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since the initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

B. Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations as and when they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are available for meeting due obligations of the Group. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows and by matching the maturity profiles of the financial assets and financial liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 March 2019	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	9,457.58	3,693.46	15,994.12	**29,145.16**
Deferred payment liabilities	-	128.22	663.36	**791.58**
Trade payables	-	6,856.87	-	**6,856.87**
Other financial liabilities	-	10,943.97	-	**10,943.97**
Derivatives	-	-	29,448.88	**29,448.88**
Total	**9,457.58**	**21,622.52**	**46,106.36**	**77,186.46**

As at 31 March 2018	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	10,414.12	3,300.37	13,490.97	**27,205.46**
Deferred payment liabilities	-	52.05	739.77	**791.82**
Trade payables	-	6,696.29	-	**6,696.29**
Other financial liabilities	-	10,544.26	-	**10,544.26**
Derivatives	-	-	42,558.72	**42,558.72**
Total	**10,414.12**	**20,592.97**	**56,789.46**	**87,796.55**

C. Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in the market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

i. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term obligations with floating interest rates.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

For the years ended 31 March 2019 and 31 March 2018, every 50 basis point decrease in the floating interest rate component applicable to the Group's borrowings would have decrease the loss by approximately ₹51.03 and ₹46.81 respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of Group to foreign currency risk is very limited on account of limited transactions in the foreign currencies. The Group uses foreign exchange forward contracts to offset its exposure in foreign currency risk.

The carrying amount of the Group's unhedged foreign currency denominated monetary items in as at 31 March 2019 and 31 March 2018 are as follows:

Financial assets- trade receivables

	As at	
	31 March 2019	**31 March 2018**
- USD	2,521.15	-

Financial liabilities- capital creditors

	As at	
	31 March 2019	**31 March 2018**
- EURO	44.60	87.03

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

Particulars	Impact on profit before tax for the year ended	
	31 March 2019	**31 March 2018**
USD sensitivity		
₹/USD - Increase by 5%	126.06	-
₹/USD - Decrease by 5%	(126.06)	-
EURO sensitivity		
₹/EURO - Increase by 5%	(2.23)	(4.35)
₹/EURO - Decrease by 5%	2.23	4.35

iii. Derivative financial instruments:

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

		As at	
	Sell	**31 March 2019**	**31 March 2018**
Derivatives not designated as hedge			
Forward contracts	USD	US$ 36.50	-

iv. Equity price risk:

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹26.02. Sensitivity analysis of these investments have been provided in Note 36.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

At the reporting date, the exposure to listed equity securities at fair value was ₹ 82,606.89 (31 March 2018: 1,00,088.27). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹ 3,097.44 (31 March 2018: ₹ 3,752.94) on the Consolidated Statement of Profit and loss of the Group, and an increase in prices, a visa versa impact. Further decrease of 5% in market price of the securities, which are measured at FVTOCI, would have an adverse impact of ₹ 1,032.90 (31 March 2018: ₹ 1,251.48) on the OCI of the Group, and an increase in prices, a visa versa impact.

39. Capital risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholders value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 10% and 25%. The Group includes within net debt, borrowings from banks and finance lease obligations, less cash and cash equivalents.

	As at	
	31 March 2019	**31 March 2018**
Borrowings from banks and finance lease obligations (note 19 and 20)	29,145.16	27,205.46
Less: Cash and cash equivalents (note 15(i))	(6,334.86)	(6,021.21)
Net debt	**22,810.30**	**21,184.25**
Total equity	81,426.40	78,822.72
Capital and net debt	1,04,236.70	1,00,006.97
Net debt to equity ratio (%)	**21.88%**	**21.18%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the lenders to immediately call back the borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

40. (a) Disclosure of Interest in joint venture and associate:

			Ownership interest in the Company (%)	
	Nature of relationship	**Country of Incorporation**	**As at 31 March 2019**	**As at 31 March 2018**
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint venture	India	50%	50%

(b) The Holding company has extended no loans or advances to its associate during the year ended 31 March 2019 and 31 March 2018.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

41. Business combination

(a) The Group has acquired Dairy business of Reliance Retail Limited through slump sale on 12 April 2017 for cash consideration. The Group has made this acquisition to expand its reach in North and Western Indian markets. Details of net assets acquired and capital reserve are as follows:

Particulars	Amount
Assets	
Property, plant and equipment	1,415.42
Inventories	4,761.94
Other intangible assets	2,001.82
Total assets	**8,179.18**
Liabilities	
Trade payables	1,315.57
Security deposits and advance from customers	260.01
Total Liabilities	**1,575.58**
Net assets transferred	**6,603.60**
Purchase consideration paid	6,151.00
Gain directly recognised in capital reserve	**452.60**

(b) During the year ended 31 March 2018, business combination related costs of ₹ 80.55 has been debited to the consolidated Statement of profit and loss under the head other expenses.

42. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
SKIL Raigam Power (India) Limited	Associate Company
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint Venture
Heritage Finlease Limited NTR Memorial Trust	Enterprise over which KMP exercise significant influence
Nirvana Holdings Private Limited	Entity belonging to Promoter Group and holding 10% or more shareholding in the Company
N Bhuvaneswari N Brahmani M Sambasiva Rao A Prabhakara Naidu Umakanta Barik	Key Managerial Personnel ("KMP")

(b) Transactions with related parties

		For the year ended	
		31 March 2019	**31 March 2018**
(i)	**Heritage Novandie Foods Private Limited**		
	Investment in equity shares	849.99	10.00
	Sale of Property, Plant and Equipment	40.18	-
(ii)	**Heritage Finlease Limited**		
	Dividend received	4.00	4.00
	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	7,341.00	7,001.00
	Cattle loan facilitation charges	9.11	-
(iii)	**N Bhuvaneswari**		
	Short-term employee benefits	694.24	449.58
	Post-employment benefits	8.64	8.64
	Other long-term benefits	5.77	5.77
	Rent paid	-	30.23
	Refund of rental deposit	-	26.83

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

		For the year ended	
		31 March 2019	**31 March 2018**
(iv)	**N Brahmani**		
	Short-term employee benefits	555.31	359.90
	Post-employment benefits	4.32	4.32
(v)	**M Sambasiva Rao**		
	Short-term employee benefits	268.42	209.68
	Post-employment benefits	6.43	6.08
	Other long-term benefits	22.32	-
(vi)	**A Prabhakara Naidu**		
	Short-term employee benefits	56.68	52.14
	Post-employment benefits	2.80	2.57
	Other long-term benefits	12.66	-
(vii)	**Umakanta Barik**		
	Short-term employee benefits	28.16	25.78
	Post-employment benefits	1.39	1.28
	Other long-term benefits	-	2.31
(viii)	**NTR Memorial Trust**		
	CSR expenditure	91.05	163.19
(ix)	**Nirvana Holdings Private Limited**		
	Dividend paid	102.91	102.91

(c) Balances receivable/(payable)

		As at	
		31 March 2019	**31 March 2018**
(i)	**Heritage Finlease Limited**		
	Loan proceeds payable	(239.73)	(243.32)
	Other receivables	1.44	-
(ii)	**N Bhuvaneswari**		
	Short-term employee benefits payable	(563.16)	(318.38)
(iii)	**N Brahmani**		
	Short-term employee benefits payable	(489.91)	(294.30)
(iv)	**M Sambasiva Rao**		
	Short-term employee benefits payable	(148.72)	(96.48)

Notes:

(a) Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Group as a whole.

(b) The sales to and purchases from related parties, if any, are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which such parties operates.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

43. Contingent liabilities and commitments

		As at	
		31 March 2019	**31 March 2018**
(a)	**Commitments**		
	(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	599.80	988.77
	(ii) Other commitments		
	- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	324.96	2,104.72
(b)	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts		
	- Disputed purchase tax levied under Section 6A of The Central Sales Tax Act, 1956 ("CST Act") on purchase of milk	-	38.76
	- Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk	95.12	95.12
	- Disputed Input tax credit disallowed under Tamil Nadu Value Added Tax Act, 2006	32.50	32.50
	- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	46.88	46.88
	"- Disputed milk cess levied on installed capacity under Haryana Murrah Buffalo and other milch Animal Breed Act, 2001 "	95.37	-
(c)	**Guarantees excluding financial guarantee**	46.84	94.41
(d)	**Other money for which the Company is contingently liable**		
	'C' form under collection	18.36	58.46

(e) The Hon'ble Supreme Court (SC) has clarified in the case of Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal that various allowances like conveyance allowance, special allowance, education allowance, medical allowance etc., paid uniformly and universally by an employer to its employees shall form part of basic wages for computation of the provident fund contribution. On the basis of internal evaluation, supported by a legal opinion from an independent legal expert, the management has determined that there is no impact of the aforesaid ruling on the consolidated financial statements of the Company.

44. Leases

Finance leases

The Group has obtained server and data processing equipment on Finance lease. The term of lease is for four years. The future minimum lease payments and their present values as on 31 March 2019 and 31 March 2018 has been disclosed below:

Minimum lease payments

	As at	
	31 March 2019	**31 March 2018**
Not later than 1 year	103.27	193.63
Later than 1 year and not later than 5 years	154.91	219.45
	258.18	**413.08**

Present value of minimum lease payments

	As at	
	31 March 2019	**31 March 2018**
Not later than 1 year	93.44	153.67
Later than 1 year and not later than 5 years	133.92	194.77
	227.36	**348.44**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

45. Derivative contract

The Company has entered into an agreement with Future Retail Limited ("FRL") (the "Implementation Agreement") dated 7 November 2016, under which the Company agreed to share an upside with FRL in the following manner upon sale of shares, which the Company has received as a consideration under the composite scheme of arrangement approved by the National Company Law Tribunal between the Company, FRL, HNL and their respective shareholders and creditors.

If the net consideration by the Company, after deducting taxes statutorily required to be paid to any tax authority in respect of such sale of shares, (the "Share Sale Consideration"),

(i) is less than or equal to ₹ 40,000, then the Company shall be entitled to retain the entire share sale consideration

(ii) exceeds ₹ 40,000 but is less than or equal to ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying an amount equal to the 50% of such excess over ₹ 40,000.

(iii) exceeds ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying amount equal to the 50% of such excess between ₹ 40,000 and ₹ 50,000 and 75% of excess over ₹ 50,000.

The Company recognized the above contractual provisions of the Implementation Agreement as derivative financial instruments.

46. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company. Disclosures in respect of the amounts payable to such parties are given below:

		As at	
		31 March 2019	**31 March 2018**
(i)	The principal amount remaining unpaid as at the end of the year.	772.77	574.28
(ii)	The amount of interest accrued and remaining unpaid on (i) above.	0.67	0.89
(iii)	Amount of interest paid by the Group in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-
(iv)	The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(v)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.67	0.89

Notes:

(a) Explanation.- The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier', shall have the same meaning as assigned to them under clauses (b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006."

(b) This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company. The auditors have placed reliance on the information provided by the management.

47. Discontinued operations of Heritage Employee Welfare Trust

(i) The financial performance presented below is for the years ended 31 March 2019 and 31 March 2018:

	For the year ended	
	31 March 2019	**31 March 2018**
Revenue	15.68	21.77
Expenses	34.31	10.73
Profit/(loss) before tax from discontinued operations	**(18.63)**	**11.04**
Tax expense	6.42	5.72
Profit/(loss) from discontinued operations	**(25.05)**	**5.32**

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(ii) The cash flow information for the year ended 31 March 2019 and 31 March 2018 is as follows:

	For the year ended	
	31 March 2019	**31 March 2018**
Net cash flow generated from/ (used in) operating activities	(115.56)	69.79
Net cash flow generated from investing activities	-	-
Net cash flow generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**(115.56)**	**69.79**

(iii) Details of carrying value of assets and liabilities classified as held for sale as at 31 March 2019 and 31 March 2018 is as follows:

	As at	
	31 March 2019	**31 March 2018**
Assets		
Cash and cash equivalents	212.00	327.56
Other assets	15.91	34.61
Total assets	**227.91**	**362.17**

	As at	
	31 March 2019	**31 March 2018**
Liabilities		
Trade payables	41.38	150.59
Total liabilities	**41.38**	**150.59**
Net assets	**186.53**	**211.58**

48. Segment reporting

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by reportable segments. The measurement of each segment's revenue, expenses, assets and liabilities is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements. The Group has been organised into different verticals based on its products. Three verticals have been identified as reportable operating segments by the Company, which are as follows:

(i) Dairy vertical: Under this vertical, the Company manufactures and market a complete range of dairy products including milk, curd, butter milk, lassi, ice cream, paneer, butter, milk powder, ghee, flavoured milk, cream, UHT milk, Indian sweets etc.

(ii) Renewable energy vertical: Under this vertical, the Company produces power for captive consumption through its solar and wind power plant.

(iii) Cattle feed vertical: Under this vertical, the Company manufactures wide varieties of cattle feeds.

No operating segments have been aggregated to form the above reportable segments.

Segment performance is evaluated based on revenue and Earning before interest and tax and is measured consistently in line with measurement principles used in the financial statements, expect adjustments not made to operating segments on individual basis. The items which are not allocated to individual operating segments are gain or losses on financial instruments, taxes, impairment on financial instruments, finance costs, interest income among others. Refer reconciliation below for further details.

The table below presents segment wise information of revenue, results, assets and liabilities:

Particulars	For the year ended and as at							
	31 March 2019				31 March 2018			
	Segment revenue	Segment results	Segment assets	Segment liabilities	Segment revenue	Segment results	Segment assets	Segment liabilities
Dairy	242,924.52	14,387.70	59,816.67	43,899.66	229,671.54	10,096.16	52,916.91	42,309.00
Renewable energy	1,137.08	659.25	6,359.70	2,837.96	685.93	317.81	6,631.01	3,682.29
Feed	6,978.37	(231.55)	5,487.62	3,229.54	6,742.57	(317.39)	3,040.20	1,392.61
Others	1,593.74	228.82	965.68	30.83	1,535.05	(43.60)	834.41	9.62
Inter segment revenue	(1,158.54)	-	-	-	(1,293.16)	-	-	-
Unallocated	-	-	90,822.06	32,027.34	-	-	107,238.67	44,444.96
Total	**251,475.17**	**15,044.22**	**163,451.73**	**82,025.33**	**237,341.93**	**10,052.98**	**170,661.20**	**91,838.48**

Reconciliation of segment results to profit before tax:		
	For the year ended	
	31 March 2019	31 March 2018
Amount as per Segment results	**15,044.22**	**10,052.98**
Less:		
Finance costs (refer note 31)	2,148.33	1,824.22
Fair Value loss /(gain) on derivative liability	(13,109.85)	38,703.86
Share of loss of associate and joint venture	39.28	9.48
Others	194.02	163.20
	(10,728.22)	**40,700.76**
Add:		
Interest income	85.81	86.80
Fair Value gain /(loss) on Equity Securities (FVTPL)	(13,109.85)	39,537.07
Dividend Income	4.00	4.02
	(13,020.04)	**39,627.89**
Profit before tax from continuing operation	**12,752.40**	**8,980.11**

Geographical information

Revenue disaggregation geography wise information has been disclosed under note 25 to the consolidated financial statements. Further 100% of Group's Property, plant and equipments, Investment property, Other intangible assets and Capital work in progress as at 31 March 2019 and 31 March 2018 were located in India.

Major customer

The Group has no single customer who has contributed more than 10% of the Group's total revenue during the year ended 31 March 2019 and 31 March 2018.

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

49. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act.

Name of the entity	For the year ended and as at 31 March 2019				For the year ended and as at 31 March 2018			
	Net assets		Share in profit or loss		Net assets		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Parent company								
Heritage Foods Limited	98.86%	80,496.18	101.03%	8,344.17	98.70%	77,800.66	96.25%	6,038.16
Subsidiary								
Heritage Nutrivet Limited	2.81%	2,287.92	1.15%	95.10	2.06%	1,626.10	0.26%	16.56
Controlled trusts								
Heritage Farmers Welfare Trust	1.21%	984.07	1.71%	141.12	1.07%	844.31	(0.15%)	(9.10)
Heritage Employee Welfare Trust	0.23%	186.53	(0.30%)	(25.05)	0.27%	211.58	0.08%	5.32
Non-controlling interest	(1.44%)	(1,170.60)	(1.41%)	(116.09)	(1.34%)	(1,055.67)	0.06%	3.91
Total	**101.67%**	**82,784.10**	**102.18%**	**8,439.25**	**100.77%**	**79,426.98**	**96.52%**	**6,054.85**
Consolidation adjustments	(1.67%)	(1,357.70)	(2.18%)	(179.80)	(0.77%)	(604.26)	3.48%	218.41
Net amount	**100.00%**	**81,426.40**	**100.00%**	**8,259.45**	**100.00%**	**78,822.72**	**100.00%**	**6,273.26**

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter–company transactions. The net impacts on elimination of inter–company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

50. Share of loss from joint venture and associate

The Group doesn't have any material joint venture and associate warranting a disclosure in respect of individual associate and joint venture. The Group's share of other comprehensive income is Nil (31 March 2018: Nil) in respect of such associate and joint venture. The unrecognised share of loss is Nil (31 March 2018: Nil) in respect of such associate and joint venture.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No: 001076N/N500013

Sanjay Kumar Jain
Partner
M.No. 207660

Place : Hyderabad
Date : 22 May 2019

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules 2014)
statement containing salient feature of the financial statements of subsidiaries/associate companies/joint ventures

Part "A" Subsidiaries

(All amounts in ` lakhs, except share data and where otherwise stated)

S. No	Name of the Subsidiary	The Date since when subsidiary was acquired	Reporting period for the subsidiary concerned if different from the holding company's reporting period	As at				For the Year ended						
				Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before taxation	Provision for taxation (incl. Deferred Tax)	Profit / (Loss) after Taxation	Proposed Dividend	Extent of Share Holding
1	Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited)-Subsidiary As at/ Year Ended:	01.12.2008												
	31.03.2019		**Reporting period same**	**295.25**	**1992.67**	**5406.82**	**3118.91**	**-**	**7376.06**	**36.78**	**58.32**	**95.10**		**100**
	31.03.2018		Reporting period same	237.16	1028.92	2942.97	1317.14	-	6,742.57	(35.53)	(46.77)	11.24		100

* During the Financial year 2016-17, Heritage Conpro Limited a subsidiary of Heritage Foods Limited has been wounded up its business

Part "B" Associates / Joint Venture

(All amounts in ₹ lakhs, except share data and where otherwise stated)

S. No	Name of the Associate/Joint Venture	Last Audited Balance sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate/ Joint ventures held by the Company on the Year End			Description of how there is significant influence	Reason why the associate/Joint Venture is not consolidated	Net worth attributable to share holding as per latest audited Balance sheet	Profit / (Loss) for the Year	
				No of Shares	Amount of Investment	Extent of Holding (%)				Considered in consolidation	Not Considered in consolidation
1	Skill Raigam Power (India) Limited- (Associate)	**31.03.2019**	**2011-12**	**650000**	**65.00**	**44.83**	**N.A**	**N.A**	**54.00**	**(0.94)**	**(1.15)**
		31.03.2018	2011-12	650000	65.00	44.83	N.A	N.A	54.94	(1.32)	(1.63)
2	Heritage Novandie Foods Private Limited-(Joint Venture)	**31.03.2019**	**2017-18**	**2280299**	**859.99**	**50.00**	**N.A**	**N.A**	**813.48**	**(38.35)**	**(38.35)**
		31.03.2018	2017-18	100000	10.00	50.00	N.A	N.A	1.84	(8.16)	(8.16)

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : 22 May 2019

ATTENDANCE SLIP

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-30685458
E-mail: hfl@heritagefoods.in website: www.heritagefoods.in

(Please fill this attendance slip and hand it over at the entrance of the Meeting Hall)

DP ID*			Folio Number	
Client ID*			No. of Shares	

Name & Address (in BLOCK letters):

I/we certify that I/we am/are a registered shareholder(s)/proxy(s) for the registered shareholder of the Company. I/we hereby record my/our presence at the 27th Annual General Meeting of the Company to be held at National Institute for Micro, Small and Medium Enterprises, Yousufguda, and Hyderabad - 500045 on Friday, the 30th August, 2019 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

PROXY FORM

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana

Ph: +91-040-23391221/2, Fax: +91-040-30685458

E-mail: hfl@heritagefoods.in website: www.heritagefoods.in

MGT-11

[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 27th Annual General Meeting of the Company to be held on Friday, the 30th August, 2019 at 10.30 a.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	Resolutions	Vote (See note no.3)	
		For	Against
Ordinary Business:			
1.	Adoption of Financial Statement: a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2019, the Reports of the Board of Director's and Auditor's thereon; and b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the Auditors report thereon.		
2.	To declare a dividend of (40%) i.e. ₹ 2/- per Equity Shares of face value of ₹ 5/- each for the Financial Year Ended on March 31, 2019.		
3.	To appoint a Director in place of Dr. V Nagaraja Naidu (DIN: 00003730) who retires by rotation and being eligible, offers himself for re-appointment.		
Special Business:			
4.	Re-appointment of Mr. N Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director		
5.	Increase the Sitting fee of Non Executive Director for attending the Board/Committee meetings		

Affix
Revenue
Stamp

Signed this__________________day of______2019

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. It is optional to indicate your preference in the appropriate column. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders.

Notes

Notes

Route Map of the Venue of Annual General Meeting

Address of AGM Venue:

National Institute for Micro, Small and Medium Enterprises **(NIMSME)**

Auditorium Hall, 2nd Floor, Training Block,

Yousufguda, Hyderabad – 500 045

Phone: 040-23608544

040-23608317

Heritage Foods Limited
CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta, Hyderabad-500082, Telangana
Tel: 040-23391221/2 | Fax: 040-23318090
E-mail:hfl @heritagefoods.in | Website: www.heritagefoods.in

Advisory & Design: www.corpcommstudio.in www.kalajyothi.com