



25
YEARS
OF HERITAGE

Ref: SECT: STOC: 67-20

01st August, 2020

To
The Secretary,
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

To
The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, G Block, Bandra - Kurla
Complex, Bandra (East), Mumbai - 400 051

Scrip Code: 519552

Scrip Code: HERITGFOOD

Dear Sir / Madam,

Sub: Notice of 28th Annual General Meeting (AGM) and Annual Report 2019-20.

This is to inform you that the 28th Annual General Meeting (AGM) of the Company is scheduled to be held on Friday, 28th August, 2020 at 10:30 AM through Video Conference /Other Audio-Visual Means only, in accordance with the General Circular issued by the Ministry of Corporate Affairs dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020.

Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, please find enclosed Notice convening the 28th AGM of the Company and 28th Annual Report for the financial year 2019-20. The 28th AGM Notice along with Annual Report 2019-20 is also being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/Registrars and Share Transfer Agent/Depositories as per the above said circulars.

The said Annual Report is also available in the website of the Company at www.heritagefoods.in.

This is for your information and record.

Thanks & Regards

For HERITAGE FOODS LIMITED


UMAKANTA BARIK
Company Secretary & Compliance Officer
M. No: FCS-6317

Encl: a/a



HERITAGE FOODS LIMITED

CIN : L15209TG1992PLC014332

AN ISO: 22000 CERTIFIED COMPANY



Nourishing by Nature



28th Annual Report 2019-20



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Key Numbers defining FY2020

13.77 Lakh
liters per day
Milk procured

11.47 Lakh
liters per day
Milk sold

26.70 Lakh
liters per day
Processing capacity

3 Lakh
Farmers touched

15 Lakh
Households served

1.5 Lakh
General trade
retailers

12,610
Procurement
representatives

942
Exclusive franchise
parlours



To get this report online and for any
other information, log on to
www.heritagefoods.in

Nourishing by Nature

Our purpose is to 'Nourish by Nature'.

We win with nutrition, through a healthy supply of fresh and pure milk that is rich in both taste and the essential elements of nourishment.

We value the real nourishment of milk for our consumers. By retaining its freshness, purity, nutrition and by procuring it directly from milk farmers, we create goodness for all generations.

Nourishment is also passed on through tastier and healthier food choices, high-quality and sustainably produced foods, in line with evolving tastes.

The milk supplied by us is healthy, with a high nutritive value. We also organise cattle healthcare and ensure the well-being of farmed animals. When the cattle are in perfect health, the consumers benefit even more.

Further substance is added to our purpose 'nourish by nature' by placing greater emphasis on sustainable farming practices, thereby reducing carbon footprint and safeguarding the planet's well-being. We contribute to the larger Sustainable Development Goals and create long-term value for all our stakeholders.

Understanding Heritage Foods Limited

We are one of the...

Leading and fastest-growing private sector Indian dairy companies, serving 15 lakh households.

With a key focus on product innovation...

We have developed a strong portfolio of milk and value-added products including curd, ice cream, frozen dessert, paneer, butter milk, flavoured milk, lassi, A2 milk and milk powders under the Heritage brand.

Our vision is...

Delighting every home with fresh and healthy products and empowering the farmers.

We have established...

A reputation for fusing the vision of dairy cooperatives with corporate efficiency.

Our objective is to...

Distinguish Heritage Foods as a leading dairy company that caters to changing consumer tastes and trends.

We are guided by a...

28-year legacy and domain expertise in the dairy business through:

- procurement of milk from 3 lakh dairy farmers
- distribution of processed milk and milk products to households in 11 states
- our strong portfolio of products and brands

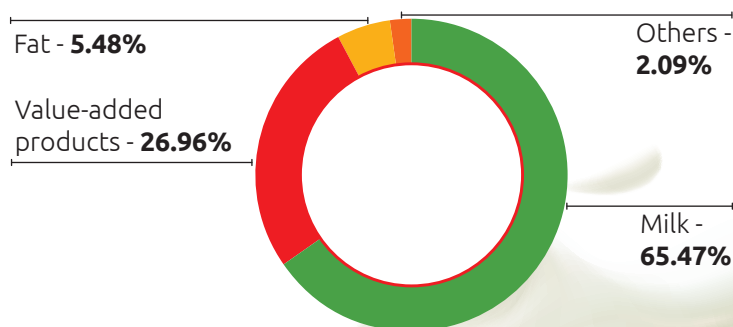
Our capabilities include...

State-of-the-art milk processing facilities; R&D infrastructure with technologically-advanced equipment and testing laboratories; stringent quality control; and dedicated and experienced team.

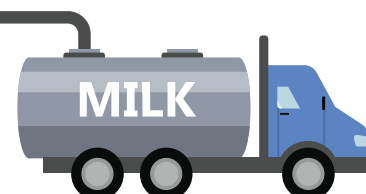
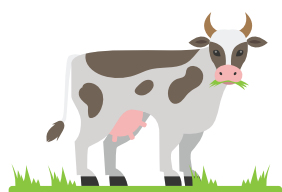
We procured 13.77 lakh liters of milk per day from milk farmers.

Our 16 modern milk processing units have a processing capacity of 26.70 lakh liters per day, and packaging capacity of 17 lakh liters per day.

Product contribution to portfolio



From Grass to Glass – The Milk Value Chain



Milk Procurement

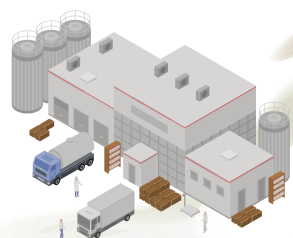
Digitally-automated procurement systems are in place to inform the Procurement & Inputs team about quality and quantity, tanker acknowledgments, and vendor payments. Automated mail alerts are created on procurement-related operational matters.

Heritage Control Centre

This digitally-enabled operation creates SMS alerts on milk stock, tanker monitoring, procurement representative feedback, weekly status reports and other related activities.

Materials Management

There is a digitally-enabled approval process from Purchase Requisition to Purchase Order release. Processes are also in place for physical invoice submission tracking and communication of capex material status.



Operations

The entire logistics chain is technologically-enabled to facilitate online monitoring. Digitally-enabled operations handle dispatch (through GPS), product shelf life and merchandising.

Sales & Distribution

IT-enabled sales automation sends periodic analysis of sales and inventory to channel partners through SMS alerts.

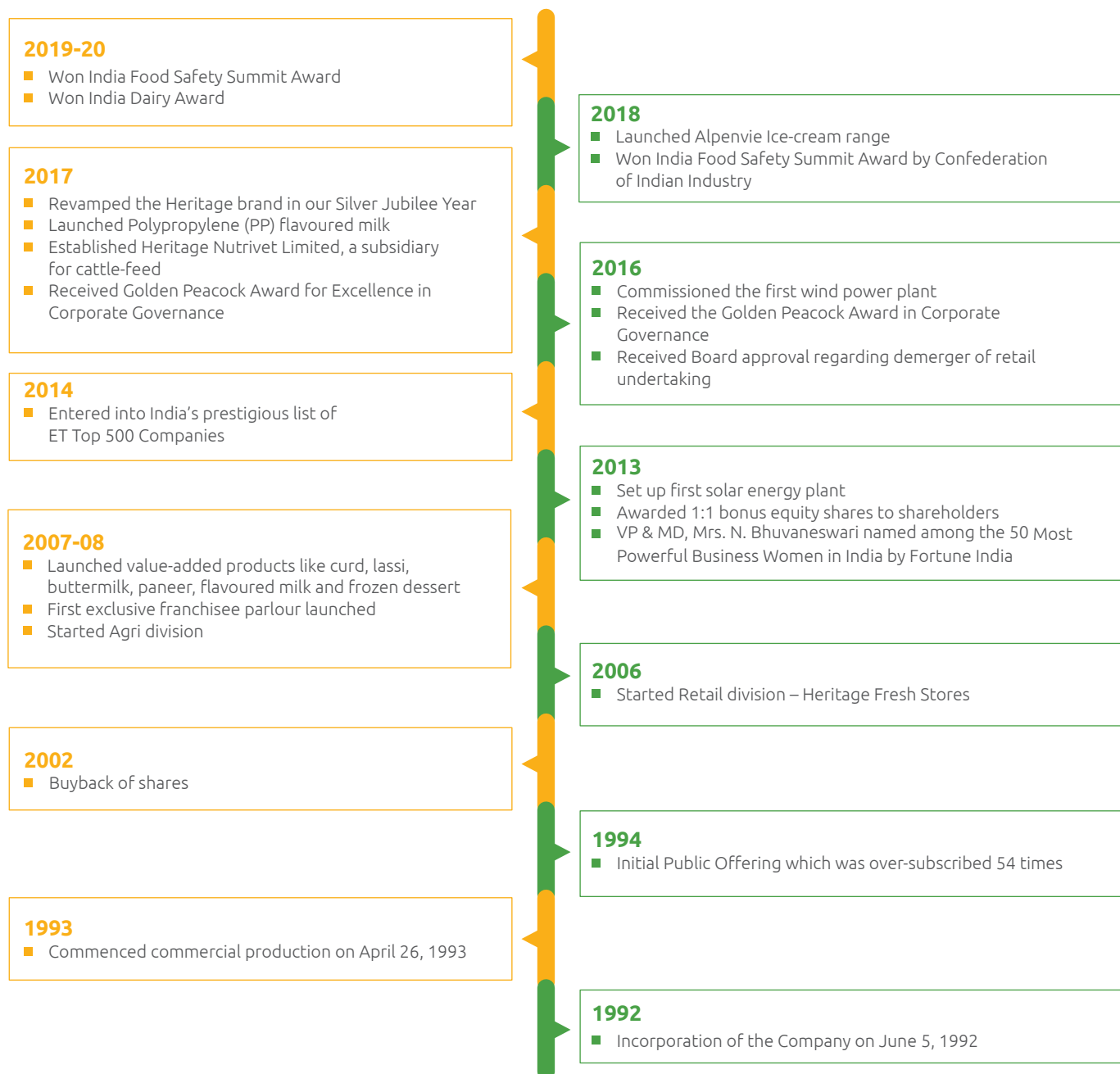
Consumers

Pure and high-quality milk and milk products are supplied to more than 15 lakh consumers through innovative channels such as general trade retailers, franchise partners, exclusive parlours, distribution centres and e-commerce platforms.



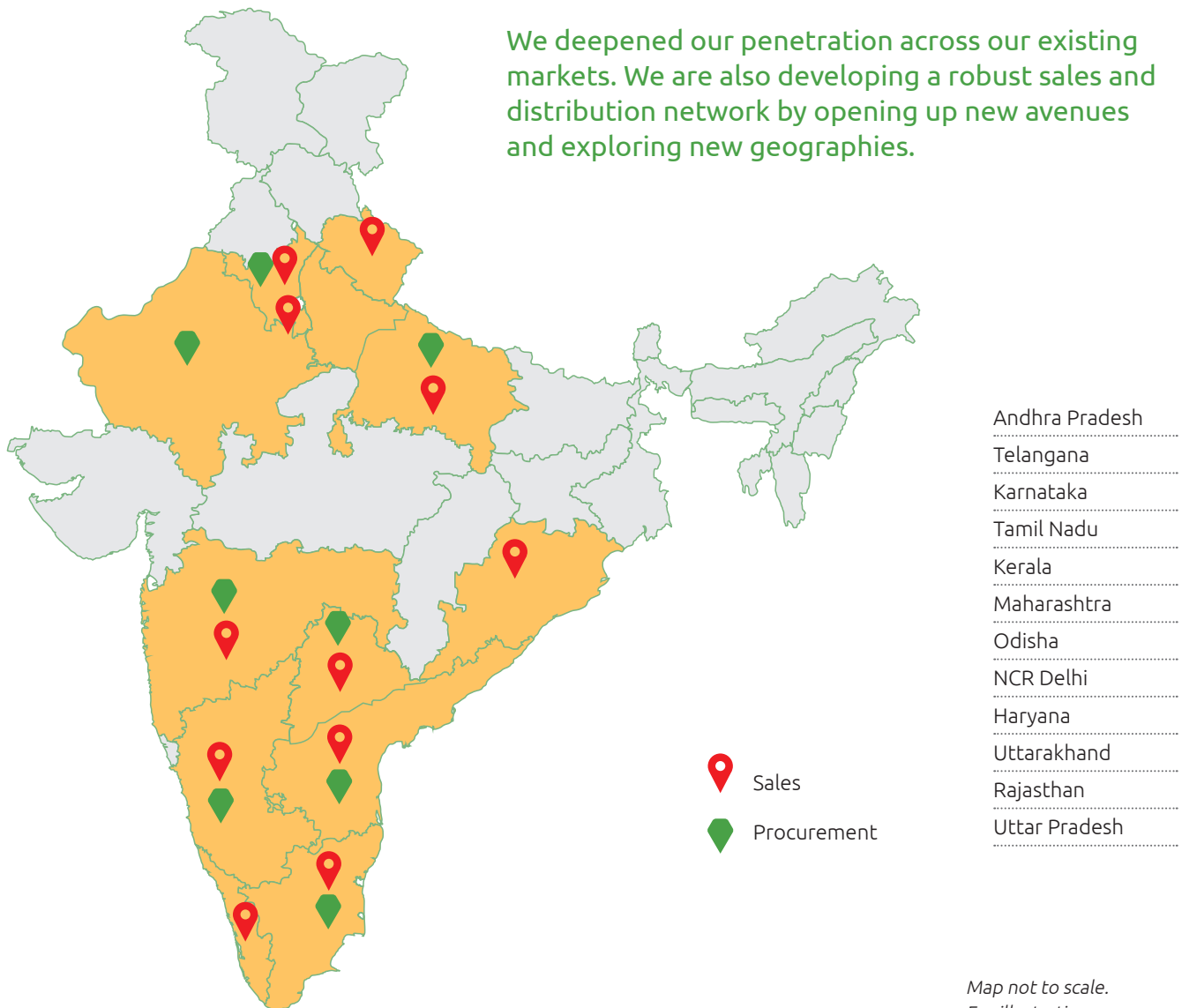
Our Journey From B2B to B2C

We started our journey of building a strong company in 1992. Today, after almost three decades, we are one of the leading private sector dairy companies in India, delivering high-quality products to the consumers using new-age marketing initiatives and platforms, and making them available through innovative and convenient channels.



Our Expanding Presence

We deepened our penetration across our existing markets. We are also developing a robust sales and distribution network by opening up new avenues and exploring new geographies.



Winning Awards

India Food Safety Summit Awards 2019



- Awarded the 'Best Customer Service Provider of the Year' for the transformation brought about in the way consumers are served by the Company.
- Won the 2nd Award for 'Technology Innovator of the Year' for technology advancements in seamless integration of milk procurement from farmers and delivering fresh and nutritious milk to consumers.

Message from the Chairperson



We have remained true to our philosophy and vision of delighting every home with fresh and healthy products and empowering the farming community through our 'relationship farming' model.

Dear Shareholders,

We are pleased to present to you our 28th Annual Report at the conclusion of another busy year. I am happy to state that throughout our history, despite changing market dynamics, we have remained true to our philosophy and vision of delighting every home with fresh and healthy products and empowering the farming community through our 'relationship farming' model.

With this, we have evolved into one of the leading players in the Indian dairy industry. Today, we are a premier provider of pure and fresh milk and value-added products.

Now let me give you a brief on the global and domestic dairy industry and impending growth drivers, before reflecting upon what the future holds in store for us.

Global dairy segment

The changing lifestyle of consumers is driving the demand for new, innovative, healthy, and on-the-go dairy options. Convenience, time, and goodness are some key factors that brands are focusing on in the dairy industry – from traditional dairy products to value-added products and drinkable options. More and more health-conscious consumers are gravitating towards dairy alternatives at a rapid rate because these are healthier and bring variety to their diet.

Indian dairy industry – a growing market

India has transformed itself from a country of acute milk shortage to the world's leading milk producer. In 2019, India produced 188 million tons of milk, which was 22% of the year's global milk production of 843 million tons. It is the past few decades that have seen the tide turning for India. In 1970, India produced 20 million tons of milk, which amounted to only 5% of the global milk production. Since then, India has increased its production, becoming one of the world's largest milk producers. With a projected milk production of 254.5 million tons by 2021-22, India is expected to become the world's largest milk producer. India's milk production has grown by 6.4% annually in the 4 years preceding 2018, well above the 1.7% growth rate of the global dairy industry.

(<https://www.thebullvine.com/news/5-facts-about-indias-dairy-industry/>)

Growing demand for value-added products

While the demand for liquid milk drives the Indian dairy industry, the value-added products hold more potential and promise growth of 15% to 20%. Growth is driven by value-added products such as UHT milk, cheese, ice-creams, flavoured milk, curd and butter milk, among others. This segment is seen expanding to 30% of the dairy industry by 2020.

COVID-19 response

Over the past few months, the growing outbreak of COVID-19 has impacted

individuals and businesses worldwide, completely changing the way we live and work.

Being a processor and manufacturer of essential commodities – milk and milk products, we did not let the nationwide lockdown, imposed to control the spread of the virus, get in the way of delivering nutrition for our consumers. Our manufacturing units operated normally to meet the public demand. We ensured that our supplies continued unhindered, by delivering products to the consumers' doorstep. We are proud of our on-ground staff who constantly put themselves in the line of risk to ensure that our consumers are not inconvenienced.

We respected all the directives from the local administration, government, industry bodies and regulators. As a responsible corporate citizen, we joined hands with the Government in these tough times. We contributed an amount of ₹ 1 crore to the Government to help it battle the COVID crisis across the country.

Future outlook

Rising disposable incomes, growing consumer preference for branded and value-added milk and milk products, and increased awareness of nutrition is driving the demand for dairy products in India. India's per capita milk consumption is increasing at 3% CAGR, compared to 1% CAGR globally, and will further increase, led by growth in the value-added segment.

Dairy exports are also seen as a huge untapped opportunity for India, which currently has only 0.01% share of the global dairy export market.

Initiatives are being taken to improve the productivity of dairy co-operatives along with investments by private domestic players to boost the performance of the dairy sector.

Conclusion

Given the attractive sector dynamics and being a key contributor to India's dairy industry, we at Heritage Foods believe that we are at an exciting phase of our growth journey. To realise our full potential, we continue to evolve our business model and all our functions across the value chain. Moving ahead, with a sizeable amount of investment in production and distribution capacities, we are confident about increasing our market share.

On behalf of the Board, I would like to sincerely thank our shareholders, customers, consumers, employees, investors, and our business partners for their persistent support and unshakeable confidence in us. We look forward to your continued trust as we build a stronger company.

Regards,

D. Seetharamaiah

Chairperson

Message from Vice-Chairperson & Managing Director



Dear Shareholders,

Recalling our journey since our inception in 1992, every single year has been fulfilling. With a vision to empower dairy farmers, we have remained committed to strengthening the milk value chain.

Today, with India set to become the world's largest milk producing country, we are proud to have emerged as one of the leading private sector Indian dairy companies, serving milk and milk products to 15 lakh households across 11 states. Our endeavour is to expand the business, grow our brand, deepen our reach and seize future market opportunities at the national level.

Key highlights

The global dairy industry has been facing frequent fluctuations in dairy prices in the past decade. It is estimated that milk powder prices may remain flat at USD 2,165.2 per MT for Skim Milk Powder, and USD 2,910.3 per MT for Whole Milk Powder until 2028. The cost of dairy inputs in India is rising, leading to increased cost of production, thus constraining the margins.



Today, with India set to become the world's largest milk producing country, we are proud to have emerged as one of the leading private sector Indian dairy companies, serving milk and milk products to 15 lakh households across 11 states.

With stagnation in world dairy prices, the Indian dairy industry's emphasis is on achieving greater cost efficiencies. The industry is also focusing on improving the quality of the products to get a premium price in the world market and reduce reliance on Government subsidies.

Despite lower per capita income, India's demand for milk at 48.8 million metric tons dwarfs the demand in other parts of the world. The dairy market in India stood at ₹ 10,527 billion in 2019, going by the 'Dairy Industry in India 2020 Edition' by IMARC Group. Moving forward, the dairy market is expected to reach a value of ₹ 25,491 billion by 2025, exhibiting a CAGR of 16% over 2020-25. India's milk consumption is expected to increase at a much faster pace than any other country in the world owing to drivers such as growth in population and income and urbanization.

Role played by livestock in India

Livestock plays an important role in the Indian economy, with about 20.5 million people depending upon livestock for livelihood. It contributes 16% to the income of small farm households, and provides livelihood to two-thirds of the rural community. Animal husbandry has remained the backbone of livelihood for more than half of the small and marginal farmers despite adversities such as famine, flood or economic recession.

Our performance highlights

We are pleased to share with you our performance highlights for the year

under review. We sold 11.47 lakh liters of liquid milk per day in FY2020, compared to 11.11 lakh liters per day in FY2019. Our Net Turnover stood at ₹ 2,68,111 lakh, compared to ₹ 24,823.5 lakh in the previous year, while Net Worth was ₹ 4,62,330 lakh, as compared to ₹ 8,04,960 lakh earlier. EBITDA was ₹ 1,40,370 lakh, down 27.05% YoY, while Profit Before Tax was ₹ 72,440 lakh against ₹ 1,28,690 lakh in the preceding year. Revenue of Heritage Nutrivet Limited, our wholly-owned subsidiary, stood at ₹ 10,385 lakh, compared to ₹ 7,376 lakh earlier.

Strengthening market linkages

Dairy is an economic engine and a big source of livelihood for farmers in India. An estimate suggests that about 800 lakh rural households are engaged in milk production. At Heritage, we have won the trust of 3 lakh farmers, as we strengthen market linkages with them.

We strive to nurture entrepreneurship and promote empowerment. As part of this effort, we organise cattle healthcare activities and supply cattle feed at subsidised rates through Heritage Nutrivet Limited, our subsidiary engaged in animal nutrition. This helps farmers in enhancing milk production, improve milk quality and yield, and boost cattle immunity. We also share best practices and educate them on various aspects of dairy farming, cattle breeding, nutrition, besides providing cattle insurance and financial assistance. Our sincere efforts

have helped the farmers to grow their household income and improve their living standards.

Vote of thanks

On behalf of the Board, I thank all our stakeholders for their continued support and encouragement, and unflinching faith in our strength and capabilities. We have embarked on our journey to emerge as India's top dairy company, and are proud to be associated with you as we continue our voyage of responsible growth and value creation. I am confident that with our concerted efforts we will scale new heights.

Best Regards,

N. Bhuvaneshwari

Vice-Chairperson & Managing Director

In Conversation with the Executive Director



Dear Shareholders,

As a Company, our constant endeavour is to deepen our expertise, expand our product portfolio and create better value for all our stakeholders. I am glad to share with you our achievements during FY2020 and the progress towards our strategic objectives.

As a consumer-centric organisation, we place emphasis on understanding consumer needs, developing products

that meet these requirements and making these products easily accessible. Our continuous innovation model, which deploys the latest technology in our R&D methodologies, is enabling us to delight our consumers with products that resonate with their expectations.

Today, the Indian consumer is becoming more health-conscious and demanding healthier products. By way of good manufacturing practices and by

maintaining stringent quality across the entire value chain – from grass to glass – we supply pure and fresh products to our consumers. With this, we enable our consumers to make tastier and healthier choices in line with evolving preferences. We keep expanding our line-up of high-quality products to meet the changing needs of our consumers.

COVID-19 – economic impact

Amidst the impact of a slowing economy, the rapid spread of COVID-19 and the resultant lockdown affected businesses. The magnitude and speed of collapse in economic activity have been unprecedented. There have been production shutdowns, supply chains have fallen victim to the pandemic and discretionary consumption has been hit. Even as we write this, there is tremendous uncertainty about what the future holds for businesses and enterprises.

We Nourish

We have a special connection with our consumers, as we make taste, health and quality the key ingredients of our bond with them. As the Indian dairy industry looks to serve more healthy choices and the focus shifts to nutrition in milk and value-added products, which remain unserved by the unorganised sector, we aim to leverage the growing industry opportunities.

We are also focusing our strategies on the untapped semi-urban and rural segments, which offer significant opportunities for growth. With renewed vigour, we continue to move ahead towards our target to become a nationally recognised brand for healthy and fresh products.

During FY2020, the Company recorded an operational profit of ₹ 72.44 crore, which was 43.71% lower than ₹ 128.69 crore in the previous fiscal year. Also, as you are aware, we own 3.5% shareholding in FRL, which was acquired at ₹ 165 per share. As on March 31, 2020, the share price stood at ₹ 78.3 per share due to its subsequent fall in stock markets, and amounted to a realised or notional loss of ₹ 206.95 crore in our books of accounts. So despite having recorded an operational profit during the year, we have posted a net loss owing to the FRL investment, which is notional in nature.

Growing market access

Today, we have an extensive presence and are consistently expanding our distribution, enlarging our portfolio and making continuous investments in our brand. Besides penetrating deeper into the existing territories, we are working towards increasing our footprint in high milk producing and consuming states. So while we are procuring milk in Haryana and Rajasthan, we are selling products in Uttarakhand, Haryana, Rajasthan, Uttar Pradesh and Delhi NCR. We are also taking initiatives to expand our presence to states beyond southern and western parts of India.

Expanding value-added share

During the year, we expanded our value-added product basket by launching two new types of health drinks – Ragi Lassi and Sabja Lassi. With an enhanced focus on B2C, we now have a range of 12 variants of value-added products. The new plant for manufacturing of yoghurt, in a joint venture with French company Novandie, will be ready during FY2021.

Besides strengthening the basket, we are also focusing on smaller packs of packaged dairy products to deepen our penetration and increase volumes. With changing consumer lifestyles, increasing number of working women and rising disposable incomes, there is a large-scale increase in demand for value-added products.

Strengthening capabilities

We are steadily expanding our milk processing capacity and augmenting our R&D infrastructure with technologically advanced equipment and testing laboratories. We are also focusing on maintaining stringent quality control, besides enhancing product innovation. With this, we fulfil the needs of our consumers by supplying them with high-quality products at affordable prices through 1.5 lakh general retailers, 942 exclusive Heritage Parlours, 46 distribution centres and 26 modern retail chains and a few e-commerce platforms.

Technology-enabled “Grass to Glass” supply chain

At Heritage, we realise that our efforts towards transformation into a retail-led private dairy company need to be matched by our internal operations. Our objective is to achieve operational efficiencies by eliminating wastage of time and resources and aiming at cost optimisation. We are leveraging technology to improve efficiencies, reduce costs and comply with corporate social responsibilities.

Our digital platform is also enabling us to understand consumer behaviour, and also optimise procurement, logistics, processing and merchandising activities. This is helping us track real-time business performance and facilitating quick decision-making, supported by data analytics.

Further, to realise our strategic objectives, we continue to expand, nurture and retain our talent. We are driving a culture of learning across

the organisation and improving our intellectual capacity to fuel innovation and growth. We are scaling up with top-notch professional experience across departments and building up a highly motivated workforce aligned with our growth agenda.

Contributing to the environment

We are proud to share with you that every Heritage product that we manufacture contributes to the reduction of carbon footprint. Also, every Heritage product that is consumed makes the consumer a part of our sustainable development plan. With a total captive power supply of 10.39 MW from solar and wind energy driving our production plants, we are committed to delivering nutrition, while safeguarding the planet's well-being.

Moving forward

Our consumer relationships, product innovation, consistent delivery of high-quality products and services are unlocking new opportunities. With an extensive product range, and capacities based on the latest technological breakthroughs, we believe we are on the path towards a brighter future.

Last, but not the least, our pool of talent is our wealth that helps us propel our growth. We highly appreciate and respect the value of our human resources.

Thank you for being on this journey with us.

Regards,

N. Brahmani

Executive Director

Board of Directors



Mr. D. Seetharamaiah

Non-Executive Independent
Chairperson

DIN: 00005016

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

He has acquired expertise in the areas of Governance & Compliance; and Finance.

In the Board Committees of:



Mr. N Sri Vishnu Raju

Non-Executive Independent
Director

DIN: 00025063

Mr. Raju holds a Bachelor's degree in Chemical Engineering from Osmania University. He is the Founder Chairman and Chief Executive Officer of EXCIGA Group. A director in several public and private companies, he has served in several positions including the Founder and President of Entrepreneurs Organization, Hyderabad, President of CII's (Confederation of Indian Industry) Young Indians, Hyderabad Chapter and a Member on the State Council of CII.

He has gained expertise in the areas of Strategy Planning and Mergers & Acquisitions; Policy Development; Finance; and also in Governance and Compliance.

In the Board Committees of:



AC (C) - Till August 29, 2019



Mr. Rajesh Thakur Ahuja

Non-Executive Independent
Director

DIN: 00371406

Mr. Ahuja is a graduate in Production Engineering from Pune University Engineering College. He has completed Owner President Management Programme at Harvard University, USA. He started Silver Line Wire Products in 1993 as a manufacturer of plastic-coated wire products for household applications. He is also on the board of several other companies.

He is an expert in the areas of Strategy Planning and Mergers & Acquisitions; Leadership; Sales & Marketing; and Finance.

In the Board Committees of:



Mrs. Aparna Surabhi

Non-Executive Independent
Director

DIN: 01641633

Mrs. Surabhi holds a Bachelor's degree in both commerce and law from Bombay University and is a Fellow Member of the Institute of Chartered Accountants of India. She has been a practising chartered accountant since 1991. She has more than 29 years of experience in handling various kinds of audit and has been a consultant for many start-up businesses.

She has gained expertise in the areas of Finance; Leadership; Information Technology; Strategy Planning and Mergers & Acquisitions; Governance & Compliance; and International Business.

In the Board Committees of:



AC (C) - w.e.f. August 30, 2019



Dr. V. Nagaraja Naidu

Non-Executive Director
DIN: 00003730

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

He has gained expertise in the areas of Finance; Policy Development; Leadership; Strategy Planning and Mergers & Acquisitions; Governance & Compliance; and Sales & Marketing.

In the Board Committees of:

AC

SRC



Mrs. Nara Bhuvaneswari

Vice-Chairperson & Managing Director
DIN: 00003741

Mrs. Bhuvaneswari holds a Bachelor's degree in Arts and is a director of several companies. She is a dynamic leader and has extensive experience in the business. She has been successfully steering Heritage Foods towards growth and prosperity. She joined the Company in 1994 as a Whole-time Director and is now serving as the Vice-Chairperson and Managing Director. She provides guidance and monitors the overall workflow of the organisation.

She has gained expertise in the areas of Finance; Policy Development; Leadership; Governance & Compliance; and Sales & Marketing.

In the Board Committees of:

SRC

RMC

MC

CSR



Mrs. Brahmani Nara

Executive Director
DIN: 02338940

Mrs. Brahmani holds a Master's degree in Business Administration from Stanford University and a Bachelor's degree in Electrical Engineering from Santa Clara University, California, USA. She is a graduate in Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She has worked as an Investment Associate in Vertex Venture Management Pvt Ltd during 2009-11 in Singapore. She joined Heritage Foods in 2013 and is now serving as the Executive Director. She heads the crucial business functions such as design, development and implementation of strategic plans of the organisation in a cost-effective and timely manner.

She has gained expertise in the areas of Finance; Policy Development; Leadership; Information Technology; Strategy Planning and Mergers & Acquisitions; Governance & Compliance; Sales & Marketing; and International Business.



Chairperson of the Committee

NRC

Nomination & Remuneration Committee

SRC

Stakeholder's Relationship Committee

RMC

Risk Management Committee

AC

Audit Committee

MC






Management Committee

CSR






CSR Committee

Financial Review

Net Turnover (₹ in Crore)






2019-20		2,681.10
2018-19		2,482.35
2017-18		2,344.01
2016-17		1,871.44
2015-16		2,380.58

EBITDA (₹ in Crore)

2019-20		140.30*
2018-19		192.43
2017-18		133.32
2016-17		149.23
2015-16		136.47






* Core Business

Profit Before Tax (₹ in Crore)






2019-20		72.44*
2018-19		128.69
2017-18		88.08
2016-17		323.31
2015-16		85.98

* Core Business






Net Worth (₹ in Crore)

2019-20		462.30
2018-19		804.96
2017-18		778.01
2016-17		593.22
2015-16		240.00

Gross Fixed Assets (₹ in Crore)

2019-20		630.50
2018-19		555.11
2017-18		463.18
2016-17		304.99
2015-16		518.40

Net Fixed Assets (₹ in Crore)

2019-20		514.00
2018-19		475.66
2017-18		424.71
2016-17		287.41
2015-16		312.00

Our 10-Year Financial Highlights

10-Year Financials

(₹ Million)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover	9,004	10,961	13,934	16,018	17,220	20,730	23,806	18,714	23,440	24,823	26,811
Other Income	29	48	32	42	50	70	66	37	72	111	83
Fair Value gain on FVTPL Equity Securities	-	-	-	-	-	-	-	2,468	3,954	1,311	2,945
Total Income	9,033	11,009	13,966	16,060	17,270	20,800	23,871	21,219	27,466	26,245	29,839
Earnings before Depreciation, Interest and Tax (EBIDTA)	470	389	526	1,034	987	881	1,365	1,490	1,333	1,924	-769
Earnings before Depreciation, Interest and Tax (EBIDTA) from core business **		389	526	1034	987	881	1365	1490	1333	1924	1,402
Depreciation & Amortization	196	199	212	220	250	340	345	249	370	437	480
Interest	167	160	178	148	119	150	146	93	166	200	197
Loss due to changes in fair value of derivative liabilities	-	-	-	-	-	-	-	385	3870	1,311	5,116
Provision for Taxation	50	18	42	137	159	109	306	307	277	452	153
Profit after Tax	56	11	93	500	453	282	554	2,926	604	834	-1600
Profit after Tax from core business **		11	93	500	453	282	554	2926	604	834	571
Cash Profit/(Loss)	252	211	305	720	703	622	899	1,092	890	1,272	1,051
Equity Dividend (%)	18	12	20	30	30	30	30	40	40	40	50
Dividend Payout (Including Tax on Dividend)	24	16	27	41	81	84	84	112	112	112	112
Equity Share Capital	115	115	115	116	232	232	232	232	232	232	232
Reserves and Surplus	754	750	816	1,303	1,558	1,698	2,168	5700	7548	7,818	4,391
Networth	869	865	931	1,419	1,790	1,930	2,400	5932	7780	8,050	4,623
Gross Fixed Assets	2,942	3,175	3,459	3,635	4,196	4,623	5,184	3050	4632	5551	6318
Net Fixed Assets	2,152	2,217	2,303	2,368	2,715	2,807	3,120	2874	4247	4757	5156

Key indicators

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Earnings per share - ₹*	4.85	0.97	8.1	21.64*	19.53	12.16	23.89	63.06	13.01	17.98	-34.49
Cash Earnings per Share - ₹	26.32	19.84	26.47	31.03*	30.31	26.81	38.77	23.53	19.18	27.40	22.66
Book Value per share - ₹	75.35	75.05	80.77	61.16*	77.15	83.29	103.45	127.85	167.67	173.49	99.64
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	0.43:1
EBIDTA/Turnover - %	5.22	3.52	3.77	6.27	5.73	4.25	5.68	7.96	5.68	7.75	-2.87
EBIDTA/Turnover - % from Core Business **		3.52	3.77	6.27	5.73	4.25	5.68	7.96	5.68	7.75	5.23
Net Profit Margin - %	0.62	0.1	0.67	3.12	2.63	1.36	2.33	15.64	2.58	3.36	-5.97
Net Profit Margin - % from core Business **		0.1	0.67	3.12	2.63	1.36	2.33	15.64	2.58	3.36	2.13
RONW - %	6.45	1.29	10.02	35.21	25.32	14.62	23.1	49.33	7.76	10.37	-34.61

*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 core business performance

We Nourish...

By Supplying Quality and Nurturing Products

We supply an entire range of pure, fresh milk, and value-added and nourishing across 15 lakh households. Procurement of best quality raw milk from neighbouring markets helps us retain product freshness, taste and ensure longer shelf life.

Delivering quick to market

Fresh and pure milk is procured from farmers close to our operating markets. It is then processed, pasteurised, homogenised and packed at our state-of-the-art processing plants while ensuring speed to market. In doing so, we retain the nutritional value of milk by maintaining its freshness, purity, nourishment measure. We keep our milk as pure and close to nature as possible, with no ingredients or preservatives added.

Expanding value-added portfolio

While we cater to the milk requirements of the urban middle and upper-class consumers, we also serve the younger generation with a range of value-added and nourishing products like flavoured milk, butter, ghee, curd, paneer, lassi, frozen desserts and ice-creams. Some of our products are primarily aimed at the millennials, Gen Y and Gen Z.

Serving the health-conscious

We procure the best quality raw milk, and then ensure the highest levels of hygiene all across the value chain. We are constantly targeting the health-conscious and nutrition-oriented millennials, discerning homemakers, and career-oriented working women. During the year, we launched two new lassi variants – with the goodness of Ragi and Sabja. As our Maharashtra facility becomes operational during 2020, we will also launch yoghurts.



Ensuring freshness of products by



Own procurement



Procurement from farms close to operating markets



Processing plants located close to operating markets

Maintaining quality

We strictly follow the Clean Milk Production Practices, Hygiene Practices, Good Manufacturing Practices and Good Laboratory Practices. The effective implementation of Heritage Integrated Milk Procurement System ensures that quality is maintained in the entire value chain – from farm to consumer.

Adoption of HACCP ensures brand quality, increasing consumer confidence, and conformity to regulatory and market requirements.

11

Quality check points

23

Quality parameter tests

486

Quality team size



We Nourish...

By Creating Goodness for all Generations

Our Growing Value-Added Portfolio Milk



Toned Milk

Processed, pasteurised and homogenised toned milk nurtures a healthy body and a healthy mind.



Double-Toned Milk

Low in fat, yet retaining milk's other benefits, double-toned homogenised milk is best for those seeking calcium.



Full Cream Milk

Processed at state-of-the-art plants, this rich in fat and pure milk is suitable for those with low BMI.



Standardised Milk

This fresh and pure milk is processed, pasteurised and homogenised and packed at processing plants.



Cow Milk

This fresh and pure milk is procured, processed, pasteurised, homogenised and packed at processing plants to ensure goodness.



Slim Milk

Processed to separate fat, pasteurised and packed, contains least fat, suitable for all ages.



UHT Milk

Procured from farmers, processed, pasteurised at ultra-high temperature to ensure each particle is free from bacteria and packed at plant to ensure goodness. Available in multi-layered oxygen barrier poly packs.



A2 Full Cream Milk

100% buffalo milk rich in A2 protein; Specially procured from nearest farms, helps build immunity and easy to digest.

VALUE-ADDED PRODUCTS



Curd

A value-added product with a selected culture of beneficial bacteria to impart thick, creamy, rich and glossy texture.



Buttermilk

Prepared from fresh and pure curd in processing plants with utmost care. There are different variants available like plain, salted, spicy and jeera flavour.



Sweet Lassi

Made with pasteurised, homogenised curd, the fermented drink contains healthy bacteria. It is thick and rich with a natural elaichi flavour.



Ragi Java

Ragi Java helps in weight reduction, cholesterol reduction, easy digestion.



Sabja Lassi

Sabja Lassi is rich in calcium.

OTHER PRODUCTS



Flavoured Milk

Prepared from fresh and pure double-toned milk in various flavours and colours, this is a delicious and refreshing dairy drink available in glass bottles and PET bottles.



Milk Shake

Heritage milk shake is made with high quality raw material to meet the delicious desire of each customer. It is a natural source of milk protein and calcium.



Paneer

Fresh and pure milk is procured, and used for paneer which comes in a pleasing white appearance, and a soft and compact texture. Paneer is vacuum-packed in multi-layered film to maintain freshness.



Doodh Peda

Made from pure and fresh milk, with the right amount of sucrose, this is rich in taste and is granular in texture.



Milk Cake

Made from highest quality skimmed milk powder and pure ghee, it has a smooth texture and is rich in taste.



Cow Ghee

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



Buffalo Ghee

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



Hi Aroma Ghee

Prepared from pure ripened cream with selected bacterial culture, this is light brown in colour with a naturally developed rich aroma and smooth granules.



Table Butter

The rich salted butter is made from fresh cream and is manufactured in processing plants, with no added ingredients other than salt.



Cooking Butter

The unsalted cooking butter is made from fresh cream in processing plants with utmost care to ensure goodness.

ICE-CREAMS



Tubs

Alpene Ice-Cream is made with nuts and fruits and is available in flavours such as Chocolate, Pineapple, Fruit Fusion, Pistachio, Butterscotch, Vanilla and Rajbhog.



Bars

Bars are available in flavours such as Almond Crunch, Black Currant, Chocolate Overload, Classic Vanilla, Mango Lychee and Melon Rush.



Kulfi

Anjeer Kulfi: A cool traditional ice-cream.
Malai Kulfi: Made with Real Kesar, Almond and Cashew Nut Powder.



Cones

Offers a range of crunchy biscuits with a blend of delightful flavours and colours such as Strawberry, Butterscotch, Banana Caramel, Black Currant, Rajbhog, Double Chocolate, Vanilla and Choco-chips.



Cups

This perennial favourite is available in delightful cups such as Vanilla, Strawberry, Butterscotch, Chocolate and Orange Tango.



Juicy Bars

Gives more joy at a lower price and comes in different flavours like Grape Jelly, Raspberry Twin, Mango Twin, Orange Juice and Mango Juice.



Family Packs

Provides family enjoyment in delicious flavours like Vanilla, Strawberry, Butter Scotch, Anjeer Badam, Badam Pista Kesar, Orange Tango, Mango, Chocolate and Lychee Caramel.

We Nourish...

By Improving Socio-Economic Livelihood

Farmers are an important part of our family. We collaborate with 3 lakh farmers across multiple states for procuring quality milk. We offer them subsidised feed for improving animal health, access to financing solutions, and constantly aim to deepen our engagement with them, beyond commerce. We do this by assisting and educating the dairy farmers to improve the yield of the milch animals.

At Heritage Foods, about 90% of our daily milk requirement is procured directly from farmers at reasonable rates and delivered directly to our manufacturing facilities. This is a result of our strategic planning in procurement and storage infrastructure.

We aim to improve the socio-economic lives of farmers by enhancing their income levels and helping them attain better health and a better lifestyle. We constantly find ways to reinforce our emotional bond. We organise meetings to understand their requirements and assist them with vaccination, cattle feed and increasing milk yield by conducting free veterinary camps, check-ups for farmers and milch animals at their doorstep on a regular basis. We empower them by procuring the milk at an appropriate cost and paying them on a regular basis.

Relationship farming

We follow a 'relationship farming' approach, and not the transactional farming model. We eliminate the middlemen by procuring milk directly from farmers, processing the milk, and then selling it to end-consumers. We provide nutritious feed at subsidised rates, ensure accuracy in measurement and deploy mobile vet clinics. These farmers also prefer engaging with us as we remunerate them well and never default on payments.

Facilitating financing

We help farmers access funds through financial institutions and provide loans and insurance for their cattle. We have signed up with PSU banks and other financial companies to provide loans to farmers through lender branches across the country.

3 Lakh

Number of farmer associates

188

Milk Chilling Centres

90%

of milk procured directly from farmers



Empowering farmers, strengthening market linkages



Nutrition

- Established own high-quality cattle feed production
- Providing nutritional feed at subsidised rates
- Cattle feed to enhance milk production, reproductive ability and overall health & immunity of dairy cattle



Animal Treatment

- Providing animal treatment free of cost
- Deployment of mobile veterinary clinics
- 8 such clinics running daily close to 355 days in a year



Financial Assistance

- Providing farm loans, cattle insurance and group personal accident insurance policy for farmers
- Facilitating loans for cattle and accident insurance



Other Assistance

- Automated measurement of milk
- Assured procurement of milk through 188 milk procuring units
- Making punctual payments to milk farmers

Farmer Spotlight



Social activities undertaken during the year

Exhibition on
Agriculture and
Dairy Inputs

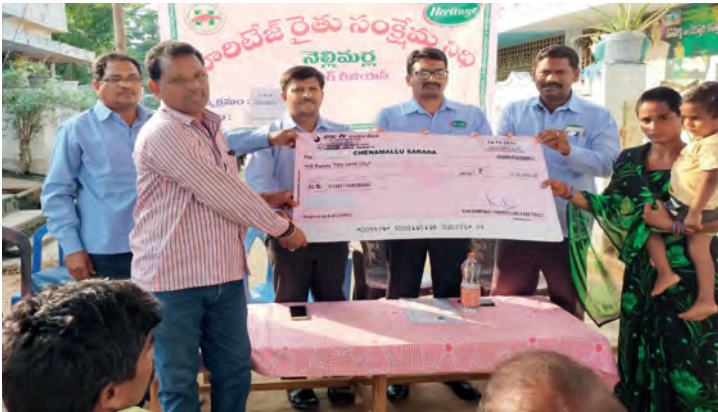
National
Milk Day
Celebration

Mega Human
Health Check-
up Camps

Veterinary
Health Check-
up Camps

Medical
and Blood
Donation
Camps

Distribution of
Loans to Milk
Producers



Farmers'
Interaction
Meeting

Tree Plantation

Distribution
of Awards to
Farmers

Distribution
of Meritorious
Awards to
Merit Students

GPA Cheque
Distribution

MCC
Development
Activities

We Nourish...

Through Convenient and Innovative Channels

We supply high-quality products through innovative and convenient channels, aiming at product availability and accessibility for consumers. Today, we are one of India's most well-established dairy products FMCG companies with a strong consumer connect in our markets.

We leverage our trade channels to reach out to our customers and consumers. Our distribution network has been widened to 1.5 lakh traditional retailers, and 26 leading modern retail chains and a few e-commerce platforms.

We have 942 exclusive Heritage Parlours, which are exclusive franchisee partners selling Heritage products. We also sell our products through a retail wing of 46 Heritage Distribution Centres at Hyderabad, Bengaluru and Chennai. These together augment the availability of Heritage range of products across the markets and also enhance our brand recognition. We also deliver our products to consumers through multiple innovative channels, modern retail stores, digital channels and e-commerce.



942

Exclusive Heritage Parlours

46

Heritage Distribution Centres at Hyderabad, Bengaluru and Chennai



Building a retail connect

We embarked on our B2C journey and fostered a deep connect with the retail segment through our diverse products. Some of these products are curd, butter, ghee, lassi, frozen dessert and ice-creams. This was also aimed at reducing our dependence on any single product and gaining a larger wallet share of the consumer. We engage directly with our consumers through our marketing campaigns.



Accelerating penetration

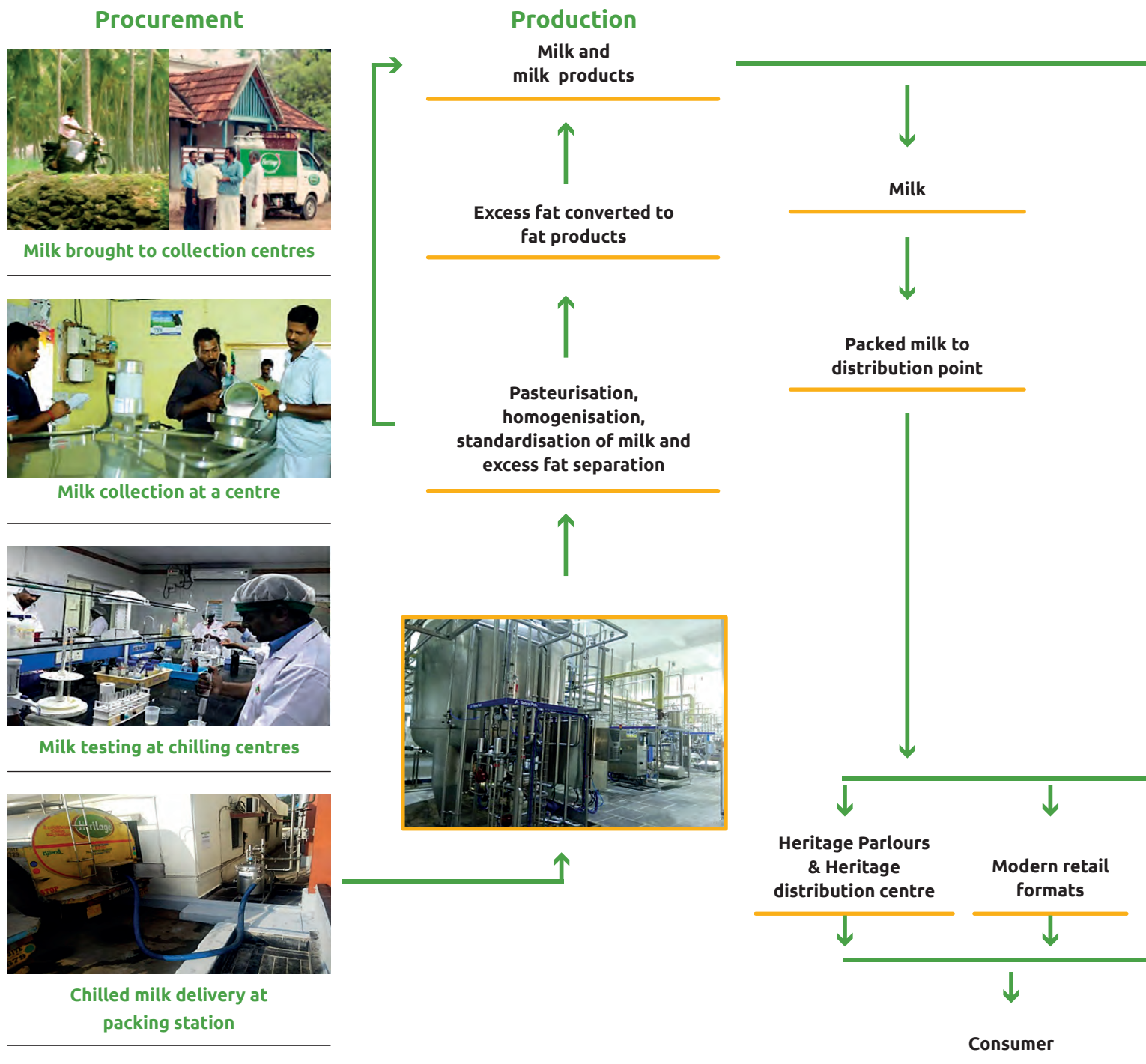
We are growing our national presence, increasing our footprint in milk producing and milk consuming states, and penetrating deeper into existing territories. From our earlier focus on Andhra Pradesh, Tamil Nadu, Karnataka, Telangana and Maharashtra, we are expanding into new geographies and exploring the untapped Tier 1&2 markets.



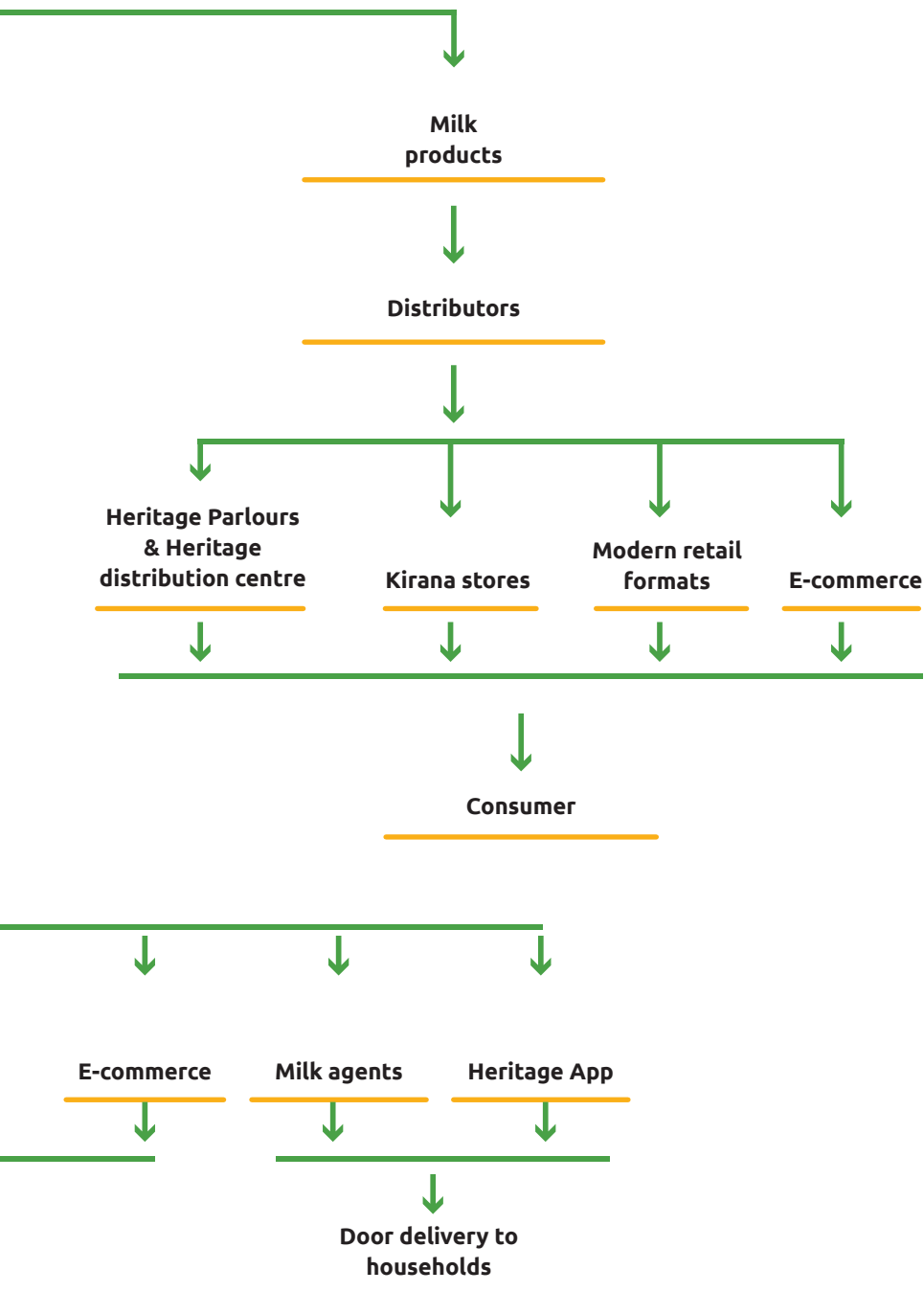
We Nourish...

By Creating an Effective Supply Chain

Activity flow chart



Sales and distribution



111

Bulk coolers

77

Chilling plants

16

Processing plants

1,979

Vehicles

12,610

Number of milk procurement representatives

5,641

Number of distributors

Our Strategic Roadmap

Strategic planning is rooted in our vision, and drives our mission, growth and sustainability. It sets the strategic directions for us to achieve our organisational objectives and deliver long-term value to the stakeholders.

Our strategy is based on the goals of business growth, both in terms of market expansion and brand building; creating sustainable value; identifying opportunities; and keeping pace with new-age preferences and consumption habits.



Key enablers for strategic growth

We have identified the following key enablers for executing our strategies, developing capabilities and attaining as well as maintaining excellence across the business value chain.

01. EXPANDING THE PRODUCT RANGE

The rapidly changing consumer preferences and global environment requires a bold new outlook, and a growth model that can rise to this challenge.

Goal
Expanding the product range is a step taken by us to meet demand with a more agile and flexible supply chain. This is aimed at driving innovation based on deeper consumer insights.

Achievement
We understand the areas in which dairy has an advantage and are participating in those markets.

Capitals impacted
Financial, Manufactured, Natural, Human, Social, Intellectual

Associated risks

- Changing consumer preferences
- Industry consolidation
- Product integrity

Our value-added products segment

- Curd ■ Buttermilk ■ Lassi ■ Paneer
- Flavoured milk ■ Sweets
- Ice-creams and frozen desserts

02. ANALYSING DEMAND

For a dairy market valued at ₹ 5 trillion, it is important to recognise the need to respond to rapidly changing consumer preferences, including the emergence of natural, healthy and other consumption trends.

Goal
We recognise the necessity of listening to our consumers and try to analyse the meaning of such changing preferences.

Achievement
We take the necessary steps to keep pace with the requirement of the hour and try to adjust our strategies accordingly on a continuous basis.

Capitals impacted
Financial, Human, Intellectual

Associated risks

- Changing consumer preferences
- Industry consolidation
- Market volatility

Estimated milk production in India (In million metric tons)

2019		187
2020		196
2021		205
2022		209
2023		213
2024		217

03. TRANSFORMING GO-TO-MARKET STRATEGY

Due to product perishability (raw milk lasts only for about 72 hours), there is a need to focus on optimising the distribution network to ensure that products remain fresh.

Goal
We have been exploring opportunities to develop and distribute fresh products with an extended shelf life. We have come up with a new product, the ultra-high-temperature (UHT) processed milk, which requires no refrigeration and can travel up to 4,000 kilometers.

Achievement
We keep adopting new strategies to cope with the ever-changing market demands, requirements and expectations of the consumer.

Capitals impacted
Financial, Manufactured, Human, Intellectual

Associated risks

- Industry consolidation
- Market volatility

04. CHOOSING THE RIGHT VALUE-CREATING STRATEGY

Creating and sustaining value in our industry requires adopting a proven strategy – one that matches the Company's capabilities and goals.

Goal

We determine the strategic course that enables us to thrive in the chosen markets.

Achievement

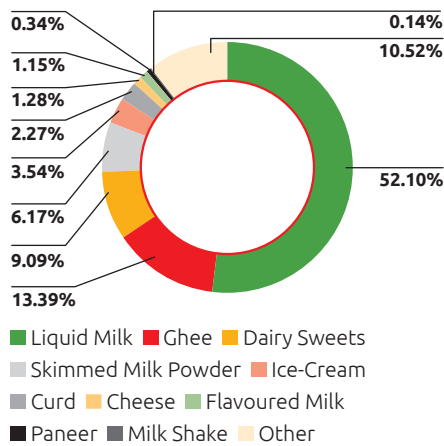
We enable this by optimising our operations and efficiencies across the value chain.

Capitals impacted

Financial, Human, Intellectual, Manufactured

Associated risks

- Changing consumer preferences
- Industry consolidation
- Market volatility



Breakup by Product Type
Organised Sector

05. INNOVATING AND SEIZING ON NEW TRENDS

Innovation and seizing on newer market trends has been a time-tested route for successful growth.

Goal

We treat innovation as our top priority. We target rapid growth by getting into higher-margin sub-segments such as fortified milk, flavoured milk, curd, buttermilk and value-added products.

Achievement

We make constant efforts to keep a watchful eye on changing consumer trends, new market developments, technological and process improvements and regulatory changes.

Capitals impacted

Financial, Manufactured, Human, Intellectual

Associated risks

- Changing consumer preferences
- Industry consolidation
- Market volatility

Emerging trends

- Rising income trends to drive consumption of dairy products
- Shift to healthier options of milk and milk products
- Preference for clean, hygienic products to increase
- Increasing consumption of ready-to-eat and drink dairy products
- Changing dietary patterns with focus on milk and milk products

06. LEVERAGING OPPORTUNITIES IN EMERGING MARKETS

Value-added dairy products that offer health benefits, such as infant formula, flavoured and fortified milks are in high demand.

Goal

We follow a rapid test-learn-refine approach to innovation. With speedier internal approval processes and a willingness to establish our position over the medium term, our focus remains on bringing value-added dairy products to the market at a fast pace and offer health benefits to our consumers.

Achievement

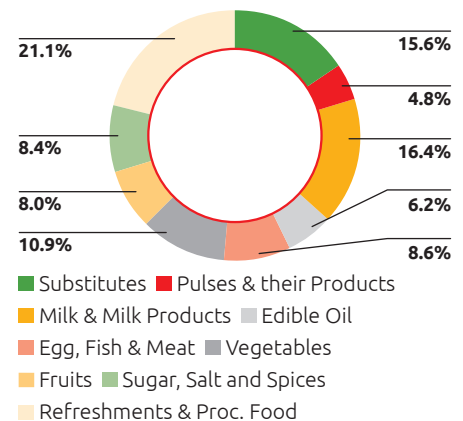
Our innovation and go-to-market strategies have helped us to expand our capacity. This has enabled us to be in the transition phase from being commodity suppliers to functioning as strategic partners.

Capitals impacted

Financial, Manufactured, Human, Intellectual

Associated risks

- Changing consumer preferences
- Industry consolidation
- Market volatility
- Product integrity



Urban Monthly Consumer Expenditure on
Food Products

07. ENABLING UPSTREAM SUPPLY CHAIN

Sound upstream supply management calls for securing reliable, high-quality, and cost-effective supply.

Goal

Besides managing supply quality, we focus on instituting rigorous quality controls, training programs,

standardisation, process improvement, make-or-buy decision-making, and deploy digital technologies for forecasting in sales and operational planning.

Achievement

We do this in order to boost supply chain efficiencies and keep close tabs on the complex and dynamic regulatory environment.

Capitals impacted

Financial, Manufactured, Human, Intellectual

Associated risks

- Industry consolidation
- Market volatility

It's Far More Than a Game

The Company organised an internal corporate cricket match, Heritage Premier League, for the first time in its history. The League commenced on December 14, 2019, with 8 teams and ended on January 4, 2020. It was a fun-filled event inspiring the participants to stay committed to their ultimate mission. It provided the employees with a formal platform to unleash the cricket enthusiasts within them.

Opening ceremony

There was an opening speech at the ceremony to celebrate the employees' association with the Company, and their zeal and vivacity. A warm welcome was extended to all the participants and to the officials who turned the idea of the League into reality. The League organisers also encouraged the players by asserting that each player was excellent in his/her personal capacity.





Closing ceremony

At the end of the League's final match, there was a closing ceremony, which stated how this had been a spectacular HPL cricket event, from the stunning opening ceremony to the carnival-like atmosphere till the last day. At the finals, it was Team Alpenvie Raisers that emerged victorious, while Team Ghee Hitters was the runner-up. Congratulations poured in for both the finalist teams. The tournament was fantastically well supported by the Company leadership and the employees. Their complete commitment and unstinting co-operation led to the event's great success.

Our Cricket Teams

TEAM A	Milk Warriors	POOL A
TEAM B	Icecream Fighters	
TEAM C	Curd Riders	
TEAM D	Lassi Glorious	
TEAM E	Butter Blasters	POOL B
TEAM F	Paneer Panthers	
TEAM G	Ghee Hitters	
TEAM H	Alpenvie Raisers	

Committees formed

Umpires
 Selection Committee
 Food Committee
 Score Board Committee
 Transportation & Admin Committee
 Music Committee
 First Aid Team
 Commentary Team

Corporate lessons from cricket

Physical fitness
 Team work
 Strategising
 Learning to utilise existing resources
 Encouraging multi-skilling
 Managing egos, pressure, failure, success
 Keeping personal adversity separate from professional work

Helping Farmers Improve Cattle Productivity

At Heritage Nutrivet, our endeavour is to provide cattle feed to milch animals and take care of their overall health and immunity. Our simple objective behind this is to help the livestock deliver more milk and improve their reproductive ability.

India is the world's largest producer and consumer of milk, with demand growing rapidly. In these circumstances, it is imperative for the dairy cattle to remain healthy and be given the right feed. With Heritage Nutrivet Limited, we have set up our own subsidiary for cattle feed production. It is one of the leading livestock feed and feed supplement players, which provides nutritional feed at subsidised rates. It caters to the cattle feed needs of over 3 lakh farmers in southern and western parts of India.

Specialised products

Our products contain protein, energy, minerals and vitamins in adequate quantity and proportion to meet the nutritional requirements of dairy cattle. Through our fully automatic manufacturing units at Hindupur and Mallavalli, we are developing cost-effective solutions that improve livestock health and develop farm productivity.

Supporting farmers

Through Heritage Nutrivet, we have been building awareness among dairy farmers in these regions to help them improve their production and profitability. We also closely associate with them to provide technical support and engage with them in knowledge-building activities.



Our key differentiators

a. Product speciality

Our cattle feed products are manufactured with a deep understanding of Indian feeding practices and breed, and the milk production levels of cows and buffaloes in India.

b. Capable team

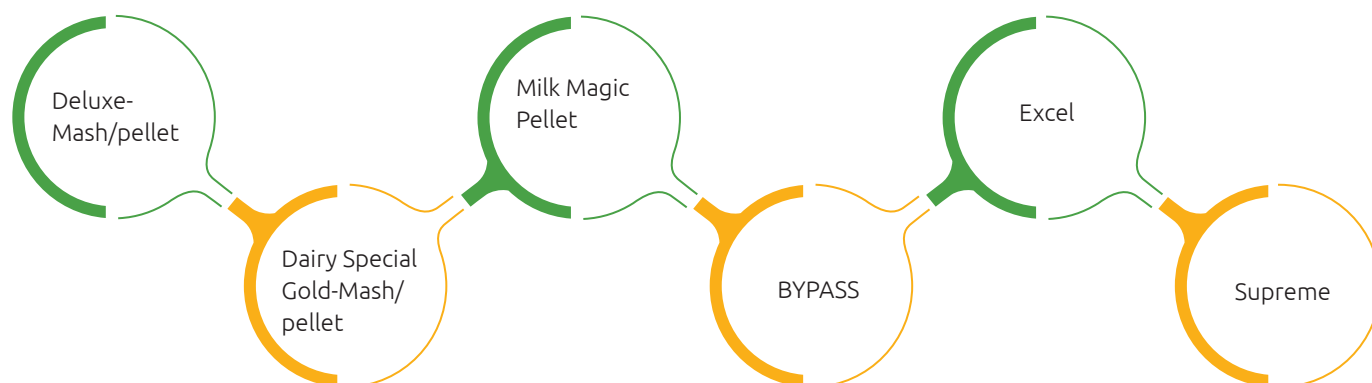
The quality of our products is maintained by a capable team that provides its expertise in ingredient sourcing and nutrition management. It is constantly working on formulations and palatability.

c. Research & development

We are continually investing in cutting-edge research and development to support our innovation pipeline.

Strengthening nutrition and supply chain

Our product portfolio



Financial Highlights

Turnover

₹ 103.85 Cr

in FY 19-20

₹ **73.76 Cr** in FY 18-19

EBITDA

₹ 4.80 Cr

in FY 19-20

₹ **2.03 Cr** in FY 18-19

PBT

₹ 0.70 Cr

in FY 19-20

₹ **0.37 Cr** in FY 18-19



Being People Positive

We understand that job-satisfied, highly motivated and loyal employees are the foundation of any competitive and growing organisation. Hence, our mission is to attract and nurture talent. We strive to build a highly-skilled and qualified workforce, supported by a safe and healthy work atmosphere.

At Heritage, we are guided by our vision of creating a better everyday life for people. We are constantly building a work culture based on sincerity, hard work and a pursuit of perfection. Despite competitive markets, we are making strides in talent management, diversity and employee engagement.

Working at Heritage

We strive to create a collaborative environment and a culture of shared ideas, developing expertise and advancing careers. We work together on technologies that will benefit future generations and set new standards in one of the world's most dynamic industries.

Hiring the best talent

Expanding our human capital pool is a constant endeavour. We achieve this by cultivating a company culture that attracts top talent and make efforts to retain them by treating all employees with respect and consideration at all times. We are also taking initiatives to strengthen our organisational culture, build talent capabilities, enhance connect with existing employees and potential talent and implement new governance standards aligned with global best practices.





Training and development

We foster our employees' well-being and develop their skills, and also hold regular training sessions to enhance their capabilities and knowledge base. Every year, the exceptional performance of employees is recognised, celebrated, and rewarded, motivating the entire workforce to achieve more.

Enhancing quality of HR capital

Going forward, we are confident that with our industrial expertise and competencies, we are moving closer towards attaining business excellence. A key emphasis at Heritage is on enhancing the quality of our human resource capital. We achieve this by engaging our employees in a series of training programs. These are aimed at improving their skillsets through programs on quality control, safety awareness, induction and overall maintenance.



Engaging with employees

It is crucial for us to understand what motivates and engages our employees and how they perceive their work environment. Therefore, we encourage open and regular dialogue between managers and their team members, conduct surveys and offer a framework that ensures they feel comfortable to speak up, raise concerns and are empowered to initiate improvements.

Corporate Information

BOARD OF DIRECTORS

Mr. D Seetharamaiah

Non-Executive Independent Chairperson

(Resigned from Board on 01.07.2020 and expired on 19.07.2020)

Mr. N Sri Vishnu Raju

Non-Executive Independent Director

Mr. Rajesh Thakur Ahuja

Non-Executive Independent Director

Mrs. Aparna Surabhi

Non-Executive Independent Director

Dr. V Nagaraja Naidu

Non-Executive Director

Mrs. Nara Bhuvaneswari

Vice Chairperson & Managing Director

Mrs. Brahmani Nara

Executive Director

SENIOR MANAGEMENT

CA A Prabhakara Naidu

Chief Financial Officer

CS Umakanta Barik

Company Secretary and
Compliance Officer

Dr. M Sambasiva Rao

President

Mr. J Sambamurthy

Head – Dairy Division

BOARD COMMITTEES

Audit Committee

Mr. N Sri Vishnu Raju, Chairperson
Till August 29, 2019

Mrs. Aparna Surabhi, Chairperson
w.e.f. August 30, 2019

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

Stakeholder's 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, Fax: 23318090
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 - 500 016

Internal Auditors

M/s. J V S L & Associates,
Chartered Accountants – Hyderabad

M/s. K S Rao & Co,
Chartered Accountants – Hyderabad

M/s. E Phalguna Kumar & Co,
Chartered Accountants – Tirupati

M/s. Ch Veerababu & Co.
Chartered Accountants – Guntur

M/s. D H.Rama Associates,
Chartered Accountants – Ananthapur

M/s. B V Rao & Co. LLP,
Chartered Accountants – Vizag

M/s. Rao & Shyam,
Chartered Accountants - Vizag

M/s. SBS and Company LLP,
Chartered Accountants - Nellore

M/s. Khire Khandekar & Kirloskar,
Chartered Accountants - Sangli

M/s. M N S & Co,
Chartered Accountants – Bengaluru

M/s. R. Raghunathan,
Chartered Accountants – Salem

M/s. K. M. Mohandass & Co,
Chartered Accountants – Chennai

M/s. S.C.Bapna Associates,
Chartered Accountants – Jaipur

M/s. Aarsh & Associates,
Chartered Accountants – Chandigarh

M/s. G M J & Co,
Chartered Accountants – Mumbai

M/s. Gupta Dua & Co,
Chartered Accountants – New Delhi

BANKERS CONSORTIUM

Bank of Baroda

Andhra Bank

ICICI Bank Limited

LISTING

BSE Limited, Mumbai

National Stock Exchange of India Limited,
Mumbai

REGISTRAR AND TRANSFER AGENTS

Kfin Technologies Private Limited

CIN: U72400TG2017PTC117649

Karvy Selenium Building, Tower B,
Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad 500 032, Telangana

Notice to Shareholders

NOTICE is hereby given that the Twenty eight (28th) Annual General Meeting (AGM) of the members of Heritage Foods Limited will be held on Friday, August 28, 2020 at 10:30 a.m. (IST) through Video Conferencing ("VC")/ Other Audio- Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020, the Reports of the Board of Directors and Auditors' thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Standalone financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon, as circulated to the members be and are hereby considered and adopted."

and

- b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020, the Report of the Auditors' thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon, as circulated to the members be and are hereby considered and adopted."

2. Declaration of Dividend

To declare final dividend on equity shares at the rate of (50%) i.e. ₹ 2.50/- per Equity Share of face value of ₹ 5/- each for the Financial Year ended March 31, 2020 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT a dividend at the rate of (50%) i.e. Rs 2.50 (Two rupees and Fifty paise only) per equity share of face value of Rs 5/- (Five rupees) each fully paid-up Equity Shares of the Company, as recommended by the Board of Directors be and is hereby approved for the financial year ended March 31, 2020 and the same be paid out of the profits available for appropriation for the financial year ended March 31, 2020."

3. Re-appointment of Director

To appoint a Director in place of Dr. V Nagaraja Naidu (DIN: 00003728), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, Dr. V Nagaraja Naidu (DIN: 00003728), who retires by rotation at this meeting and being eligible, offers himself for re-appointment, be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Website: www.heritagefoods.in
Tel.: +91-40-23391221/2
Fax: +91-40-23318090
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

UMAKANTA BARIK

Company Secretary &
Compliance Officer
M. No: FCS-6317

Notes

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular No. 20/2020 dated May 5, 2020 read together with circulars No. 14/2020 dated April 8, 2020 and No. 17/2020 dated April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020. permitted to convene the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars read with SEBI Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and the proxy need not be a member of the Company. Since, this AGM is being held through VC / OAVM in pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members shall not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed hereto.
3. Since, the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
4. In terms of the provisions of Section 152 of the Companies Act, 2013 and rules made thereunder, Dr. V Nagaraja Naidu (DIN: 00003728), Non-Executive Director, liable to retire by rotation at the Meeting and offers himself for re-appointment. The Board of Directors of the Company recommend his re-appointment.
5. Pursuant to Regulations 26(4) and 36(3) of SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015, Section 160 of the Companies Act, 2013 and Secretarial Standards on General Meetings (SS-2), details in respect of Directors seeking appointment/reappointment of Directorship at 28th AGM of the Company to be held on Friday, August 28, 2020 are provided in Annexure 1 of this Notice.
6. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of SEBI Listing Regulations, SS-2 (Secretarial Standard on General Meeting) issued by the Institute of Company Secretaries of India ("ICSI") and the provisions of the MCA Circulars and SEBI Circular, and any amendments thereto, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast their vote through Remote e-Voting. For this purpose, the Company has engaged the services of its Registrar and Share Transfer Agent (RTA) viz. KFin Technologies Private Limited (CIN: U72400TG2017PTC117649), ("KFinTech") Selenium Building, Tower B, Plot No. 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana, India and have made necessary arrangements with RTA to facilitate E-voting. In terms of the MCA & SEBI Circulars, voting can be done only by Remote E-voting/ E-voting. The Members are advised to use the E-voting procedure, as provided in the Notice.
7. a) The Company has notified closure of Register of Members and Share Transfer Books from Friday, August 21, 2020 to Friday, August 28, 2020 (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 on Friday, September 04, 2020. The dispatch of dividend warrants may take sometime due to COVID-19 pandemic.
8. M/s. Walker Chandio & 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.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. As per the MCA Circulars and SEBI Circular a hard copy of the statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 and Regulations 36 (1)(b) and (c) of the SEBI (LO&DR) Regulations, 2015 are dispensed with. The notice of the AGM along with the 28th Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and 28th Annual Report 2019-20 will also be available on the Company's website i.e. www.heritagefoods.in, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of Company's Registrar and Transfer Agent, KFin Technologies Private Limited ("KFinTech") at [https:// evoting.karvy.com](https://evoting.karvy.com)
10. For receiving all communication (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at hfl@heritagefoods.in or to KFinTech at einward.ris@kfintech.com.
 - b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant(DP).

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

11. The Company will provide VC / OAVM facility to its Members for participating at the AGM.
 - a) Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials.

Members are requested to follow the procedure given below:
 - i. Launch internet browser (chrome/firefox/safari/explorer) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password)
 - iii. After logging in, click on "Video Conference" option

- iv. Then click on camera icon appearing against AGM event of Heritage Foods Limited to attend the Meeting.

- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.

Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be opened during Tuesday, August 25, 2020 to Thursday, August 27, 2020. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

- c) Members will be allowed to attend the AGM through VC / OAVM on first come, first serve basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 28th AGM without any restriction on account of first-come-first-serve principle.
- d) Members may join the 28th AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 10:00 a.m. (IST) i.e. 30 minutes before the time scheduled to start the 28th AGM and shall be kept open throughout the proceedings of the AGM.
- e) Members who need any assistance before or during the AGM, can contact KFinTech on emeetings@kfintech.com or call on toll free numbers 1800-345-4001 . Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications

12. In case of joint holders attending the Meeting, only such joint holder who entitled to vote at the AGM

13. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

14. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:

15. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of SEBI Listing Regulations, the Company is providing to its members facility to exercise their right to vote on resolution(s) proposed to be passed at 28th AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting").

Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

The Company has engaged the services of KFinTech as the agency to provide electronic voting facility.

The Board of Directors of the Company has appointed Mrs. Savita Jyoti, Partner of M/s. Savita Jyoti Associates, Practicing Company Secretaries (M No: FCS -3738, CP No: 1796), as Scrutinizer to scrutinise the electronic voting and Insta Poll process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose and Scrutinizer's decision on the validity of the E-voting will be final.

The manner of voting remotely by members holding shares in

- dematerialized mode,
- physical mode and
- for members who have not registered their email addresses is provided in the instructions given below.

A. Information and instructions relating to Remote E-Voting are as under:

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

Commencement of remote e-voting:	From 9.00 a.m. (IST) on August 25, 2020
End of remote e-voting:	Up to 5.00 p.m. (IST) on August 27, 2020

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

Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to his share in the paid-up equity share capital of the Company as on the cut-off date, i.e., Friday, August 21, 2020.

B. Information and instructions relating to Electronic Voting are as under:

- i. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- ii. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".
- iii. 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 21, 2020 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person who is not a member as on the cut-off date, should treat the Notice for information purpose only.
- iv. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from KFinTech in the manner as mentioned below:
 - (a) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - (b) Member may call on KFinTech's toll-free numbers 1800-345-4001 (from 9:00 a.m. to 6:00 p.m.)
 - (c) Member may send an e-mail request to ris@kfintech.com, If the member is already registered with KFinTech's e-voting platform, then he can use his existing password for logging in.

- v. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

C. Voting through electronic means

- i. The instructions and other information relating to E-voting are as under:

A. In case a Member receiving an e-mail from Kfintech [for Members whose e-mail IDs are registered with the Company/ Depository Participant(s)]:

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>
- ii. Enter the login credentials, i.e. user-id & password, mentioned in the email forwarded through the electronic notice:

User ID	For Member(s) / beneficial owner(s) holding shares in demat form:- a. For NSDL:- 8 characters DP ID followed by 8 digits Client ID b. For CDSL:- 16 digits Beneficiary ID c. For Member(s) holding shares in physical form:- (EVEN) followed by Folio Number registered with the Company
Password	Your Unique password is printed on the AGM Notice/ Electronic notice forwarded through 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

- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail id, 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.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT". Please select EVENT of 'Heritage Foods Limited'.
- vii. 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. If the member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/ demat accounts.
- ix. 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".
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify. Once you confirm, you will not be allowed to modify or change the votes cast.
- xii. 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/ 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 with a copy marked to hfl@heritagefoods.in. The file scanned image/pdf file should be in the naming format "Corporate Name". The documents should reach the Scrutinizer on or before Thursday, August 27, 2020 by 05:00 p.m. (IST).

B. In case of Members of the Company have not registered their e-mail address:

Members who have not yet registered their e-mail address are requested to get their e-mail addresses registered by following the procedure given below:

1. Members holding shares in physical mode, who have not registered their e-mail address and in consequence could not receive the E-voting notice may temporarily get their e-mail registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by following the registration process as mentioned below:

Electronic folios:

- (a) Visit the link https://ris.kfintech.com/email_registration
- (b) Select the company name i.e. Heritage Foods Limited.
- (c) Member to enter DPID-CLID / Folio No. and PAN.
- (d) Member to enter the e-mail id and Mobile No.
- (e) System check the authenticity of the client id and PAN and send the different OTPs to Mobile and e-mail to Validate.
- (f) Member to enter the OTPs received by SMS and e-mail to complete the validation process. (OTPs will be valid for 5 min. Only).
- (g) System confirms the e-mail id for the limited purpose of serviced AGM notice.
- (h) System will send the notice & procedure for E-voting to the e-mail given by Member.

Physical folios:

- (a) Visit the link https://ris.kfintech.com/email_registration
- (b) Select company name i.e. Heritage Foods Limited.
- (c) Member to enter physical Folio No and PAN.
- (d) If PAN is not available in the records, Member to enter one of the Certificate No.
- (e) Member to enter the e-mail id and Mobile No.
- (f) System check the authenticity of the Folio No. and PAN/ Certificate No. and send the different OTPs to Mobile and e-mail to Validate.
- (g) Member to enter the OTPs received by SMS and e-mail to complete the validation process. (OTPs will be valid for 5 min. Only).
- (h) If PAN is not available in the records, system will

prompt to upload the duly signed scan copy of the PAN.

- (i) System confirm the registration of e-mail id.
- (j) System will send the notice & procedure for E-voting to the e-mail given by Member.

Post successful registration of the e-mail, the Member would get soft copy of the notice and the procedure for E-voting along with the User ID and the Password to enable E-voting for this AGM. In case of any queries, Member may write to einward.ris@kfintech.com.

2. It is clarified that for permanent registration of e-mail address, the Members are however requested to register their e-mail address, in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, (Unit: Heritage Foods Limited), Selenium Building, Tower B, Plot No. 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana, India by following due procedure.
3. Those Members who have already registered their e-mail address are requested to keep their e-mail addresses validated with their Depository Participants/ the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited to enable servicing of notices/ documents/ Annual Reports electronically to their e-mail address.
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending further communication(s).
5. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
6. In case of any query/ grievance pertaining to E-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> or contact Ms. C Shobha Anand, Deputy General Manager at KFin Technologies Private Limited [Unit: Heritage Foods Limited], Selenium Building, Tower B, Plot No. 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana, India, e-mail: einward.ris@kfintech.com, Contact No.: +91 40 67162222, Fax: +91 40 23001153 and Toll Free No.: 1800 345 4001.
7. Facility to cast vote through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the Meeting.

8. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairperson. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: www.heritagefoods.in and on the website of KFinTech at: <https://evoting.karvy.com>. The result will simultaneously be communicated to the stock exchanges, where the shares of the company are listed.
9. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Friday, August 28, 2020.
18. The Company has notified closure of Register of Members and Share Transfer Books from Friday, August 21, 2020 to Friday, August 28, 2020 (both days inclusive) for determining the names of member(s) eligible for dividend on Equity Shares, if declared at the Meeting.
19. As per relevant Circulars, payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the shareholders who have not updated their bank account details, after normalisation of the postal services. To avoid delay in receiving dividend, shareholders are requested to update their bank account details with their Depository Participants in case securities are held in demat mode and shareholders holding securities in physical form should send a request for updating their bank details to the Company's Registrar & Share Transfer Agents

PROCEDURE FOR INSPECTION OF DOCUMENTS:

16. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.

All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to hfl@heritagefoods.in

Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Thursday, August 20, 2020 through email on hfl@heritagefoods.in. The same will be replied by the Company suitably.
20. Payment of Dividend shall be subject to deduction of tax at source (TDS) at applicable rates as notified by the Government of India.
21. Manner of registering mandate for receiving Dividend:
 - (a) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
 - (b) with the Company / KFinTech by clicking on <https://karisma.kfintech.com/shareholders> or by emailing at hfl@heritagefoods.in or einward.ris@kfintech.com, if shares are held in physical mode, by submitting scanned copy of the (i) signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf. In case shares are held in dematerialised mode, details in a form prescribed by your Depository Participant may also be required to be furnished.

DIVIDEND RELATED INFORMATION

17. The Board of Directors recommended a final dividend on equity shares at the rate of (50%) i.e. ₹ 2.50/- per Equity Share of face value of ₹ 5/- each for the Financial Year ended on March 31, 2020, subject to approval of the Members at the AGM, the dividend will be paid on Friday, September 04, 2020, to the Members whose names appear on the Company's Register of Members as on the Record Date and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
22. Pursuant to the amendments introduced by the Finance Act, 2020 the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders w.e.f. 1st April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed ₹ 5,000/-, The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company as follows

A. RESIDENT SHAREHOLDERS:

A.1 Tax Deductible at Source for Resident Shareholders

Sl No	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

A.2 No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no.4 of the below table with the Company / Kfintech

Sl No	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions
2	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4	Category I and II Alternative investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5	<ul style="list-style-type: none"> Recognised provident funds Approved superannuation fund Approved gratuity fund 	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6	National Pension Scheme	NIL	No TDS as per = section 197A (1E) of Income Tax Act, 1961

B. NON-RESIDENT SHAREHOLDERS:

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in row no.4 of the below table with the Company / RTA.

Sl No	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate
2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: i. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received ii. PAN iii. Form 10F filled & duly signed iv. Self-declaration for non-existence of permanent establishment/ fixed base in India (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)
3	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

Notes:

- The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / Kfintech post payment of the dividend. Shareholders will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded on the link <https://ris.kfintech.com/form15/> on or before August 24, 2020 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post August 24, 2020 shall not be considered.

- (iii) Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / RTA.
- (iv) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund.
- (v) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- (vi) This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

IEPF RELATED INFORMATION:

- 23.** Znt. 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, 2019 (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, 2020	
			Amount outstanding (₹ in Rupees)	No of Shares
2012-13	17-07-2013	19-08-2020	13,02,991	434330
2013-14	26-09-2014	29-10-2021	26,85,012	895004
2014-15	24-09-2015	28-10-2022	23,00,142	766714
2015-16	19-08-2016	22-09-2023	1,797,153	599051
2016-17	23-08-2017	25-09-2024	3,465,584	866396
2017-18	30-08-2018	02-10-2025	1,583,812	791906
2018-19	30-08-2019	02-10-2026	1,510,088	755044

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 20,900 equity shares belongs to 29 shareholders of the company to Investor Education and Protection fund Authority (IEPF) on December 09, 2019 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 2012-13 shall be transferred to the Investor Education and Protection Fund during the financial year 2020-21. The shareholders who have not claimed their dividend are requested to claim it as the earliest possible.

Details of shares so far transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <https://www.heritagefoods.in/iepf>

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.

OTHER INFORMATION

- 24.** Members holding shares in physical mode are:

- a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / KFinTech at <https://karisma.kfintech.com/> shareholders, if not registered with the Company/ KFinTech, as mandated by SEBI by writing to the Company at hfl@heritagefoods.in or to KFinTech at einward.ris@kfintech.com along with the details of folio no., self- attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
- b) advised to register nomination in respect of their shareholding in the Company.

- 25.** Members holding shares in electronic mode are:

- a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
- b) advised to contact their respective DPs for registering nomination.

- 26.** Non-Resident Indian members are requested to inform KFinTech / respective DPs, immediately of:

- a) Change in their residential status on return to India for permanent settlement.

- b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
27. 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. [KFin Technologies Private Limited ("KFin")] 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).
28. 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 / RTA.
29. 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. 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.

30. Members may also note that the 28th Annual Report for the financial year 2019-20 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

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Website: www.heritagefoods.in
Tel.: +91-40-23391221/2
Fax: +91-40-23318090
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

UMAKANTA BARIK

Company Secretary &
Compliance Officer
M. No: FCS-6317

ANNEXURE-1

Information of Director seeking re-appointment under Section 152 of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Requirements) Regulations, 2015 and Secretarial Standard-2

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 Appointment		05-06-1992			
Profile / Qualifications & Experience		Dr. V Nagaraja Naidu, 73 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 10years.			
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.			
		Company Type		Name	
List of Directorships held in other Companies/ LLP as on 31/03/2020*		Private Limited Companies		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 on31/03/2020*		Nil			
Shareholding in the Company		1,01,250 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.					

By Order of the Board of Directors

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Website: www.heritagefoods.in
Tel.: +91-40-23391221/2
Fax: +91-40-23318090
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

UMAKANTA BARIK

Company Secretary &
Compliance Officer
M. No: FCS-6317

Director's Report

To the members,

Your Directors have a great pleasure in presenting the 28th Annual Report together with the Standalone & Consolidated Audited Financial Statements of your Company for the Financial Year ended March 31, 2020.

Financial Results

(₹ in Lakhs)

Particulars	Standalone	
	FY 2019-20	FY 2018-19
Net Sales	2,67,959.37	2,47,946.42
Other Operating Income	151.26	288.51
Total Revenue	2,68,110.63	2,48,234.93
Add: i) Other Income	832.39	1,109.60
ii) Gain due to changes in fair value of derivative Liability	29,448.87	13,109.85
Total Income	2,98,391.89	2,62,454.38
Less: i) Total Expenditure	2,54,814.66	2,30,036.03
ii) Fair value loss on FVTPL equity securities	51,160.56	13,109.85
Profit before Finance cost, Depreciation, Amortisation Expenses and Tax	(7,583.33)	19,308.50
Less: i) Finance cost	2,080.72	2,068.64
ii) Depreciation and Amortisation Expenses	4,803.59	4,371.04
Profit/(Loss) before tax	(14,467.64)	12,868.82
Less: i) Provision for current Tax (including Taxation of earlier years)	1,850.47	4,228.00
ii) Provision for deferred taxation	(317.67)	296.63
Profit/(Loss) after tax	(16,000.44)	8,344.19

Performance of the Company

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 2,68,111 Lakhs, achieved an increase of 8.01% over the previous year. The profit/(loss) before Finance Cost, depreciation & amortization and tax was of ₹ (7,583) Lakhs as against ₹ 19,308 Lakhs in the previous year.

Your Company has complied with all the acts, rules, regulations and guidelines issued/prescribed by the Securities Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs and other statutory authorities.

Transfer to General Reserves

Your Directors do not propose to transfer any amount to general reserves for the financial year ended March 31, 2020.

Dividend

Your Directors have pleasure in recommending a dividend of

(50%) i.e. ₹ 2.50/- per equity share of face value of ₹ 5/- each for the financial year ended March 31, 2020, amounting to ₹ 1159.95 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 21, 2020 to Friday, August 28, 2020 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2020. The Annual General Meeting is scheduled to be held on August 28, 2020. The dividend payout for the year under review has been finalized in accordance with the company's dividend distribution policy 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.

Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has formulated and adopted a Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Company. During the year, the said Policy has been reviewed by the Board of Directors of the Company and hosted on the website of the Company at [https://www.heritagefoods.in/uploads/investors/pdf/15579009416hfl-dividend distribution policy.pdf](https://www.heritagefoods.in/uploads/investors/pdf/15579009416hfl-dividend%20distribution%20policy.pdf)

Share Capital

The paid up Equity Share Capital as on March 31, 2020 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, 2020, none of the Directors or the Company holds any instruments convertible into equity shares of the Company.

Deposits

Your Company has not accepted any deposits from the Directors/ Shareholders/Public pursuant to Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, and there are no unpaid/unclaimed deposits nor amount of principal or interest on public deposits was outstanding as on the Balance Sheet date.

Buy Back of shares and disinvestment

The Company has not bought back any of its securities and there were no disinvestment during the Financial Year ended March 31, 2020.

Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the standalone financial statements provided in this Annual Report. However the Board has given corporate guarantee as at 31st March, 2020 of ₹ 2675/- Lakhs for the credit facilities availed by its wholly owned subsidiary Company namely M/s. Heritage Nutrivet Limited (the outstanding as on March 31, 2020 was ₹ 2049/- Lakhs) and ₹ 2200/- Lakhs for the credit facilities availed by its joint venture Company namely Heritage Novandie Foods Private Limited (the outstanding as on March 31, 2020 was ₹ 580/- Lakhs).

Particulars of Contract or Arrangements made with Related Parties

The particulars of contracts or arrangements with related parties as per Section 188 of the Companies Act, 2013 and rules made thereof and as per the Related Party Transaction (RPT) policy the Company during the financial year ended March 31, 2020 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 Personnels 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 at their respective meetings for approval. All related party transactions entered during the year were in the ordinary course of business and on arms length basis. The details of the related party transactions during the year are part of the financial statements forming part of this 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, which occurred after the end of the financial year i.e., March 31, 2020 except the impact COVID-19, pandemic on the business operations of the Company as follows,

Impact of the CoVID-19 pandemic on the business;

The Company is categorised under "Essential Commodities" as per the notification issued by Ministry of Home Affairs (MHA) Govt. of India, for supply of Milk and Milk Products. The pandemic has not had any material adverse impact on the company's business, although the sales of milk and value-added products have come down because of the lockdown. Transportation has also been impacted initially to some extent due to absenteeism of drivers. All the milk supplied by farmers was procured and processed during the lockdown period. However, the

availability of raw materials and the supply chain of the company are not affected

The Company has taken conscious decision to balance uninterrupted operations and ensuring a safe working environment. To ensure this, some team members have been asked to report to work from their locations. The Company has also made necessary arrangements by obtaining passes from appropriate authorities as per the Guidelines issued by the Government of India and respective States, for vehicles and individuals and conducted proper sanitization of work place to ensure that staff were safe and comfortable at work place.

The rest of the staff have been asked to report to the workplace on alternate days based on their convenience, thereby ensuring seamless operations, reporting and controls. Your Company has complied the COVID-19 guideline issued by the Securities Exchange Board of India.

In view of the same and considering the MCA circulars, your Company be convening the 28th AGM through VC/OAVM without the physical presence of the members at a common venue. However the deemed venue for the AGM shall be the Registered Office of the Company.

Schedule, if any, for restarting the operations;

Since the Company's operations are fully functional, this question does not arise.

Steps taken to ensure smooth functioning of operations

The Company has put in place strict monitoring process for Covid-19 precautions ensuring the following

- Sanitizing the premises and vehicles on regular basis
- Maintenance of social distancing at all work places
- Enforcing wearing of masks and regular cleaning of hands with soap water
- Regular update of the health of all the employees and their families
- Thermal scanning all the employees while entering the office premises
- Asking all employees to install Aarogya Setu App

The Company has been regularly conducting awareness programs for all its employees. All employees of the Company have been communicated about the measures taken by the Company through mails and video conferencing calls which includes video-clip discussions from the desk of Vice Chairperson & Managing Director and Executive Director of the Company explaining about the steps required to be taken by individuals to maintain safety.

Estimation of the future impact of CoVID-19 on its operations;

As explained above, there has not been any material adverse impact on the Company's performance in terms of top-line and bottom-line. We expect further improvements as the Central & State Governments are taking initiatives for opening of the trade and commerce.

Capital and financial resources

The Company does not plan to raise any capital in the near future and hence there is no impact. Presently, the Company doesn't need any additional funding from Banks/ Financial Institutions. However, already sanctioned long-term loans and working capitals are honoured by the Banks/ Financial Institutions without any additional rate of interest and covenants

Profitability

As mentioned earlier, the profits are not adversely impacted. The transportation segment which acts as an enabler is marginally impacted. As of now, it can be concluded that the Covid-19 impact on profits will not be material

Liquidity position

The Company operates on cash-and-carry basis of its substantial business, however collection from some of the debtors has been impacted marginally with some of the customers requested for a deferred payment schedule which the company keeping in mind the long term relationship has accepted. The Company has been meeting all its financial obligations.

Ability to service debt and other assets /financing arrangements

The Company has not availed moratorium for any of its installment payments and has never defaulted on any interest or loan installment and does not see any issue meeting future obligations too. None of the assets of the Company have been impacted or impaired by the Covid-19.

Internal financial reporting and control

The Company has robust Internal Financial Control (IFC) system in place and all its locations are well networked with S4 Hana SAP System. Even during the lockdown with a combination of staff working from the plants and/ offices etc., and all others working from home, all reporting systems worked seamlessly without any disruption

Supply chain

Being the Company categorized under "essential commodities" by Central Government, there has been less impact of supply chain inward-and-outward. The situation

is although improving and we expect normal operations in this segment very soon.

Demand for its products/services

During the crisis, there has been no impact on the supplies though there was a drop in sales in absence of consumption out of home.

Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business

The Company is in a position to honor all agreements with its vendors and consumers. The vendors from whom the Company avails product or services, those are few in numbers and are not in any way impacted by the pandemic.

Repayment of Loan installments

The Company has been repaying all the loan instalments without any default. Even though Reserve Bank of India allowed for moratorium/ deferment of instalment payments, the Company didn't opt for it.

Payments to Employee

During the period, the Company has paid to all its working employees and none of the Employees were terminated from the services. The Company also covered all its employees' under various insurance policies

Payments to Suppliers/Creditors

During this period, the Company didn't default any of its payment to its suppliers/ creditors.

Contributed to Covid-19

Your Company has contributed ₹ 1,00,00,000 (Rupees One Crore only) towards fight against Covid-19 pandemic to the following State Govt Relief Fund/ Disaster Management Fund on 1st week of April 2020 out of its CSR Amount of FY 2020-21

- Chief Minister/Disaster Relief Fund Andhra Pradesh-Rs.30 Lakhs
- Chief Minister/Disaster Relief Fund Telangana-Rs.30 Lakhs
- Chief Minister/Disaster Relief Fund Karnataka-Rs.10 Lakhs
- Chief Minister/Disaster Relief Fund Tamil Nadu-Rs.10 Lakhs
- Chief Minister/Disaster Relief Fund Maharashtra-Rs.10 Lakhs
- Chief Minister/ Disaster Relief Fund Delhi-Rs.10 Lakhs

Variation in market capitalization

	As at March 31,		Increase /
	2020	2019	(decrease) in %
Market capitalization (₹ in Crore)	988.97	2527.07	(60.86)
Price earnings ratio	(6.18)	30.29	(122.98)

Note: Data based on share prices quoted on BSE

Management 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 provided in a separate section and forms an integral part of this Report.

Business Review

The Board of Directors noted on the loss before tax incurred by the Company, as reported in the Standalone & Consolidated Financial Statements for the Quarter and Year ended March 31, 2020, Profit & Loss impact was due to changes in the fair value of investment in equity shares of Future Retail Limited and fair value of corresponding derivative liabilities as per the Agreement entered with them and in accordance with Ind AS accounting principles as follows:

Financial Information

(₹ in lakhs)

Particulars	Standalone Year Ended		Consolidated Year Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit/(loss) before tax	(14,467.64)	12,868.82	(15,337.72)	12,752.40
Adjustments:				
Gain due to changes in the fair value of derivative liabilities	29,448.87	13,109.85	29,448.87	13,109.85
Loss due to changes in the FVTPL equity securities	(51,160.56)	(13,109.85)	(51,160.56)	(13,109.85)
Profit after above adjustments	7,244.05	12,868.82	6,373.97	12,752.40

Your Company has not changed its nature of business during the period under review. Your Company has Two Divisions in operation in different States in India as on March 31, 2020.

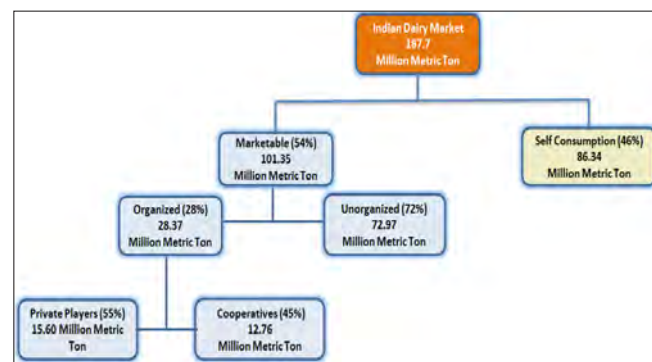
Dairy Business:

Indian Dairy Industry

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 country. 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 2019-20, 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 16% between FY 2019-20 and FY 2023-24.

Indian Dairy Market Structure



Source: IMARC

India: Dairy Market Forecast (in Billion INR)

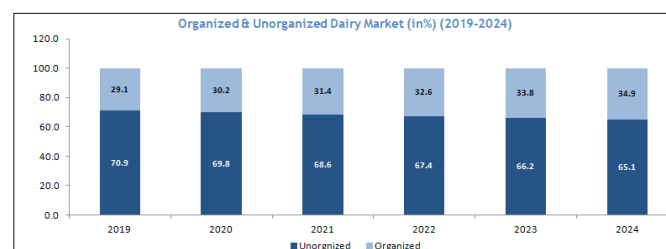
As per the research report by IMARC Group, it is estimated that the Indian dairy industry was worth a value of INR 10,527 Billion in 2019 and it anticipates the market to reach a value of INR 21,971 Billion by 2024, exhibiting a CAGR of around 16% during the 2019-2024.



Source: IMARC

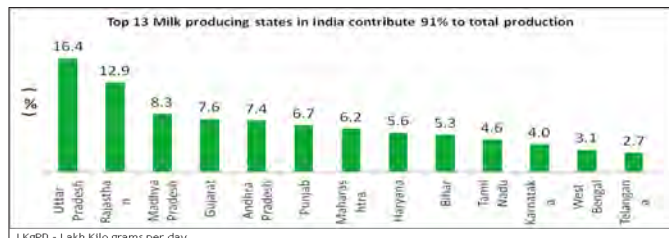
Organized & Unorganized Dairy Market in India

Being one of the primary dairy consumables in India, the demand increase for milk in the country is owed to the increasing population. As of FY 2019-20, ~81.1% of the Indian dairy and milk processing market was part of the unorganized sector.



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 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 role in the production of milk in the state.



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 curd, paneer, flavoured 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: 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 headon, proactive steps need to be taken to empower 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 etc.

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 expected 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 longer shelf life which makes the supply chain easier and cost effective.

The organised dairy sector is poised for healthy growth in coming years. Milk production CAGR of 5% over FY12-FY19 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 is 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, through a Joint Venture Company.

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 12 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, Uttar Pradesh and Haryana. The direct route of milk procurement enables it to maintain quality. The company also operates 188 bulk coolers, chilling plants and procures 13.77 lakh liters of milk per day. It operates 16 own processing plants with installed milk processing capacity of 25.70 lakh liters per day.

Your Company procures 13.77 lakh litres of milk daily from 3 lakh farmers across eight states. The 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 20.51 Lakhs LPD. After processing 11.10 lakh litres of milk is sold to about 15 lakh households on a daily basis and the remaining is converted into value added products and products are available across 11 states viz. Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Uttar Pradesh and Uttarakhand.

The Board of Directors expressed their satisfaction about the way company has handled the business during the period of COVID-19 outbreak. The initial period of the outbreak i.e. second half of March, 2020 the sales of the Company was reduced by 20%, the ice-cream/Frozen Dessert sale was insignificant, however other value added product sales has reduced marginally subsequently it has gone up. During the period of COVID-19 outbreak the procurement price of milk has come down and volum increased.

During the financial year 2019-20, Dairy Division has increased milk Chilling capacity by 0.50 lakh LPD by commissioning of 7 units which includes Bulk chilling units, Mini Chilling units and chilling centres.

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 was 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.

Renewable Energy Division of your Company had achieved the turnover of ₹ 939 Lakhs during the year under review

Subsidiary / Associate Companies

Your Company as on March 31, 2020 is having following subsidiary/associate/joint venture Companies:

Heritage Nutrivet Limited (CIN:U15400TG2008PLC062054)

A wholly owned Subsidiary Company operating with Animal Nutrition and one of the leading Live Stock Feed & Feed Supplements Company in Southern and Western India, covering over 3 lakh farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. Product quality is pivotal in endeavor towards "HEALTHY MILCH ANIMAL – HAPPY FARMER"

Skil Raigam Power (India) Ltd (CIN:U40102TG2009PLC063671)

A associate Company is under process to setup a hydro power plant at Raigam, in Arunachal Pradesh. Your Company is having 44.83% of shareholding in this Company.

Heritage Novandie Foods Pvt Ltd (CIN:U74999TG2017PTC120860)

A 50:50 Joint Venture Company between Heritage Foods Limited (HFL), Hyderabad, India and NOVANIDE, Maromme, France with an object to manufacture and market various types of Yoghurt and other dairy products in India. Heritage Novandie Foods Private Limited (HNFPL) is in the process of building its manufacturing facility in Palghar District, Maharashtra.

The details of transaction 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	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Total Income	10,458.63	7,403.82	-	-	11.46	1.89
Total Expenses	10,388.26	7,367.03	2.21	2.09	151.54	78.59
Profit/ (Loss) before tax	70.37	36.78	(2.21)	(2.09)	(140.08)	(76.70)
Tax expense Reversal of taxes of earlier years	-	-	-	-	-	-
Current tax expense	8.88	31.26	-	-	-	-
Deferred tax benefit	(5.87)	(89.58)	-	-	-	-
Profit/ (loss) for the year	67.36	95.11	(2.21)	(2.09)	(140.08)	(76.70)

During the financial year under review, your Company has not added/removed any subsidiaries, joint ventures or associate companies.

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 the website of your Company www.heritagefoods.in. These documents will also be available for inspection during the business hours of the Company at its 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 of 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

Your Company is working on new products development which is in line with the current consumer trend and our mission of bringing 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 2019-20 your Company has received the following awards and recognitions.

- The Company has been awarded as “Best Customer Service Provider of the Year” organized by India Food Safety Summit Awards 2019 in Delhi during December 2019
- The Company has been awarded as “Technology Innovator of the Year” organized by India Food Safety Summit Awards 2019 in Delhi during December 2019
- The Company has been awarded as “Most Integrated Company” at India Dairy Award 2020 organized by Agriculture Today Group in Delhi during January 2020.

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 program, 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 2019-20 was 3130

Investor Relationship

Your Company continuously strives for excellence in its Investor Relationship (IR) engagement with Domestic and International investors and has set up feedback mechanism to measure IR effectiveness. Structured conference calls and periodic investor/analyst interactions, participation in investor conferences, quarterly earnings calls and annual analyst meet with the Executive Director, President and Business Heads were organised during the year. Your Company always believes in leading from the front with emerging best practices in IR and building a relationship of mutual understanding with investor/analysts. Your Company ensures that relevant information about the Company is available to all the investors by uploading all such information at the Company’s website and the Stock Exchanges where the shares of the company are listed.

Credit Rating of Securities

The details of the credit rating are as follows:

- (a) Credit rating obtained in respect of debts : 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
 - ii. Short term Rating : CRISIL A1
- (c) Date on which the credit rating was obtained : 17th Aprl, 2020
- (d) Revision in the credit rating : No
- (e) Reasons provided by the rating agency for a downward revision : NA

Particulars of Employees and Related Disclosures

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. 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 are provided in Annexure 2A & Annexure 2B to this 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 believes 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 Eight (8) 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, 2020, the Board consists of 7 members, 2 of them are Executive/Whole-time directors, 1 is Non-Executive Director, 1 is Non-Executive Independent Woman Director and 3 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 as provided under Subsection (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 from Directors

Your Company has received necessary declaration from all directors stating that they are not debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Declaration by Independent Directors

Your Company has received necessary declaration from each independent director stating that they meet the criteria prescribed for independence under Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Board has confirmed its veracity and taken the same on record.

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 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 Directors:

- 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. The detailed format of Board evaluation is available in the website of the Company i.e. https://www.heritagefoods.in/uploads/investors/pdf/15870145475Board_&_Director_Evaluation_Framework.pdf

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 reappointment at the ensuing Annual General Meeting as per the provisions of Section 152 of the Companies Act 2013 and other applicable provisions, if any, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force) and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Retirements and Resignations

During the year none of the Directors retired or 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

Committees of the Board

Currently, the Board has six committees i.e. 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	Mrs. Aparna Surabhi (C) Mr. D Seetharamaiah (M) Mr. Rajesh Thakur Ahuja (M) Mr. N Sri Vishnu Raju (M) Dr V Nagaraja Naidu (M)	<ul style="list-style-type: none"> 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 (C) Mr. D Seetharamaiah (M) Mr. Rajesh Thakur Ahuja (M)	<ul style="list-style-type: none"> 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 (C) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M)	<ul style="list-style-type: none"> 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 (C) Mr. D Seetharamaiah (M) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M)	<ul style="list-style-type: none"> 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 (C) Mr. D Seetharamaiah (M) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M)	<ul style="list-style-type: none"> 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 (C) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M)	<ul style="list-style-type: none"> 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.

C- Chairperson

M-Member

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/Corporate/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 availed the mechanism and also provides for direct access to the Chairperson of the Audit Committee.	https://www.heritagefoods.in/uploads/investors/pdf/15578994930whistle-blower-policy.pdf

Name of the policy	Brief description	Web link
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 Persons 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/15578999759code-of-practices.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-materialityevents.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-dividenddistribution-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-materialityevents.pdf

Auditor's & Auditor's 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 held in the year 2017, approved the appointment of M/s. Walker Chandio & 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 are empowered to fix the remuneration of the Statutory Auditor on yearly basis.

The Audit reports issued by M/s. Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors on the Company's standalone and consolidated financial statements for the financial year ended 2019-20 is part of the Annual Report. There has been no qualification, reservation or adverse remark 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 accounting 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 and the appointment of Cost Auditor is not applicable.

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, M.No.3738), Secunderabad - 500 094 for the financial year 2019-20. The Report issued 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 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, M.No.3738), Secunderabad - 500 094 as the Secretarial Auditors of the Company in relation to the financial year 2020-21. 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, M.No.3738), Secunderabad - 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, M.No.3738), Secunderabad - 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.

You Company also has obtained a secretarial Audit Report of its wholly owned subsidiary company namely Heritage Nutrivet Limited from Mrs. Khushboo Laxmi Bhagat, Partner of M/s. KLB & Associates, Practicing Company Secretary (CP No:14703, M.No.9376), Hyderabad- 500016 which is annexed as Annexure-3(iii) and forms part of the Annual Report.

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, New Delhi and that such systems are adequate and operating effectively.

Internal Auditors

The Company has external firms of Chartered Accountants across India acting as internal auditors that review internal controls and operating systems and procedures as per the scope of there audit. The Internal Audit Reports of the company are reviewed by the Audit Committee on monthly basis. The Internal Auditors across the company sends the quarterly audit observation to the Audit committee of the Board of Director and the same were presented quarterly by the lead internal auditor of the Company namely Mr. J Venkateswarulu, Partner of M/s. JVSL Associates, Chartered Accountants Hyderabad. The Audit Committee along with Statutory Auditors and the management of the Company were meets all Internal Auditors of the Company once in a year to review the internal control and its adequacy. The Board of Directors on recommendation of the Audit Committee has appointed/re-appointed the Internal Auditors of your Company every year in compliance with Section 138 of the Act read with the Companies (Accounts) Rules, 2014. The detail list of Internal Auditors were provided in the corporate information section in the Annual Report.

Listing and Custodian Fees

The equity shares of your Company were listed at BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The applicable annual listing fees were paid before the due date. The annual custodian fees has also been paid to the depositories before the due date.

Significant Material Orders Passed by the Regulators

There were no significant material orders passed by any Regulators/Courts that would impact the going concern status of the Company and its future operations.

Extracts of Annual Return

An Extract of Annual Return in Form MGT-9 as per the provisions of Section 92 (3) and Section 134(3) of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 as amended from time to time, 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

The Board has inter alia reviewed the adequacy and effectiveness of the Company's internal financial controls relating to its financial statements.

The Board has discussed with the Management of the Company the major financial risk exposures and the steps taken by it to monitor and control such exposures, overseen and reviewed the functioning of the Whistle Blower Mechanism and the findings in respect of the investigations conducted on frauds if any, which were material in nature and the actions taken by the Management, in this regard.

Your Company 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 financial information.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed by the consultant appointed by the Board of Directors and Statutory Auditors of the company

During the year no fraud by the Company or on the Company by its officers or employees has been noticed 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 the locations of the Company. Your Company has an Audit Committee consisting of Four Non-Executive Independent

Directors and one Non-Executive Director. 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.

Declaration as per Section 134(3)(ca) of the Companies Act, 2013

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, 2013 and rules made thereof. Therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

CEO & 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 forms part of this Annual Report.

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 and has constituted a Corporate Social Responsibility Committee ("CSR Committee") in accordance with Section 135 of the Companies Act, 2013.

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 promoting and preventive of health care 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. The Report as required under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 on CSR activities is set out as Annexure-5 forming part of the Board's Report and the Policy has been uploaded on the Company's website at www.heritagefoods.in.

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 1,63,714	No of Cattle Health Camps Organized 2,590
No of Artificial Inseminations 1,255	No of Video Films Shown 2,486

Business Responsibility Report (BRR)

Pursuant to regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, top 500 listed entities based on their market capitalisation as on 31st March every year, are required to submit their Business Responsibility Report (BRR) as a part of their Annual Report. 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 ₹11,13,714/- (Eleven Lakhs Thirteen Thousand Seven Hundred Forteen Only) for the year 2011-12 was transferred to the Investor Education and Protection Fund during the financial year 2019-20.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 20,900 equity shares belongs to 29 shareholders of the company to Investor Education and Protection fund Authority (IEPF) on December 09, 2019 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 2012-13 shall be transferred to the Investor Education and Protection Fund during the financial year 2020-21.

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, 2020	
			Amount outstanding (Rs. in Rupees)	No of Shares
2012-13	17-07-2013	19-08-2020	13,02,991	434330
2013-14	26-09-2014	29-10-2021	26,85,012	895004
2014-15	24-09-2015	28-10-2022	23,00,142	766714
2015-16	19-08-2016	22-09-2023	1,797,153	599051
2016-17	23-08-2017	25-09-2024	3,465,584	866396
2017-18	30-08-2018	02-10-2025	1,583,812	791906
2018-19	30-08-2019	02-10-2026	1,510,088	755044

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. The frequented asked questions (FAQ) about claim is attached in the annual report for benefit the shareholders.

Mr. Umakanta Barik is the Nodal Officer who was 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 wide 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 kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Risk Management Procedure shall 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 always believed in providing a safe and harassment free workplace for every women working in Company's premises, through various interventions and practices. 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 in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. No complaint have been received during the Financial Year ended March 31, 2020. No personnel have been denied access to the Audit Committee.

The details of said vigil mechanism are given in Corporate Governance Report, which forms part of this Annual Report. A copy of the Whistle Blower Policy is available in the company's website i.e. 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 standalone and consolidated financial statements of the Company, forming part of the Annual Report, 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").

Prevention of Insider Trading Code

As per SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time, 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 of conduct 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) & (5) of the Companies Act, 2013.

The financial statements are prepared in accordance with the provision of Section 129 of the Companies Act, 2013 read with Schedule III of the Companies Act, 2013 and the rules made thereof, Ind-AS and Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except the sale proceeds received under REC Mechanism of the Renewable Energy. 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 Board Directors to the best of their knowledge and understand confirm that:

- In the preparation of the annual accounts (Standalone & Consolidated) for the financial year 2019-20, the 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 2019-20 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 if any,
- The annual accounts of the company have been prepared 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 and Appreciation

The Directors regrets the loss of life due to Covid-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Board takes this opportunity to thank all consumers, customers, 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 for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader. 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

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

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 basis : Nil

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2020, which were not at arms length basis.

Details of contracts or arrangement or transactions at arms length basis :

Sr. No.	Name(s) of the related party	Nature of Relationship	Transactions with Related Parties	Value of contracts/ arrangements/ transactions during the Year (₹ In Lakhs)	Duration of contracts/ arrangements/ transactions
1	Heritage Nutrivet Limited	Wholly Owned Subsidiary Company	Investment made	760.00	Not Applicable
			Sale of products	23.54	
			Financial guarantee income	23.39	
			Purchases	5,453.37	
			Lease rental income	18.27	
			Purchase of Property, plant and Equipment	3.65	
			Expenditure incurred on behalf of HNL	7.69	
2	Heritage Novandie Foods Private Limited	Joint Venture Company	Financial guarantee income	2.44	Not Applicable
			Lease rental income	9.54	
			Rent deposit received	4.50	
			Reimbursement of insurance proceeds received on behalf of HNFPL	0.18	
			Expenditure incurred on behalf of HNFPL	0.97	
3	Heritage Farmers Welfare Trust	Enterprises in which Key Managerial Persons exercise significant influence.	Lease rental income	1.27	Not Applicable
			Expenditure incurred on behalf of HFWT	0.42	
4	Heritage Finlease Limited	Enterprises in which Key Managerial Persons exercise significant influence.	Dividend received	4.00	Not Applicable
			Remittance of dairy loan proceeds collected on behalf of Heritage Finlease Limited	7,373.90	
			Disbursement of loans to employees of the Company	96.80	
			Loan facilitation charges	15.43	

Sr. No.	Name(s) of the related party	Nature of Relationship	Transactions with Related Parties	Value of contracts/ arrangements/ transactions during the Year (₹ In Lakhs)	Duration of contracts/ arrangements/ transactions
5	Nirvana Holdings Private Limited	Enterprises in which Key Managerial Persons exercise significant influence and 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.	Implementing agency for CSR activities	222.75	Not Applicable
7	Mrs. N. Bhuvaneswari	Key Managerial personnel (Vice Chairperson and Managing Director)	Short-term employee benefits	399.33	Not Applicable
			Post-employment benefits	12.96	
			Other long-term benefits	8.65	
8	Mrs. N. Brahmani	Key Managerial personnel (Executive Director)	Short-term employee benefits	319.47	Not Applicable
			Post-employment benefits	6.48	
9	Dr. M. Sambasiva Rao	Key Managerial personnel (President)	Short-term employee benefits	219.21	Not Applicable
			Post-employment benefits	6.86	
10	Mr. A. Prabhakara Naidu	Key Managerial personnel (Chief Financial Officer)	Short-term employee benefits	56.60	Not Applicable
			Post-employment benefits	3.06	
			Other long-term benefits	3.13	
11	Mr. Umakanta Barik	Key Managerial personnel (Company Secretary & Compliance Officer)	Short-term employee benefits	28.12	Not Applicable
			Post-employment benefits	1.52	

For and on behalf of
HERITAGE FOODS LIMITED

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E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

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 Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. Remuneration paid to whole-time directors

Name of the director	Title	Remuneration in FY 2019-20 (₹ in Lakhs)*	Remuneration in FY 2018-19 (₹ in Lakhs)*	% increase/ (Decrease) of remuneration in FY 2019-20 as compared to FY 2018-19	Excl. WTD Ratio of remuneration to MRE	Incl. WTD Ratio of remuneration to MRE
Mrs. N. Bhuvaneswari	Vice Chairman & Managing Director	399.33	693.64	(42.43)	229.50	229.50
Mrs. N. Brahmani	Executive Director	319.47	554.91	(42.43)	183.60	183.60

MRE: Median Remuneration of Employees

* Remuneration including salary, Perks & Performance/Annual Pay

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 ₹ 0.50 lakhs & ₹ 0.50 lakhs respectively for attending the Board meeting of the wholly owned subsidiary Company they have not received any other remuneration for the FY 2019-20.

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

Name of the director	Sitting Fee in FY 2019-20 (Rs. in Lakhs)	Sitting Fee in FY 2018-19 (Rs. in Lakhs)	% increase /(decrease) of remuneration in FY2019-20 as compared to FY 2018-19
Mr. D. Seetharamaiah	5.40	3.90	38.46
Mr. N Sri Vishnu Raju	4.70	3.90	20.51
Mr. Rajesh Thakur Ahuja	4.20	2.40	75.00
Mrs. Aparna Surabhi	3.50	0.20	1650.00
Dr V Nagaraja Naidu	4.20	2.20	90.91

iii. Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	Remuneration in FY 2019-20 (Rs. in Lakhs)	Remuneration in FY 2018-19 (Rs. in Lakhs)	% increase / (decrease) of remuneration in FY2019-20 as compared to FY 2018-19	Excl. WTD Ratio of Remuneration to MRE	Incl. WTD Ratio of Remuneration to MRE and WTD
Dr. M Sambasiva Rao	President	219.21	267.82	(18.15)	125.98	125.98
Mr. A. Prabhakara Naidu	CFO	56.60	56.68	(0.14)	32.53	32.53
Mr. Umakanta Barik	CS	28.12	28.16	(0.14)	16.16	16.16

* Remuneration including Salary, Variable Pay, Perks & Performance Incentive

- The annual Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 174000 and ₹ 1,56,000 in financial year 2019-20 and financial year 2018-19 respectively. There is 11.54% change in MRE (excluding WTDs) in financial year 2019-20, as compared to financial year 2018-19.
- The annual Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 174000 and ₹ 1,56,000 in financial year 2019-20 and financial year 2018-19 respectively. There is 11.54% change in MRE (including WTDs) in financial year 2019-20, as compared to financial year 2018-19.

- o The number of permanent employees on the rolls of the Company as of March 31, 2020 was 3130
- o The revenue growth of the Company during financial year 2019-20 over previous financial year was 8.40%
- o The aggregate remuneration of employees excluding WTD increase in FY 2019-20 over the previous financial year was 17.31%
- o The aggregate remuneration of employees including WTD increase in FY 2019-20 over the previous financial year was 18.11%
- o The aggregate remuneration of KMP decreased in FY 2019-20 over the previous financial year was 13.77%

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

S. No	Director/Employee Name	Designation	Annual Gross Remuneration Received for FY19-20** (₹ 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
1	Mrs. N Bhuvaneswari	VC&MD	399.33#	B.A	26	12.12.1999	58	-	10661652
2	Mrs. N. Brahmani	ED	319.47#	B. Tech., MBA	12	28.06.2013	32	Vertex Venture Management Pvt Ltd, Singapore.	202000
1	Dr. M Sambasiva Rao	President	219.21	M.Sc., PhD	36	23.01.2006	63	Joint Secretary, Ministry Of Commerce And Industry, Govt. Of India.	86779
2	Mr. A Prabhakara Naidu	CFO	56.60	B.Sc., C.A	31	22.09.2005	59	Heritage Foods Limited	-
3	Mr. Jangam Samba Murthy	Sr. VP	51.39	MBA (Mkt)	31	01.04.2007	54	Reliance Life Science Ltd	600
4	Mr. Chilakalapudi Rajababu	Sr. GM	40.49	M.Tech., MDBA	23	12.04.2007	46	Reliance Industries Ltd	-
5	Mr. D.V.R.K Prasad	VP	40.02	IDD (DT), BBA	37	07.11.1996	58	Salem Dairy	-
6	Mr. Dheeraj Tandon	GM	35.53	MBA(HR), PG Dip. (T&D)	21	05.10.2016	45	Meritor Commercial Vehicle Systems (India) Pvt Ltd	40
7	Mr. Hiranmay Gupta	GM	32.74	MBA (Mkt)	24	22.02.2016	48	Flourish Pure Foods	-
8	Mr. Kotta Raja Babu	GM	32.41	M.Sc.(CS), PG DRDM. IDD(DT)	37	03.08.2007	59	Patni Computers	-
9	Mr. Balaji Adivishnu	GM	28.30	MBA (Mkt), MSc (Maths)	20	27.06.2019	45	Real Time Governance-Govt. of AP	-
10	Mr. Umakanta Barik	CS	28.12	MA, LLB, FCS, LIII	19	28.01.2008	48	Biological E Limited	-

Remuneration including salary, Perks & Performance/Annual Pay

* 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 Bhuvaneshwari 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 Chapter XIII, 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 Samba-siva Rao	President	M.Sc., Ph.D.	63	36	23/01/2006	219.21*	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

Registered Office:

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Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

FORM No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2020

[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, 2020 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 (records were verified in electronic form due to situation of "COVID-19") for the financial year ended on 31st March, 2020 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 as amended from time to time
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; -- N.A.
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -- N.A.

- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -- N.A.
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -- N.A.
- (j) 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 applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

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 no 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 of the company, there was no events which required the approval of its members.

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**

Place: Hyderabad
Date: 18.05.2020

Savita Jyoti
Partner

M No. FCS-3738, CP. No. 1796
UDIN# F003738B000252943

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 read 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 our 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**

Place: Hyderabad
Date: 18.05.2020

Savita Jyoti

Partner

M No. FCS-3738, CP. No. 1796
UDIN# F003738B000252943

**SECRETARIAL COMPLIANCE REPORT OF
M/S. HERITAGE FOODS LIMITED**

CIN:L15209TG1992PLC014332
#6-3-541/C, Panjagutta, Hyderabad- 500 082, Telangana, INDIA
For the Financial year ended 31st March, 2020

[as per the regulation 24(A) of SEBI (LO&DR) Regulations, 2015 as amended from time to time]

I, Savita Jyoti, Partner of M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), have examined:

- (a) all the documents and records made available to us and explanation provided by M/s. Heritriage Foods Limited
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the Company,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification for the year ended 31st March, 2020 in respect of compliance with the provisions of :
 - (i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - (ii) 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) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (d) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (e) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; : Not Applicable during the year under review
- (f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable during the year under review
- (g) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the year under review
- (h) 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
- (i) 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:

- (i) 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
(ii)	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.			
(iii)	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
(iv)	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**

Place: Hyderabad

Date: 18.05.2020

Savita Jyoti

Partner

M No. FCS-3738, CP. No. 1796
UDIN# F003738B000251931

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, 2015)

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, Telangana, India 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, 2020 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	01/04/2019*
2	Mr. N Sri Vishnu Raju	00025063	26/09/2014
3	Mr. Rajesh Thakur Ahuja	00371406	19/08/2016
4	Mrs. Aparna Surabhi	01641633	01/04/2019*
5	Dr Vadlamudi Nagaraja Naidu	00003730	26/09/2014
6	Mrs. N Bhuvaneswari	00003741	01/04/2019*
7	Mrs. N Brahmani	02338940	01/04/2019*

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

Ensuring the eligibility 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**

Place: Hyderabad
Date: 18.05.2020

Savita Jyoti

Partner

M No. FCS-3738, CP. No. 1796
UDIN# F003738B000252921

FORM No. MR-3

SECRETARIAL AUDIT REPORT

HERITAGE NUTRIVET LIMITED

(Wholly owned subsidiary Company of the Company)

For the Financial year ended 31st March, 2020

[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 Nutrivet Limited
CIN: U15400TG2008PLC062054
6-3-541/C, 4th Floor,
Panjagutta, Hyderabad-500082

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Heritage Nutrivet 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 my opinion thereon. Based on my 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, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 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') to the extent applicable to the company:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time; Not Applicable
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -- Not Applicable
 - (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; Not Applicable

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -- Not Applicable.
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -- Not Applicable
- (i) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015. Not Applicable

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.

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

I further report that, the Company has, in my opinion generally complied with the provisions of the Companies Act, 2013 and the Rules made there under that Act as notified by the Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to

- a) Maintenance of various statutory registers and documents and making necessary entries therein.
- b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government
- c) The Annual General Meeting held on 23rd August, 2019.
- d) Minutes of the proceedings of General meetings and of the Board Meetings.
- e) Constitution of the Board of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole time Directors.
- f) During the year under review the Board of Directors met 6 times, i.e 14th May, 2019, 18th June, 2019, 24th July, 2019, 17th October, 2019, 24th January, 2020 and 23rd March, 2019. The time gap between the two Board meetings is within 120 days.
- g) No Payment of remuneration was made to Directors except sitting fees.

I 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 Company has generally complied with the applicable laws applicable specifically to the Company.

I further report that, based on the information received and records maintained there are adequate systems and process in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **K L B & ASSOCIATES**

Khusboo Laxmi Bhagat

M. No. 9376, CP. No. 14703

UDIN# F009376B000233952

Place: Hyderabad

Date: 13-05-2020



ANNEXURE-A TO SECRETARIAL AUDIT REPORT

HERITAGE NUTRIVET LIMITED

(Wholly owned subsidiary Company of the Company)

To,
The Members,
Heritage Nutrivet Limited
CIN: U15400TG2008PLC062054
6-3-541/C, 4th Floor,
Panjagutta, Hyderabad-500082

My 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 our audit.
- b) I 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. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- c) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d) Whenever required, I have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- e) The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. My 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 **K L B & ASSOCIATES**

Place: Hyderabad
Date: 13-05-2020

Khusboo Laxmi Bhagat
M. No. 9376, CP. No. 14703
UDIN# F009376B000233952

Annexure-4

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[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:

CIN	:	L15209TG1992PLC014332
Registration Date	:	05.06.1992
Name of the Company	:	HERITAGE FOODS LIMITED
Category /sub-Category of the Company	:	Company Limited by Shares /Indian Non-Govt. Company
Address of the Registered office and Contact details	:	# 6-3-541/C, Panjagutta, Hyderabad - 82, Telangana, India
Whether Listed Company	:	Yes
Name, Address and contact details of Registrar and Transfer Agent, if any	:	Kfin Technologies Private Limited Karvy Selenium Building, Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Tel: 040 6716 1566

II. PRINCIPAL BUSINESS ACTIVITIES 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	65.47
2	Milk Products	1050	32.44

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 Demat		No. Of Shares Held At The Beginning Of The Year 30/03/2019				No. Of Shares Held At The End Of The Year 31/03/2020				% 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 And Promoter Group									
(1)	INDIAN									
(a)	Individual /HU';F	16065342	0	16065342	34.63	16065792	0	16065792	34.63	0.00
(b)	Central Government/ State Government(s)o	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	2447600	0	2447600	5.28	2447600	0	2447600	5.28	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :		18512942	0	18512942	39.90	18513392	0	18513392	39.90	0.00

Category Of Shareholder Demat	No. OF Shares Held At The Beginning Of The Year 30/03/2019				No. OF Shares Held At The End Of The Year 31/03/2020				% Change During The Year
	Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
(2) FOREIGN									
(a) Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
Total A=A(1)+A(2)	18512942	0	18512942	39.90	18513392	0	18513392	39.90	0.00
(B) Public Shareholding									
(1) INSTITUTIONS									
(a) Mutual Funds /UTI	5449349	0	5449349	11.74	6850999	0	6850999	14.77	3.02
(b) Financial Institutions / Banks	10071	0	10071	0.02	8869	0	8869	0.02	0.00
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f) Foreign Institutional Investors	2692463	0	2692463	5.80	2137102	0	2137102	4.61	-1.20
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	72335	0	72335	0.16	0.16
Sub-Total B(1) :	8151883	0	8151883	17.57	9069305	0	9069305	19.55	1.98
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	6780943	7400	6788343	14.63	6517146	7400	6524546	14.06	-0.57
(b) Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lakh	5554549	695100	6249649	13.47	5254224	638300	5892524	12.70	-0.77
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	3918334	0	3918334	8.45	4641108	0	4641108	10.00	1.56
(c) Others									
Clearing Members	31382	0	31382	0.07	76375	0	76375	0.16	0.10
Employees	223183	2400	225583	0.49	86783	1600	88383	0.19	-0.30
I E P F	734107	0	734107	1.58	739607	0	739607	1.59	0.01
Non Resident Indians	1507035	79200	1586235	3.42	576613	31200	607813	1.31	-2.11
Nri Non-Repatriation	197676	0	197676	0.43	243472	0	243472	0.52	0.10
TRUSTS	1866	0	1866	0.00	1475	0	1475	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	18949075	784100	19733175	42.53	18136803	678500	18815303	40.55	-1.98
Total B=B(1)+B(2) :	27100958	784100	27885058	60.10	27206108	678500	27884608	60.10	0.00
Total (A+B) :	45613900	784100	46398000	100.00	45719500	678500	46398000	100.00	0.00

Category Of Shareholder Demat	No. Of Shares Held At The Beginning Of The Year 30/03/2019				No. Of Shares Held At The End Of The Year 31/03/2020				% Change During The Year
	Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
Shares held by (C) custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group									
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C) :	45613900	784100	46398000	100.00	45719500	678500	46398000	100.00	

(ii) Shareholding of Promoters / Promoters Group & PAC

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2019			Shareholding at the end of the year 31.03.2020			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged /encumbered to total shares	
1.	Nara Bhuvaneswari	10661652	22.98	0	10661652	22.98	0	0
2.	Nara Lokesh	4732800	10.20	0	4732800	10.20	0	0
3.	Megabid Finance & Investments Pvt Ltd	2447600	5.28	0	2447600	5.28	0	0
4.	N. Brahmani	202000	0.44	0	202000	0.44	0	0
5.	Ramakrishna N.P	200000	0.43	0	200000	0.43	0	0
6.	V Nagaraju Naidu	100000	0.22	0	101250	0.22	0	0
7.	Kathya N.P	60000	0.13	0	60000	0.13	0	0
8.	Durga Ramakrishna N.P	40000	0.09	0	40000	0.09	0	0
9.	Neelima N.P	40000	0.09	0	40000	0.09	0	0
10.	Devaansh Nara	26440	0.06	0	26440	0.06	0	0
11.	A. Siva Sankara Prasad	850	0.00	0	50	0.00	0	0
12.	N. Bala Krishna	1200	0.00	0	1200	0.00	0	0
13.	Ramakrishna Nandamuri	400	0.00	0	400	0.00	0	0
		18512942	39.90	0.00	18513392	39.90	0.00	0.00

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

	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year 01.04.2019	18512942	39.90	18512942	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)	02-08-2019 400 Shares Sold	0.00	18512542	39.90
	20-03-2020 500 Shares Purchased	0.00	18513042	39.90
	27-03-2020 400 Shares Sold	0.00	18512642	39.90
	31-03-2020 500 Shares Sold	0.00	18512142	39.90
	31-03-2020 1250 Shares Purchased	0.00	18513392	39.90
At the end of the Year 31.03.2020	-	-	18513392	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 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
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 01.04.2019	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 31.03.2020			5145684	11.09

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
2. SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year 01.04.2019	1952527	4.21	1952527	4.21
Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)	24/05/2019 96429 Shares Purchased	0.21	2048956	4.42
	07/06/2019 4014 Shares Purchased	0.01	2052970	4.42
	14/06/2019 40000 Shares Purchased	0.09	2092970	4.51
	27/09/2019 10856 Shares Purchased	0.02	2103826	4.53
	30/09/2019 4000 Shares Purchased	0.01	2107826	4.54
At the end of the Year 31.03.2020			2107826	4.54

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
3. 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 01.04.2019	1650000	3.56	1650000	3.56
30/08/2019 6900 Shares Purchased		0.01	1656900	3.57
13/09/2019 5600 Shares Purchased		0.01	1662500	3.58
31/01/2020 75 Shares Sold		0.00	1662425	3.58
31/03/2020 75 Shares Purchased		0.00	1662500	3.58
At the end of the Year 31.03.2020	-	-	1662500	3.58

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
4. 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 01.04.2019	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 31.03.2020			1304124	2.81

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
5. VINODKUMAR HARAKCHAND DAGA	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year 01.04.2019	0	0	0	0
20/12/2019 32520 Shares Purchased		0.07	32520	0.07
10/01/2020 52855 Shares Purchased		0.11	85375	0.18
Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)				
17/01/2020 150000 Shares Purchased		0.32	235375	0.51
14/02/2020 401179 Shares Purchased		0.86	636554	1.37
28/02/2020 250000 Shares Purchased		0.54	886554	1.91
At the end of the Year 31.03.2020			886554	1.91

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
6. KOTAK DEBT HYBRID	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year 01.04.2019	825373	1.78	825373	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)	12/04/2019 31004 Shares Purchased	0.07	856377	1.85
	19/04/2019 6226 Shares Purchased	0.01	862603	1.86
	26/04/2019 24119 Shares Purchased	0.05	886722	1.91
	10/05/2019 15000 Shares Purchased	0.03	901722	1.94
	17/05/2019 8723 Shares Purchased	0.02	910445	1.96
	24/05/2019 1964 Shares Purchased	0.00	912409	1.97
	31/05/2019 50000 Shares Purchased	0.11	962409	2.07
	07/06/2019 50000 Shares Purchased	0.11	1012409	2.18
	09/08/2019 10300 Shares Purchased	0.02	1022709	2.20
	23/08/2019 4887 Shares Purchased	0.01	1027596	2.21
	30/08/2019 28160 Shares Purchased	0.06	1055756	2.28
	01/11/2019 31673 Shares Purchased	0.07	1087429	2.34
	07/02/2020 42462 Shares Purchased	0.09	1129891	2.44
	21/02/2020 22375 Shares Purchased	0.05	1152266	2.48
	06/03/2020 1168 Shares Purchased	0.00	1153434	2.49
	At the end of the Year 31.03.2020		1153434	2.49

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7. INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY				
At the beginning of the year 01.04.2019	734107	1.58	734107	1.58
03/05/2019 400 Shares Debited		0.00	733707	1.58
24/05/2019 400 Shares Debited		0.00	733307	1.58
14/06/2019 400 Shares Debited		0.00	732907	1.58
05/07/2019 800 Shares Debited		0.00	732107	1.58
12/07/2019 800 Shares Debited		0.00	731307	1.58
02/08/2019 400 Shares Debited		0.00	730907	1.58
23/08/2019 800 Shares Debited		0.00	730107	1.57
13/09/2019 400 Shares Debited		0.00	729707	1.57
30/09/2019 1000 Shares Debited		0.00	728707	1.57
15/11/2019 8400 Shares Debited		0.02	720307	1.55
13/12/2019 20100 Shares Credited		0.04	740407	1.60
17/01/2020 400 Shares Debited		0.00	740007	1.59
21/02/2020 400 Shares Debited		0.00	739607	1.59
At the end of the Year 31.03.2020			739607	1.59

Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
8. TATA YOUNG CITIZENS 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 01.04.2019	590709	1.27	590709	1.27
Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)	05/04/2019 2000 Shares Purchased	0.00	588709	1.27
	21/06/2019 314788 Shares Purchased	0.68	273921	0.59
	08/11/2019 273921 Shares Purchased	0.59	0	0.00
At the end of the Year 31.03.2020			0	0.00

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
9. INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year 01.04.2019	587047	1.27	587047	1.27
Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)	05/04/2019 4155 Shares Purchased	0.01	591202	1.27
	12/04/2019 9051 Shares Purchased	0.02	600253	1.29
	26/04/2019 7342 Shares Purchased	0.02	607595	1.31
	03/05/2019 15569 Shares Purchased	0.03	623164	1.34
	10/05/2019 100 Shares Purchased	0.00	623264	1.34
	17/05/2019 5777 Shares Purchased	0.01	629041	1.36
	31/05/2019 24374 Shares Purchased	0.05	653415	1.41
	31/05/2019 3556 Shares Sold	0.01	649859	1.40
	07/06/2019 93109 Shares Sold	0.20	556750	1.20
	14/06/2019 24965 Shares Sold	0.05	531785	1.15

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
9. INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	27/09/2019 13016 Shares Purchased	0.03	544801	1.17
	11/10/2019 62702 Shares Purchased	0.14	607503	1.31
	08/11/2019 12619 Shares Sold	0.03	594884	1.28
	06/12/2019 23453 Shares Purchased	0.05	618337	1.33
	31/01/2020 15487 Shares Sold	0.03	602850	1.30
	07/02/2020 33821 Shares Sold	0.07	569029	1.23
	14/02/2020 26220 Shares Sold	0.06	542809	1.17
	21/02/2020 51922 Shares Sold	0.11	490887	1.06
	28/02/2020 892 Shares Sold	0.00	489995	1.06
	20/03/2020 861 VShares Sold	0.00	489134	1.05
At the end of the Year 31.03.2020			489134	1.05
Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
10. MULTI 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 01.04.2019	229617	0.49	229617	0.49
	17/05/2019 4610 Shares Purchased	0.01	234227	0.50
Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)	24/05/2019 3313 Shares Purchased	0.01	237540	0.51
	31/05/2019 11016 Shares Purchased	0.02	248556	0.54

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10. MULTI CAP FUND	07/06/2019 27855 Shares Purchased	0.06	276411	0.60
	14/06/2019 32000 Shares Purchased	0.07	308411	0.66
	22/11/2019 4923 Shares Purchased	0.01	313334	0.68
	06/12/2019 3285 Shares Purchased	0.01	316619	0.68
	13/12/2019 41485 Shares Purchased	0.09	358104	0.77
	10/01/2020 10225 Shares Purchased	0.02	368329	0.79
	17/01/2020 20752 Shares Purchased	0.04	389081	0.84
	24/01/2020 17417 Shares Purchased	0.04	406498	0.88
	31/01/2020 23878 Shares Purchased	0.05	430376	0.93
	14/02/2020 33185 Shares Purchased	0.07	463561	1.00
	06/03/2020 3311 Shares Purchased	0.01	466872	1.01
	13/03/2020 16227 Shares Purchased	0.03	483099	1.04
	31/03/2020 7271 Shares Purchased	0.02	490370	1.06
	At the end of the Year 31.03.2020		490370	1.06

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Mr.. D. Seetharamaiah DIN No: 00005016				
At the beginning of the year 01.04.2019				
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 31.03.2020				
2. Mr. N Sri Vishnu Raju DIN No: 00025063				
At the beginning of the year 01.04.2019				
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 31.03.2020				
3. Mr. Rajesh Thakur Ahuja DIN No: 00371406				
At the beginning of the year 01.04.2019				
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 31.03.2020				

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
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 01.04.2019			
	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 31.03.2020			

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
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 01.04.2019	100000	0.22	100000 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)	31/12/2019 1250 Shares Purchased	0.00	101250 0.22
	At the end of the Year 31.03.2020	-	-	101250 0.22

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
6.	Srs. 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 01.04.2019	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 31.03.2020	-	-	10661652 22.98

Sl. No	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
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 01.04.2019	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 31.03.2020	-	-	202000 0.44

Sl. No	Shareholding at the beginning of the year 01.04.2019	Cumulative Shareholding during the year 31.03.2020
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 01.04.2019	223179 0.48	223179 0.48
Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/ sweat equity etc)	14/06/2019 5000 Shares Sold -0.01	218179 0.47
	21/06/2019 15000 Shares Sold -0.03	203179 0.44
	28/06/2019 3400 Shares Sold -0.01	199779 0.43
	09/08/2019 5000 Shares Sold -0.01	194779 0.42
	23/08/2019 18000 Shares Sold -0.04	176779 0.38
	20/03/2020 40000 Shares Sold -0.09	136779 0.29
	27/03/2020 50000 Shares Sold -0.11	86779 0.19
At the end of the Year 31.03.2020	-	86779 0.19
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 01.04.2019		
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 31.03.2020		
10. Ms. 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 01.04.2019		
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 31.03.2020		

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Lakhs)

	Secured Loans Excluding De- posits	Unsecured Loans	Depos- its	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
• Addition	5033	2500	-	7533
• Reduction	4477	2500	-	6977
Net Change	556	-	-	556
Indebtedness at the end of the financial year				
(i) Principal Amount	25367	2500	-	27867
(ii) Interest due but not paid	0	-	-	-
(iii) Interest accrued but not due	133	-	-	133
Total (i+ii+iii)	25500	2500	-	28000

(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. Bhuvaneshwari	N. Brahmani	
	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	180.00	90.00	270.00
1.	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	15.75	7.50	23.25
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
	Annual Pay			
4.	As % of profit	203.59	221.97	425.56
	Others, specify			
5.	Others, please specify	-	-	-
	Total (A)	399.33	319.47	718.80
	Ceiling as per the Act	Rs.825.02 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
	Ms. D. Seethara Maiah	Ms. N. Sri Vishnu Raju	Dr. V. Nagaraja Naidu	Ms. Rajesh Thakur Ahuja	Mrs. Aparna Surabhi	
Independent Directors						
Fee for attending Board/Committee Meetings	5.40	4.70	-	4.20	3.50	17.80
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
Total (1)	5.40	4.70	-	4.20	3.50	17.80
Other Non-Executive Directors						
Independent Directors Fee for attending Board/Committee Meetings	-	-	4.20	-	-	2.20
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
Total (2)	0	0	4.20	-	-	4.20
Total (B)= (1+2)	5.40	4.70	4.20	4.20	3.50	22.00
Overall Ceiling as per the Act	Rs.82.50 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					
Total Managerial Remuneration ₹ 740.80 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/WT/Manager

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total (Rs.)
		President	Chief Financial Officer	Company Secretary	
		Dr. M Sambasiva Rao	Mr. A. Prabhakara Naidu	Mr. Umakanta Barik	
	Gross Salary				
1.	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	127.05	56.60	28.12	211.77
	(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)	92.16	-	-	92.16
	Total	219.21	56.60	28.12	303.93

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					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of
HERITAGE FOODS LIMITED

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

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 and preventive health care, promoting education and enhancing the vocational skills etc. Web link: https://www.heritagefoods.in/uploads/investors/pdf/15578997634csr-policy.pdf				
2.	The composition of the CSR Committee.	Mr. D Seetharamaiah	Chairman			
		Mr. N Sri Vishnu Raju	Member			
		Mrs. N Bhuvaneswari	Member			
		₹ In Lakhs				
3.	Average Net Profit of the company for last three financial years	FY 2018-19	FY 2017-18	FY 2016-17		
		13872.79	8982.39	10557.40		
		Average Net Profit: 11137.53				
4.	Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	Rs. 222.75 Lakhs				
5.	Details of CSR spent during the financial year:					
	a. total amount to be spent for the financial year	:	Rs. 222.75 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.	Sector or programs (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, establishment of Skill Development centre and preventive health care	Promoting Education and Health Care	Gandipet, near Hyderabad, Telangana Sricity, Chittoor District, Andhra Pradesh	619.39 Lakhs	222.75 Lakhs	-	Through Implementing Agency - NTR Memorial Trust
TOTAL			619.39 Lakhs	222.75 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.

For and on behalf of
HERITAGE FOODS LIMITED

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

BUSINESS RESPONSIBILITY REPORT 2019-20

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Section A: General Information about the Company

- Corporate Identity Number of the Company:**
L15209TG1992PLC014332
- Name of the Company:** Heritage Foods Limited
- Registered Address:** #6-3-541/C, Panjagutta, Hyderabad-500082, Telangana, India
- Website:** www.heritagefoods.in
- E-mail ID:** hfl@heritagefoods.in
- Financial Year reported:** 1st April to 31st March
- 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 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.

- List three key products / services that the Company manufactures/ provides (as in balance sheet):**
 - Milk
 - Milk products.
 - Generation of power
- Total number of locations where business activity is undertaken by the Company:**
 - Number of international locations: The Company does not carry on business at any international location.
 - Number of national locations: The Company's businesses and operations are spread in 206 locations across the country.

- 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, 2020

- Paid up Capital: Rs. 2,319.90 Lakhs
- Total Turnover: Rs. 2,68,111 Lakhs
- Total Profit After Tax: Rs. (16,000.44) Lakhs
- Total spending on Corporate Social Responsibility (CSR) as a Percentage of profit after tax(%): -
Profit after tax for the current year was ₹(16000.44) lakhs, due to notional loss for fair valuation of Investments in Future Retail Limited. However during the year your company has spent ₹ 225 Lakhs as per the Section 135 of the Companies Act, 2013.
- List of activities in which expenditure in Sr.No.4 above has been incurred:
 - Promoting education (building the classrooms and hostels for pursuing their educations)
 - Preventive health care

Section C: Other Company's Details

- Does the Company have any Subsidiary Company / Companies?**
Yes, as on March 31, 2020, the Company had one wholly owned subsidiary namely M/s. Heritage Nutrivet 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).
- Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company?**
No participation by the said subsidiary in business responsibility initiatives.
- 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/uploads/investors/pdf/15579004658hfl-br-policy.pdf								

Sr. No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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 2 options)

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

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the 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 90 complaints/requests from the shareholders during 2019-20 and there were no complaints pending as on March 31, 2020.

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 28 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 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: 3130

3.2 Total number of employees hired on temporary/contractual/casual basis: 3069

3.3 The number of permanent women employees: 47

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?
– Not Applicable

3.7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and 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.	permant employees	60.77%
b.	perment women employees	82.98
c.	casual/temporary/ Contractual Em-employees	48.87%
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, consumers, 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 customers, consumers 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, cash 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 2019-20.

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 web page 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 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 2019-20.

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) and Confederation of Indian Industry (CII).

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

- Promoting and preventive health care

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 agency (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 ₹ 222.75 Lakhs on community development project viz., Promoting

education (building the hostels for pursuing their educations) and preventive health care.

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.

9.4 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

For and on behalf of
HERITAGE FOODS LIMITED

Registered Office:

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Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

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 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 During the under review the Company has invested in energy conservation equipment's.

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 ₹ 1071 Lakhs (previous Year ₹ 4782.57 Lakhs) and foreign exchange outgo was ₹ 53 Lakhs (Previous year ₹ 303 Lakhs).

For and on behalf of
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Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

Management Discussion and Analysis

Corporate Overview

Heritage Foods Limited (the Company) has created a mark in Dairy Industry with deeper penetration by procuring raw milk and supplying processed milk and other value added products to consumers in the rural and urban areas. Your Company now has over 28 years of legacy in the Indian dairy space.

Your Company has adopted Indian Accounting Standard (Ind AS) notified under Companies (Indian Accounting Standard) Rules 2015 and accordingly the Standalone & Consolidated Financial Statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with the Rules made thereunder.

The 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 in line with the form and substance of transactions. This also enables in reasonably presenting the Company's state of affairs and statement of profit & loss and cash flows for the year ended March 31, 2020.

Global Economic Review

Global growth is projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021—a downward revision of 0.1 percentage point for 2019 and 2020 and 0.2 for 2021 due to the COVID-19 pandemic, which is inflicting high and rising human costs worldwide, and the necessary protection measures are in place for severely impacting economic activity. As a result of the pandemic, the global economy is projected to be affected sharply, much worse than during the 2008–09 financial crisis.

The global economy has suffered a significant slowdown amid prolonged trade disputes and wide-ranging policy uncertainties. The vulnerability of major economies has risen, stymieing growth and causing disruptions in supply chain worldwide. While a slight uptick in economic activity is forecast for 2020 as countries have stepped up fiscal efforts to prioritise containment and strengthen health systems. Major Banks across the world have eased monetary policy to combat the pandemic and limit economic damage.

The IMF expects the global economic growth at 3.33% in 2020 and 3.4% in 2021.

Global GDP Growth



(Source: IMF)

Indian Economic Review

India's economic growth is expected to "strongly rebound" to 6-6.5 per cent in 2020-21 from 5 per cent estimated in the current fiscal. The Economic Survey 2019-20 has proposed India can create well-paid four crore jobs by 2025 and eight crore by 2030 by integrating "assemble in India for the world" into government's Make in India initiative and exporting network products that can give substantial push to India's target of becoming a \$5 trillion economy. Although the rapid spread of Covid-19 has posed new challenges for the economy and financial system, hitting multiple industries as well as jeopardising the well-being of citizens and institutions. Also, weak rural incomes, subdued consumption and private investment, liquidity concerns and a drop in exports due to global trade slowdown are the major factors responsible for the deceleration in growth. Considering the urgent priority of the government to revive growth in the economy, the fiscal deficit target may have to be relaxed for the current year.

Despite the headwinds, India climbed 14 notches to assume the 63rd position among 190 nations in the World Bank's ease of doing business rankings 2020. This impressive jump could be attributed to the path-breaking reforms enforced by the government over the past several years. Transformational reforms such as Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC) would go a long way in changing the economic landscape of the country.

As India sets its eyes on becoming a USD 5 trillion economy by 2024, the government is expeditiously implementing bold

policy initiatives to catapult the economy into a high-growth orbit. Recent measures such as corporate tax rate cuts, front-loaded infrastructure investment programmes, bank recapitalization and easing credit constraints will undoubtedly spur business sentiment and investment. Foreign Direct Investment (FDI) inflows in India stood at a whopping USD 49 billion in 2019, reflecting the economy's attractiveness as an investment destination. Much interestingly, India's manufacturing Purchasing Managers' Index (PMI) stood at 55.3 in January vis-à-vis 52.7 in December, its highest level in eight years, signalling an upturn in demand conditions that led to a rise in business activity. Further, the Union Budget 2020-21 specially emphasised on strengthening the country's infrastructure and manufacturing, boosting the rural economy and stimulating consumption and job creation. Reduced tax rates for individuals will put more disposable money in the hands of taxpayers and propel spending and consumption.

The Indian consumer is becoming increasingly brand conscious and is willing to spend more on hygiene, quality and value in terms of brand promise. Data-driven analytics and social media penetration have put brands in close connect with consumers. Going forward, favourable demographics, greater awareness and changing lifestyles will drive strong consumption growth while a stable and reform-focussed policy framework will support an environment conducive to business and investment.

Dairy Industry Review

Global Dairy Industry:

Looking ahead to the financial year 2020-21, milk production is expected to drop as a result of a smaller milking herd and lower growth in yields than seen in 2019-20. Despite some firmness in pricing, production growth is likely to remain subdued as farmers look to recover margins lost to higher feed costs in 2018/19. There has been some recovery in milk production in Australia and Argentina, although growth in global milk supplies is forecast to remain around 1% in 2020. Supply growth is below the expected growth in global demand, maintaining support for global dairy product prices, at least in the first quarter of 2020. The exception may be with whey prices as demand for animal feeds from China is likely to remain lower.

Global milk production continues to rise, with the latest forecasts suggesting a 1% increase in 2020. This would bring worldwide milk production to 292.5 bn litres – 2.9 bn litres, which is higher than the figure estimated for 2019 production. Despite the overall increase in production, it is expected that rising demand for dairy products will eclipse the extra output. Food and Agriculture Organization (FAO) predictions suggest a 2.1% increase in demand for fresh products and 1.5% increase for processed dairy products worldwide each year.

Indian Dairy Industry

Dairy farming forms an intrinsic part of the rural economy, serving as an important source of income and employment for farmers. India is the world's largest milk producer, accounting for 21% of the global milk production. It is also the leading producer and consumer of dairy products worldwide. Total milk production in the country stood at 159.2 million tonnes in the year 2019 and is expected to reach 187.2 million tonnes by 2025. Consumption of dairy products has been growing exponentially on account of their rich nutritional qualities, with majority of the dairy produce in India consumed domestically.

According to the 'Dairy Industry in India 2020 Edition' by IMARC Group, the dairy market in India stood at ₹ 10,527 billion in 2019. Liquid milk is the most widely consumed dairy product in India and is considered a vital source of essential nutrients. Market for liquid milk is expected to grow at a Compound Annual Growth Rate (CAGR) of 16% over 2020-25. Moreover, the industry is witnessing significant traction towards value-added dairy products such as curd, paneer, cheese, buttermilk, flavoured milk and frozen yoghurts in line with emerging dietary preferences of the new-age consumers. Going forward, the dairy market is expected to reach a value of ₹ 25,491 billion by 2025, exhibiting a CAGR of 16% over 2020-25.

Though predominantly unorganised, the sector has seen a marked shift in recent years with the entry of dairy co-operatives, private and international brands. Buoyed by its size and potential, both national and international players have been foraying into the Indian dairy industry. Organised sector represents milk that is processed using modern infrastructure and marketed through organised channels under own brands. Increase in incomes and spending power, rising standards of living and growing health and safety concerns have fuelled the penetration and consumption of branded products. The market share of organised segment is estimated to rise to 35% by 2024 from 29% in 2019.

Government Initiatives

Recognising the tremendous potential of the dairy sector, the government of India has been undertaking numerous initiatives aimed at its overall development. The Department of Animal Husbandry, Dairy and Fisheries has formulated a comprehensive plan named 'National Action Plan for Dairy Development: Vision 2022', which envisages building additional milk processing infrastructure to meet the rapidly growing demand for milk and value-added products. Dairy development projects such as National Dairy Plan Phase-I (NDP I), Dairy Entrepreneurship Development Scheme (DEDS) and National Programme for Dairy Development (NPDD) are all enforced to strengthen milk procurement and production, improve cattle productivity and provide greater market linkages to dairy farmers.

Market Drivers and Opportunities

Investment Opportunities

The Indian dairy industry offers significant opportunities for both domestic and foreign conglomerates and investors for entry and expansion. Foreign companies have set foot in the Indian dairy sector.

Urbanization and Population Growth

India is the second most populous nation, with nearly 1.35 billion people. Urban population in the country is rising at a steady pace and is expected to cross the 500 million mark by 2030. Factors such as rapid increase in population, urbanization and favourable demographics will drive strong consumption growth, enhancing demand for milk and other value added products.

Rising Income Levels

Increasing disposable incomes and expansion of middle-income and high-income households have resulted in a greater spending propensity. According to the World Economic Forum, consumer expenditure in India is likely to grow from USD 1.5 trillion in 2019 to USD 6 trillion by 2030. Rising affordability has created a class of aspirational and quality-sensitive consumers, which will boost demand for innovative, value-added dairy products segment.

Healthy Living

Consumers are becoming more health-conscious, proactively focusing on nutritious food and active lifestyles. Concerns about lifestyle-related diseases and digestive problems are growing rapidly. Young consumers are increasingly seeking products that offer greater health and nutritional benefits. Demand for milk-based products are likely to augment, especially among vegetarians, as they are considered an important source of protein and other essential nutrients.

Preference for Premiumization

Worldwide, there is a perceptible shift in consumer preferences towards branded and niche products. Higher spending capacity and awareness, increasing internet penetration and social media engagement have been driving the market shift. Today, premium and value-added dairy products such as cheese, yoghurt, buttermilk, flavoured milk, are gaining wider acceptance. Majority of the organised players are expanding portfolios in this segment as it offers higher margins and profitability.

Sustainability

With mounting concerns about climate change and environmental degradation, consumers have become more mindful of their purchasing decisions. Sustainability considerations shape their choice, as they want foods that are fresh, hygienic, safe and responsibly produced. Organised

players are increasingly adopting sustainable practices and sophisticated technologies to provide quality products and enhance customer loyalty.

Challenges

- Poor conditions of dairy farms remain a major challenge for procurement of milk
- Extreme weather conditions and lower milk yield may lead to high production costs
- Lack of awareness among some farmers on good dairy practices and quality parameters
- High cost of transportation due to lack of efficient supply chain and logistics
- Rising entry of private dairies and international players
- Extensive crossbreeding for raising milk productivity may lead to disappearance of indigenous breeds
- Focus on buffalo milk based speciality: Dairy industry in India is also unique with regard to availability of large proportion of buffalo milk. Thus, India can focus on buffalo milk based speciality products, like Mozzarella cheese, tailored to meet the needs of the target consumers.

The major challenges faced by the dairy industry during the year include:

- The industry witnessed significant milk price inflation across the country. While Maharashtra, Rajasthan, Punjab, Haryana and Uttar Pradesh saw a higher increase in prices because of local weather conditions and competition scenario, inflation was low in Karnataka and Tamil Nadu. This created a differential price scenario across different geographies in India.
- Erratic weather conditions was a major challenge this year. Prolonged and high heat summer resulted in production challenges in certain parts of the country. On the other hand, extended rainfall impacted the availability and led to lower consumption of curds, ice-creams, buttermilk, flavoured milk, among others.

Company Overview

Heritage Foods Limited (HFL) is one of the leading dairy and dairy products companies in India. The Company has two business verticals- Dairy and Renewable Energy. Today, it manufactures and markets a wide array of products including fresh milk, ghee, buttermilk, curd, UHT milk, lassi, flavoured milk, ice-cream/frozen dessert and other dairy-based products. The Company provides innovative, fresh and high-quality products to over 15 lakh consumers through its well-entrenched distribution network. The milk processing capacity of the Company stands at 23.70 lakh liters per day.

As a nationally recognised brand, the Company's operations are spread across 12 states in India. Besides, it has a market presence in Gulf and Asia, where it exports ghee, milk powder and butter. In a span of over two and half decades, the Company has grown multifold to garner a significant share in the Indian dairy industry, backed by its sustained focus on supplying innovative and finest quality products that meet the varied needs of customers.

The Company has a robust manufacturing infrastructure in place to cater to the ever-growing demands of consumers. It has 18 processing plants, 188 bulk coolers and chilling centres to ensure availability of fresh and high-quality products.

Company's Strengths & Opportunities:

- Strong brand equity with distribution network in key markets
- Modern production facilities and emphasis on quality
- Differentiated product portfolio
- Numerous quality certifications for products and production facilities.
- Skilled and experienced management team
- Focus on research and development distinguishes products from key competitors.

Product Categories

Milk

• 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 in 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.

• UHT Milk

Currently, one of the major factors driving the market is the ease of storage of UHT milk at ambient temperature which facilitates its transportation 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 ₹ 193 Billion by 2024.

Value-added Products

• 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, which is 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 on a daily basis. Given that consumers now prefer paneer which is hygienic and consistent in taste, the trend towards branded packaged paneer is gaining momentum.

• Curd

The Indian market is expected to reach a value of nearly ₹ 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 ₹ 237.5 Billion by 2024, exhibiting a strong growth during the forecast period (2019-2024).

• 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 ₹ 2.3 bn in 2014; it is expected to grow to ₹ 12.1 bn in 2020 (32% CAGR). Growth in the category has been driven primarily by increased health consciousness among the urban middle class.

• Ice creams/Frozen Dessert

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.

Distribution

The Company has a well-spread distribution network ensuring availability of its products across the country. Heritage Parlours and Heritage Distribution Centres are franchise operated outlets and distribution wings selling the entire range of the Company's products. The Company considers every distribution outlet as an ambassador of Heritage brand. It ensures delivery of quality products and services to consumers through these distribution arms. As on March 31, 2020, the Company has 5641 agents/distributors, 942 Heritage parlours and 46 Heritage distribution centres in 11 states across India.

Empowering Farmer Community

The growth and welfare of farmer community lies at the heart of the Company. The Company strives to empower them by procuring milk at mutually beneficial costs, promoting best practices around the quality and quantity of milk and providing support services to help them improve their milk yields by organising free veterinary check-ups and vaccination drives for the cattle. In addition, it supports them by extending farm loans and cattle insurance as well as providing nutritional livestock feed at subsidised rates. All these interventions have enabled the Company to maintain strong relationships with farmers which continue to deepen.

Review of Operations

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

The Company has handled the business very effectively during the period of COVID-19 outbreak. During the initial period of the outbreak i.e. second half of March, 2020, the sales of the Company dropped. However, other value added product sales reduced marginally, which went up subsequently. During the period of COVID-19 outbreak, the procurement prices of milk came down.

The Company reviewed the value of investment in equity shares of Future Retail Limited (FRL) which was acquired by the Company in lieu of demerging its retail undertaking during the financial year 2016-17. The total number of shares issued by Future Retail Limited during FY 2017-18 was 1,78,47,420 at a price of ₹ 165.29/- per share totaling ₹ 295 crore with a condition of upside sharing to FRL if the total value of investment crosses ₹ 400 crore etc. During the period, the highest unrealized value of investment had gone up to ₹ 1100 crores and the unrealized

value of investment as on March 31, 2020 was ₹ 143.85 crores. As the Company adopted the Ind AS accounting principles, the value of unrealized/notional loss forms part of its books of accounts, as a result of which the net loss has gone up to ₹ 16,000.44/- Lakhs. However, the Board noted that the profit from operations of the Company stood at ₹ 5,711.25/- Lakhs.

Tangible Results:

	Total Revenue (₹ in crore)	EBIDTA (₹ in crore)	PAT (₹ in crore)
FY20*	2,681.11	(75.83)#	(160.00)#
FY19*	2,482.35	192.43	83.44
FY18*	2,344.01	133.32	60.38
FY17*	1,871.44	149.23	292.60
FY16	2,380.58	136.50	55.43

* Figures are from continuing operations

#EBITDA and Profit after Tax is after considering the Fair value gain on FVTPL equity shares and loss due to changes in derivative liabilities of Investments in FRL.

Revenue (₹ in Lakhs)

FY 20*	268111
FY 19*	248235
FY 18*	234401
FY 17*	187144
FY 16	238058

* Figures are from continuing operations





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 to over 70% share to the value-added segment. Other products constitute buttermilk, flavored milk, lassi, paneer and ice creams/frozen dessert. The yogurt plant, in collaboration with French company Novandie, is coming up near Mumbai and civil works have already commenced.

Dairy Vertical:







The Dairy division accounting for 99.65% of revenue is the flagship business vertical of the Company. The 4-year revenue of the dairy vertical is given below:

Dairy Turnover (₹ in Lakhs)

FY 20		267944
FY 19		247918
FY 18		234368
FY 17		187072

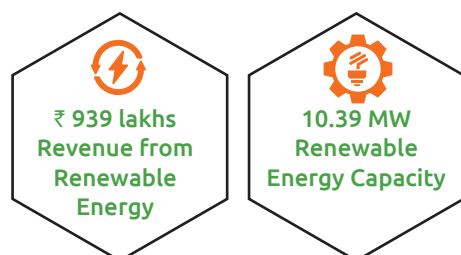
Value added Products Turnover (₹ in Lakhs)

FY 20		72221
FY 19		61905
FY 18		52576
FY 17		42491

With a surge in revenue of the value-added products, from ₹ 42,491 lakhs in FY 17 to ₹ 72,221 lakhs in the current fiscal year, the percentage of contribution of value-added products to the dairy revenue has improved from a mere 17% to nearly 27% in the current year. The value-added products have been growing at a CAGR of 19.34% over the last 4 years.

Renewable Energy Vertical:

The Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending the Company's 'Green' footprint. In line with this thinking, the division has increased its Renewable Energy Capacity to 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:



Wholly – Owned Subsidiary:

To enhance presence in the Indian market, the Company has one wholly owned subsidiary namely Heritage Nutrivet Limited located in Hyderabad, which deals in Animal Nutrition, and is one of the leading Live Stock Feed & Feed Supplements players in Southern India. It covers over 3 lakh farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharastra. During FY 2019-20, the Company achieved sales turnover of ₹ 10,385/- lakhs.






Discussion on Financial and Operational Performances

The Company has created significant wealth for its shareholders as it 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 ₹ 24,754 lakhs to ₹ 46,233 lakhs in the last five years.






Net Worth (₹ in Lakhs)

FY 20		46233
FY 19		80496
FY 18		77801
FY 17		59322
FY 16		24754

Revenue Trend

The focused approach helped the Company to deliver an industry leading performance with a revenue growth of 8.40% in FY20.

Revenue (₹ in Lakhs)






FY 20*		268111
FY 19*		248235
FY 18*		234401
FY 17*		187144
FY 16		238058

* 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 is shown below:

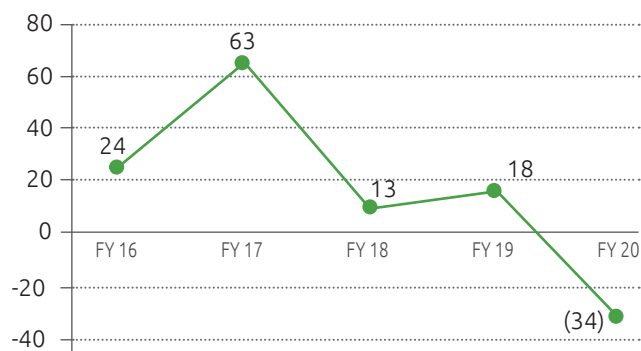
Dividend (₹ in Lakhs)

FY 20		11600
FY 19		928
FY 18		928
FY 17		928
FY 16		696

Earnings per Share

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

EPS (₹ in Rupees)



Financial Overview

The following information is the standalone information of your company and it should be read in conjunction with the financial statements and related notes for the financial year ended March 31, 2020.

Overview of Standalone Financial Results

Particulars	2019 - 20		2018 - 19		FY 2020 Vs 2019
	Rs. In Lakhs	% of Revenue	Rs. In Lakhs	% of Revenue	% of Growth
Net Sales	267959.37	99.94	247946.42	99.88	8.07
Other operating income	151.26	0.06	288.51	0.12	(47.57)
Total Revenue	268110.63	100.00	248234.93	100.00	8.01
Less: Total Expenditure	254814.66	95.04	230036.03	92.67	10.77
Add: Other Income	832.39	0.31	1109.59	0.45	(24.98)
Profit before Interest, Depreciation and Tax*	14128.36	5.27	19308.49	7.78	(26.83)
Less: Finance costs	2080.72	0.78	2068.64	0.83	0.58
Depreciation & Amortisation	4803.59	1.79	4371.04	1.76	9.90
Profit / (Loss) before tax*	7244.05	2.70	12868.82	5.18	(43.71)
Less: Exceptional items	-	-	-	-	-
	7244.05	2.70	12868.82	5.18	(43.71)
Gain due to changes in the fair value of derivative liabilities	29448.87		13109.85		
Loss due to changes in the FVTPL equity securities	(51160.56)		(13109.85)		
Profit before tax	(14467.64)		12868.82		
Less: Provision for current taxation (Incl. tax earlier yrs)	1850.47		4228.00		
Less: Provision for deferred taxation	(317.67)		296.63		
Profit / (Loss) after tax	(16000.44)		8344.19		

* Core Business

Standalone Segment results:

Particulars	2019 - 20		2018 - 19		FY 2020 Vs 2019
	Rs. In Lakhs	% of Revenue	Rs. In Lakhs	% of Revenue	% of Growth
1. Total Revenue					
a. Dairy	267767.46		247000.58		8.41
b. Renewable energy	938.72		1137.08		(17.44)
c. Others	176.87		917.89		(80.73)
Total (a+b+c)	268883.05		249055.55		7.96
2. Inter-segment Revenue					
a. Dairy	-		-		-
b. Renewable energy	772.42		820.62		(5.87)
c. Others	-		-		-
Total (a+b+c)	772.42		820.62		(5.87)
3. External Revenue					
(Incl other operating income)					
a. Dairy	267767.46		247000.58		8.41
b. Renewable energy	166.30		316.46		(47.45)
c. Others	176.87		917.89		(80.73)
Total (a+b+c)	268110.63		248234.93		8.01
4. Segment Results					
(Profit (+) / (Loss) (-) before tax and finance costs)					
a. Dairy	9026.63	3.37	14044.96	5.69	(35.73)
b. Renewable energy	442.84	47.17	659.25	57.98	(32.83)
c. Others	14.55	8.23	116.42	12.68	(87.50)
Total (a+b+c)	9484.02	3.54	14820.63	5.97	(36.01)
Less: Finance Cost	2080.72		2068.64		
Loss due to changes in the FVTPL equity securities	51160.56		13109.85		
Others	222.75		194.02		
Add: Interest income	59.50		45.77		
Gain due to changes in the fair value of derivative liabilities	29448.87		13109.85		
Dividend Income	4.00		4.00		
Reversal of Diminution in value of investments	-		261.09		
Total Profit before Tax	(14467.64)		12868.82		

Segment wise Revenue Break-up:

	2019 - 20	2018 - 19
Dairy		
Finished goods sold		
Milk	175413.52	156409.04
Value Added Products	72220.73	61819.49
Fat Products	14369.73	20687.06
Skimmed Milk Powder	15.49	65.57
Total	262019.47	238981.16
Traded goods		
Milk		1188.67
Value Added Products		85.38
Fat Products	320.42	2018.58
Others	200.43	403.96
E&I	5148.51	4076.06
Total	5669.37	7772.64
Sale of Service	73.24	228.96
Other operating income	5.38	17.82
Total Dairy Revenue	267767.46	247000.58
Renewable Energy		
Finished goods sold	20.42	45.77
Other operating income	145.88	270.69
Total Renewable Energy Revenue	166.30	316.46
Others	176.87	917.89
Total Revenue	268110.63	248234.93

Cash Flow Analysis

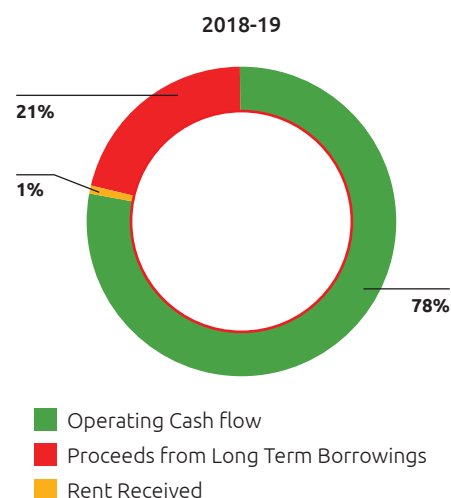
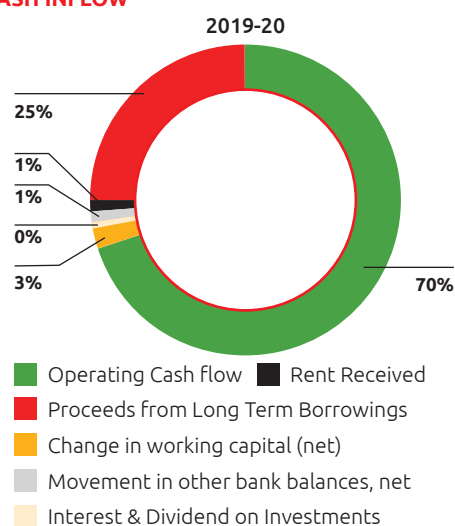
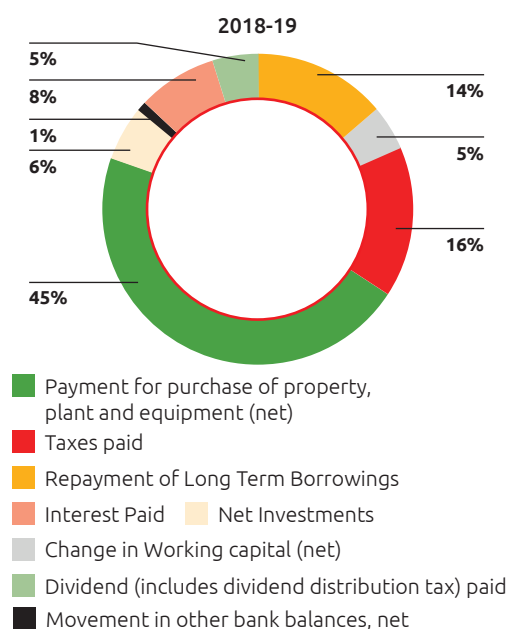
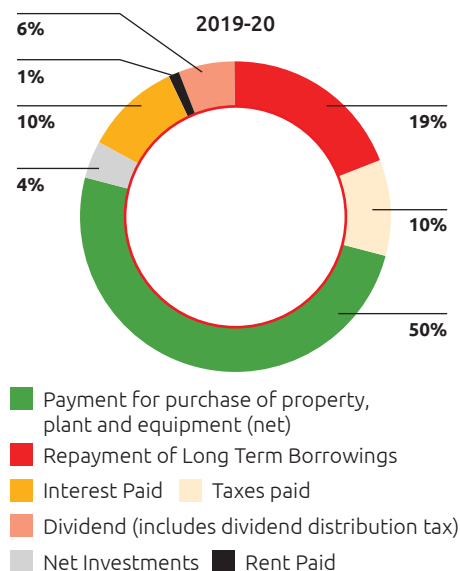
Cash inflows

Particulars	2019 - 20	%	2018 - 19	%
Operating Cash flow	13844.02	70.22	19077.18	77.92
Change in working capital (net)	513.60	2.61	-	-
Interest & Dividend on Investments	36.09	0.18	38.13	0.16
Movement in other bank balances, net	121.28	0.62	-	-
Rent Received	166.88	0.85	144.42	0.59
Proceeds from Long Term Borrowings	5032.77	25.53	5223.32	21.33
Total	19714.64	100.00	24483.05	100.00

Cash Outflows

Particulars	2019 - 20	%	2018 - 19	%
Repayment of Long Term Borrowings	3699.54	18.74	3251.16	14.01
Change in Working capital (net)	-	-	1095.41	4.72
Taxes paid	1916.15	9.71	3718.33	16.02
Payment for purchase of property, plant and equipment(net)	9944.27	50.38	10488.98	45.19
Net Investments	750.10	3.80	1399.93	6.03
Movement in other bank balances, net	-	-	151.96	0.65
Interest Paid	1990.01	10.08	1984.27	8.55

Particulars	2019 - 20	%	2018 - 19	%
Rent Paid	317.88	1.61	-	-
Dividend (includes dividend distribution tax) paid	1118.73	5.67	1118.73	4.82
Total	19736.68	100.00	23208.77	100.00
Net increase /(decrease) in cash and cash equivalents	(22.04)		1274.28	
Add: Opening Cash and Cash Equivalents	(2962.93)		(4237.21)	
Cash and cash equivalents at the end of the period	(2984.97)		(2962.93)	
Cash on hand	358.53		758.07	
Balances with banks in current accounts	4973.80		5391.05	
Cheques on hand	-		111.02	
Loans repayable on demand from banks	(8317.30)		(9223.07)	

CASH INFLOW**CASH OUTFLOW**

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

Particulars	31 March 2020	31 March 2019
Debtors Turnover Ratio	88	99
Inventory Turnover Ratio (on Cost of Goods Sold)	16	14
Interest Coverage Ratio	4.67	7.42
Current Ratio	0.83	0.82
Debt Equity Ratio	0.35	0.19
Operating Profit (PBIT) Margin (%)	3.44%	5.99%
Net Profit Margin (%)	(5.97%)	3.36%
Return on Net Worth (RONW)	(34.61%)	10.37%

Growth Strategy & Outlook

Expand Value-Added Products Portfolio

Higher disposable incomes, rising awareness and preference for healthier and nutritious alternatives have led to an increased demand for value-added dairy products. The Company continues to expand its portfolio of value-added products such as curd, buttermilk, flavoured milk and paneer etc. to cater to evolving consumer aspirations. This, in turn, will offer the Company high growth potential and improved margins.

Increase Milk Procurement

The milk procurement system of the Company comprises more than 3 lakh farmers from 8 states across the country. Milk procurement at remunerative prices, timely payments and support programmes aimed at improving milk production have enabled the Company to forge strong relationships with the farmer community. Further, judicious investments in village-level milk collection infrastructure, bulk coolers and chilling centres and processing capacity will enable the Company to scale its milk procurement levels.

Strengthen Product Reach

The Company's strong distribution network is fundamental to supplying its products and delighting millions of consumers each day. It is penetrating newer geographies and expanding presence in existing ones to increase distribution footprint and product outreach. In addition, the Company is undertaking strategic marketing and promotional activities to drive consumer awareness of its products and propel brand recall.

Enhance Operational Efficiency

Another important strategy of the Company is to optimise management of its supply chain by developing customised processes and systems. Integrating modern technology across all the verticals helps the Company augment its procurement and distribution capabilities and better manage the inventory, while use of data analytics generates better understanding on consumer behaviour. The aim is to minimise costs and achieve greater operational efficiency.

Outlook

The dairy industry provides a plethora of opportunities, driven by growing population and urbanization, changing dietary patterns and increasing demand for value-added milk products. The Company is poised to capitalise on these rising opportunities and create innovative products that meet diverse consumer requirements. It is looking at augmenting its presence in high milk producing and consuming states, extending the distribution network and enhancing production of value-added products. Further, the increased outlay towards marketing and advertising will deepen its brand engagement. Automated operations will be fundamental to strengthen its supply chain and improve processes, while ensuring minimal wastage and supreme quality. This well-defined strategy will enable the Company to achieve its goal of ₹ 6,000 crore revenue by 2024.

Risks & Concerns

Type of Risk	Description	Mitigation Strategy
Competition Risk	Increasing competition from dairy co-operatives, larger private and international brands may affect the market share of the Company.	<p>The Company's strategy to stay ahead of the competition includes:</p> <ul style="list-style-type: none"> • Know the competition • Winning and retaining the customers • Differentiate • Step up the sustainable competitive advantage • Update its brand image • Look after the existing customers • Target new markets • Offer online deliveries
Climate Risk	The Company is sensitive to unfavourable weather conditions, including extreme drought, incessant rainfall and natural disasters. These factors affect the average milk yield and lead to price fluctuations, which could impact the profitability of the Company.	Measures to address the impact that dairy production has on climate, such as new types of fertiliser, better animal genetics and more effective circulation of new technologies so that they are adopted by a greater share of farmers is adopted by the Company.
Operational Risk	Failure of systems/equipment, occurrence of cyber-attacks can disrupt the business operations, resulting in loss of revenues and reputation of the Company.	<ul style="list-style-type: none"> • Identification of risks and risk areas • Analysis, compilation and assessment of risk levels • Decisions and introduction of risk management model, tools and governance • Right people for the right job • Monitoring and evaluations at regular intervals • Periodic risk assessment
Quality Risk	The products manufactured by the Company are subject to inherent quality/safety issues such as contamination, adulteration or tampering which may result in product recalls and financial losses.	<ul style="list-style-type: none"> • Robust Standard Operating Procedures • Good Manufacturing Practices • Statistical Process Control • Advanced Product Quality Planning • Failure Modes and Effect Analysis • Supplier Quality Management • Non-Conformances / Corrective and Preventive Actions
Regulatory Risk	Non-compliance with the applicable laws and regulations may lead to stringent penalties, claims and reputational damage.	<ul style="list-style-type: none"> • Sound corporate governance structure and practices in place aligned with the industry • Greater clarity and confidence around the regulatory risk framework • Understanding of both regulator expectations and business processes and challenges
Raw material Risk	Continued volatility in the price and availability of raw materials on account of economic conditions, market demand, production levels could affect the revenues and margins of the Company.	<ul style="list-style-type: none"> • Sourcing of the Highest Grade Materials • Incoming Raw Material Testing and Inspection • Animal Component-Free Raw Material • Dual Sourcing of Raw Material • Customer-Specific Raw Material Requirements

Human Resources

People are the biggest strength of the Company. The Company provides an open, inclusive and collaborative work environment where employees can grow both professionally and personally. The HR policies of the Company are aimed at attracting, nurturing and retaining talented employees in a constantly evolving business environment. The Application Tracking System (ATS) is a robust digital platform deployed by the Company for talent acquisition.

The Company believes that talent development is fundamental to boost employee motivation and performance. In pursuit of this, it conducts various learning and development sessions periodically to enhance the skills and capabilities of employees. The Company has a structured induction process at all locations and management development programmes to upgrade the skills of managers.

Further, employee recognition programme is a vital part of the Company. Towards this, regular communication is done with the top management for identifying and rewarding the best performers across different divisions. In addition, objective appraisal systems based on Key Result Areas are in place to reward senior level employees. As on March 31, 2020, the employee strength of the Company stood at 3,130.

Internal Control Systems and their Adequacy

The Company has a well-defined internal control system commensurate with the size and nature of its business. These internal controls ensure safeguarding of assets from unauthorised use or disposition, proper recording and reporting of all transactions and compliance with applicable laws and regulations. The internal control systems are reviewed and modified continually to keep up with the changes in business environment and statutory requirements.

The framework is monitored by the internal audit team of the Company. The Audit Committee of the Board is periodically apprised of the internal audit findings. The Audit Committee reviews the adequacy and effectiveness of the internal control system, takes corrective actions and suggests measures for strengthening it. The Company has a robust Management Information System in place which forms an integral part of the control mechanism.

Quality and Safety

Quality and Food Safety are highest priority for your Company. The health of consumers is of paramount importance. To ensure this, your Company has systems and processes in place that ensures all products undergo stringent quality checks. All the offices and factories of your Company are certified under Safety and Health Management System that complies with ISO 45001:2018 & Environment Management System that complies with ISO 14001:2015

Environment

The aim of your Company is to develop business while improving its environmental performance in order to create a more sustainable future. In order to achieve this, your Company continues to focus on measures for the conservation and optimal utilization of energy in all the areas of its operations. Factories are encouraged to consistently improve operational efficiencies, minimize consumption of natural resources and reduce water usage, energy usage and carbon emissions while maximizing production volumes.

Packaging and Plastic waste management:

Plastics play a key role in preventing food wastage and ensuring the quality and safety of food products. However, the leakage of plastic waste into the environment has become a significant environment challenge. Your Company is strongly committed to minimizing the impact that plastic has on the environment and ensuring right disposal or reuse of packaging.

Supply Chain

With increasing internet penetration and tech-savvy consumer, embedding technology in the organizational processes is important. With sales automation and specialised digital acceleration, your Company has taken significant steps to provide solutions for its diverse consumer base.

By embracing digital transformation in operations, your Company has adopted various forms of digital tools to drive engagement with partners leading to speed of response to customers and transparency of information in the value chain processes and making product delivery simpler and faster. During the period under review, your company has launched consumer App, such as "Heritage Touch" which is a web based mobile App that monitors and provides real time data on product availability and freshness from retail outlets that are geo-mapped to the network.

Cautionary Statement

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

The Directors of Heritage Foods Limited ("the Company") have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year 2019-20 in pursuant to Regulation 34(3) read with Schedule V and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulation').

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 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 statute.

- 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, 2020, 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 business 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 Governance 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, which is in conformity with the requirement of Section 149(4) of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time. As on March 31, 2020, 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 excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 ("the Act") and Chairman of more than 5 Committees as specified in Regulation 26 of 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. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Roles, Responsibilities and Duties of the Board

The duties of Board of Directors have been enumerated in Listing Regulations, Section 166 of the Companies Act, 2013 read with the rules and Schedule IV of the said Act. The Board has complete access to all the information within the Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the SEBI Listing Regulations, and, in particular, reviews and approves financial statements, business plans, projects, strategies, annual budgets, projects and capital expenditure. The Board discharges all its responsibilities, functions, duties and obligations in timely and effective

manner in accordance with applicable laws, keeping close watch on the business operations of the Company. The day-to-day affairs of the Company are managed by the Vice Chairperson & Managing Director assisted by the Executive Director and Senior Management team of the Company under the overall supervision of the Board.

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 any updates thereon
- 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 just below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary, if any.
- Materially important Show cause, demand, penalty/prosecution notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material significant effluent or pollution problems.
- Any materially relevant defaults in financial obligations to and by us or substantial non-payment for goods sold by the Company.
- 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.

Post Board Meeting Mechanism

All the decisions taken by the Board and its Committees are promptly communicated to the concerned departments or divisions. Action taken/status reports on decisions of the previous meeting(s) are followed-up and placed at the next meeting for information and further recommended actions, if any.

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 Director 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 & 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 i.e. on May 22, 2019.

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 Board Meetings		Attendance at Last AGM on August 30, 2019
	Held	Attended	
Independent Director			
Mr. D Seetharamaiah	8	8	Yes
Mr. N Sri Vishnu Raju	8	6	No
Mr. Rajesh Thakur Ahuja	8	8	Yes
Mrs. Aparna Surabhi	8	8	Yes
Non Executive Director			
Dr. V Nagaraja Naidu	8	8	Yes
Whole-time Director			
Mrs. N Bhuvaneswari	8	8	Yes
Mrs. N Brahmani	8	8	Yes

Video conferencing facilities are other audio video means are also provided to Directors travelling/residing abroad or at other locations to participate in the meetings

(c) Name and 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)		Category of Directorship and name of the other listed Company(s) as on 31-03-2020
		Member	Chairman	
Independent Director				
Mr. D. Seetharamaiah	4	2	0	Nil

Name	No. of other Directorships* (Including Heritage Foods)	Committee Memberships# (Including Heritage Foods)		Category of Directorship and name of the other listed Company(s) as on 31-03-2020
		Member	Chairman	
Mr. N. Sri Vishnu Raju	19	2	1	Amara Raja Batteries Limited – Non Executive Independent Director Zydus Wellness Limited – Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	4	1	-	Nil
Mrs. Aparna Surabhi	4	-	1	Nil
Non Executive Director				
Dr. V. Nagaraja Naidu	3	1	1	Nil
Whole-time Director				
Mrs. N Bhuvaneswari	5	1	-	Nil
Mrs. N Brahmani	6	-	-	Nil

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

In accordance with Regulation 26 of the Listing Regulations, Membership(s) / Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies have been considered.

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

Eight (8) Board meetings were held during the year ended March 31, 2020 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on: May 22, 2019, July 31, 2019, August 30, 2019, October 30, 2019, November 27, 2019, January 30, 2020, February 28, 2020 and March 27, 2020. The necessary quorum was present for all the meetings

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 Vice Chairperson & Managing Director and communicate 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, 2020, 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 each 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 1,01,250 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.

(h) Skills/Expertise/Competencies of the Board of Directors

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively and those available with the Board as a whole.

- i. **Sales & Marketing:** Experience in sales and marketing management based on understanding of the consumer & consumer goods industry, developing strategies to grow sales and market share, build brand awareness, equity and enhance enterprise reputation.

- ii. **General management/Governance and Compliance:** Service on a company board to develop insights about maintaining board and management accountability, Strategic thinking, decision making, protecting shareholder interests, and observing appropriate governance practices. Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.

- iii. **Financial skills:** Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc. Management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a financial officer, accounting officer, controller, auditor or person performing similar functions

- iv. **Technical and professional skills/ Policy Development:** Ability to identify key issues and opportunities for the Company within the Dairy industry and develop appropriate policies to define the parameters within which the organisation should operate and knowledge including legal and regulatory aspects.

- v. **Operational Skill/ Strategy planning, Mergers and Acquisitions:** Experience in operating and managing on dairy business. Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities. Leading growth through acquisitions and other business combinations, with the ability to assess 'build or buy' decisions, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plan.

- vi. **Leadership:** Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth. Oversee strategic human resource management including workforce planning, employee and industrial relations and oversee large scale organisational change.

vii. Information Technology: A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models. Knowledge and experience in the strategic use and governance of information management and information technology within the organisation.

viii. International Business: Knowledge of and experience in companies with operations outside of India.

The Directors of your Company comprises of qualified individuals who collectively possess the above skills, competencies, and experience across diverse fields that enable them to make effective contributions to the Board and its Committees.

Given below is a list of core skills, expertise and competencies of the individual Directors:

Director	Area of Expertise							
	Financial	Policy Development	Leadership	Information Technology	Strategy planning, Mergers and Acquisitions	Governance and Compliance	Sales & Marketing	International Business
Mr. D. Seetharamaiah	✓	✓	✓	✓		✓		✓
Mr. N. Sri Vishnu Raju	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Rajesh Thakur Ahuja	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Aparna Surabhi	✓	✓	✓	✓	✓	✓		✓
Dr. V. Nagaraja Naidu	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. N Bhuvaneswari	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. N Brahmani	✓	✓	✓	✓	✓	✓	✓	✓

These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/experience listed therein.

(i) Declaration by Independent Directors

All the Independent Directors of the Company have given declarations and confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. They also declare that apart from receiving director's remuneration (sitting fees) did not have any pecuniary relationship or transactions with the company, its promoter, its directors, senior management and they are not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect their independence, and was not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

(j) Reason for resignation of an Independent Director

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

(k) Policy for Prevention of Insider Trading

The Company has adopted a Policy for Prohibition of Insider Trading ('Policy/Code') for Regulating, Monitoring and Reporting of Trades by Designated Persons' ('the Code') in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Policy is applicable to Promoters, Member of Promoter's Group, all Directors, designated persons and third parties such as auditors, consultants etc. who are expected to have access to unpublished price sensitive information relating to the Company. The trading window is closed from the first day of the every quarter and will open after the 48 hours of the declaration of financial results and occurrence of any material events as per the code. The Audit Committee of the company shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The listed company also has a whistle-blower

policy to make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information. The Code & policies are displayed on the Company's website viz. www.heritagefoods.in. All Directors and Senior Management of the Company are affirmed the compliance of all policies for the financial year ended March 31, 2020.

BOARD COMMITTEES

The Board of Directors of the Company are having 6 (Six) Committees as on March 31, 2020 i.e.

- i. Audit Committee
- ii. Nomination & Remuneration Committee
- iii. Stakeholders Relationship Committee
- iv. CSR Committee
- v. Risk Management Committee
- vi. Management Committee

The quorum for committee meetings is as per the Companies Act and SEBI Listing Regulation. The Company Secretary of the company is acting as the Secretary in each Committee.

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 Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Members of the Audit Committee possess financial accounting expertise/exposure.

Terms of reference

The terms of reference of the Audit Committee in alignment with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations 2018), are as follows:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with the management, the quarterly/ annual financial results/statements and auditor's

report thereon before submission to the Board for approval; -

- v. Reviewing with the management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in offer documents/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in the matter;
- vi. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- vii. Approval or any subsequent modification of transactions of the Company with related parties;
- viii. Scrutiny of inter-corporate loans and investments;
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary;
- x. Evaluation of internal financial controls and risk management systems;
- xi. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xii. Reviewing the adequacy of internal audit function and discussion with the internal auditors of any significant findings and follow up thereon;
- xiii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xiv. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xv. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors;
- xvi. Review the functioning of whistle blower mechanism;
- xvii. Approval of appointment of Chief Financial Officer;
- xviii. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision

- xix. Such other matter as prescribed under Part-B of Schedule-II of SEBI Listing Regulation and from time to time be required under any statutory, contractual or other regulatory requirement

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

Composition of the Committee as on March 31, 2020:

Name	Designation	Category
Mrs. Aparna Surabhi	Chairperson	Non Executive Independent Director
Mr. N Sri Vishnu Raju	Member	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

Apart from the aforementioned terms of reference, the Audit Committee mandatorily monitors and provides 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:

Six meetings of Audit Committee were held during the financial year 2019-20, i.e. May 22, 2019, July 31, 2019, October 30, 2019, January 30, 2020, February 28, 2020 and March 27, 2020. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mrs. Aparna Surabhi*	4	4
Mr. N Sri Vishnu Raju	6	5
Mr. D Seetharamaiah	6	6
Mr. Rajesh Thakur Ahuja	6	6
Dr. V Nagaraja Naidu	6	6

* Mrs. Aparna Surabhi has been appointed as the Chairperson of the Audit Committee on 31.07.2019.

Mrs. N. Bhuvaneswari, Vice Chairperson & Managing Director, Mrs. N. Brahmani, Executive Director, Dr. M. Sambasiva Rao, President, Mr. A Prabhakara Naidu, Chief Financial Officer of the Company are permanent invitees and Auditors are also invited 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 terms of reference, constitution, powers, quorum and other matters in relation to the Nomination and Remuneration Committee are as per of the Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations, Section 178 of the Companies Act, 2013 and in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

Further, in terms of the provisions of the Amended Listing Regulations, 2018, the terms of reference of the Committee are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to for remuneration for the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
- Devising a policy on diversity of board of Directors;
- Identifying persons who are qualified to become of Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors;
- Recommend to the Board, all remuneration, in whatever form payable to senior management
- To formulate detailed terms and conditions of employee stock option scheme which shall include the provisions as specified by SEBI from time to time;
- Determine the number of stock options to be granted under the Company's Employees Stock

Option Schemes and administer any stock option plan.

(b) Composition, name of members and chairperson:

Name	Designation	Category
Mr. NSri Vishnu Raju	Chairman	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 two meetings during the financial year 2019-20 i.e. on May 22, 2019 and March 27, 2020. The attendance details of the Committee Meetings are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Sri Vishnu Raju	2	2
Mr. D Seetharamaiah	2	2
Mr. Rajesh Thakur Ahuja	2	1

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President of the Company are 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 / nonexecutive / 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 are 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 are paid remuneration by way of Sitting Fees and reimbursement of actual expenses for attending the Board/ Committee Meeting. The Non-Executive Directors/ Independent Directors do not have any material pecuniary relationship or transactions with the

Company. The Performa appointment letter of the Non-Executive Director including the payment thereof is available in the website of the Company i.e. https://www.heritagefoods.in/uploads/investors/pdf/15861534467Draft_Appointment_Letter-Non-Executive_Independent_Director.pdf. The details of the amount paid to all Directors are disclosed in point no. 5(c)(i) of the Corporate Governance Report section in the Annual Report.

(₹ in Lakhs)

(c) Other disclosures with respect to remuneration:

- i. All elements of remuneration 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, 2020 is as follows:

Name	Sitting Fees	Remuneration	Perquisites/Perks	Annual Pay	Total
Independent Directors					
Mr. D Seetharamaiah	5.40	-	-	-	5.40
Mr. N Sri Vishnu Raju	4.70	-	-	-	4.70
Mr. Rajesh Thakur Ahuja	4.20	-	-	-	4.20
Mrs. Aparna Surabhi	3.50	-	-	-	3.50
Non Executive Directors					
Dr. V Nagaraja Naidu	4.20	-	-	-	4.20
Whole-time Directors					
Mrs. N. Bhuvaneswari	-	180.00	15.75	203.59	399.33
Mrs. N Brahmani	-	90.00	7.50	221.97	319.47

- ii. Details of fixed component and performance linked incentives, along with the performance criteria:

The Non-Executive Directors of the Company were paid only sitting fees and reimbursement of actual expenses for Board/Committee meetings. The performance criteria for two Executive Directors entitled for Performance Linked Incentive as determined by the Nomination & Remuneration Committee, Board of Directors and approved by the Shareholders of the Company as follows:

Particulars		Mrs. N Bhuvaneswari – Vice-Chairperson & Managing Director	Mrs. N Brahmani – Executive Director
A	Salary	₹15.00 Lakhs (Rupees Fifteen Lakhs only) per month	₹7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand only) per month
B	1 Housing	Furnished/unfurnished residential accommodation or house rent allowance of maximum of 50% of salary in lieu thereof. The expenditure incurred by the Company if any, on gas, electricity and water shall be valued as per the Income Tax Rules, 1962.	Furnished/unfurnished residential accommodation or house rent allowance of maximum of 50% of salary in lieu thereof. The expenditure incurred by the Company if any, on gas, electricity and water shall be valued as per the Income Tax Rules, 1962.
	2 Medical Reimbursement	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basic salary in a year or as is provided by the Companies' Group Medical Insurance Policy.	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basic salary in a year or as is provided by the Companies' Group Medical Insurance Policy.
	3 Leave Travel Assistance	For self and family, once a year subject to ceiling of one month's salary.	For self and family, once a year subject to ceiling of one month's basic salary.
	4 Club Fees	Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.	Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.
	5 Personal Accident Insurance	Premium of which shall not exceed ₹ 1,00,000 (Rupees One Lakh only) per Annum	Premium of which shall not exceed ₹ 1,00,000 (Rupees One Lakh Only) per Annum

Particulars		Mrs. N Bhuvaneswari – Vice-Chairperson & Managing Director	Mrs. N Brahmani – Executive Director
6	Books & Periodicals	Books & Periodicals and outfit requirements not exceeding of ₹ 50,000/- (Rupees Fifty Thousand only) per month.	Books & Periodicals and outfit requirements not exceeding of ₹ 45,000/-(Rupees Forty Five Thousand only) per month
7	Others	Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.	Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.
C Other Benefits			
1	Provident Fund contribution	As per rules of the company	As per rules of the company
2	Gratuity	As per rules of the company	As per rules of the company
3	Leave encashment benefits	As per rules of the company	As per rules of the company
4	Superannuation contribution	As per rules of the company	As per rules of the company
D	1 Car & Telephone	The Company shall provide a car with driver, telephone, other communication devices at the residence and Mobile phone for the Companies business purpose.	The Company shall provide a car with driver, telephone, other communication devices at the residence and Mobile phone for the Companies business purpose.
E	Performance / Annual Pay	Mrs. N. Bhuvaneswari shall be entitled for Performance / Annual Pay, however the Performance/Annual Pay so paid plus her substantive salary as referred to above from A to C shall not exceed 5% of the net profit of the Company calculated in accordance with Sec.197 & 198 of the Companies Act, 2013 and read with the Schedule V of the Companies Act, 2013 and ruled made thereof as approved by the Remuneration Committee and Board of Directors approved by the members of the Company.	Mrs. N. Brahmani shall be entitled for Performance/Annual Pay, however the Performance/Annual Pay so paid plus her substantive salary as referred to above from A to C shall not exceed 4% of the net profit of the Company calculated in accordance with Sec.197 & 198 of the Companies Act, 2013 and read with the Schedule V of the Companies Act, 2013 and ruled made thereof as approved by the Remuneration Committee and Board of Directors approved by the members of the Company.
F	Minimum Remuneration	in case of losses or inadequacy of profits in any financial year during her tenure she shall be eligible for a minimum remuneration of ₹ 15 lakhs (Rupees Fifteen Lakhs Only) per month, perquisites and allowances as referred above from A to D."	in case of losses or inadequacy of profits in any financial year during her tenure she shall be eligible for a minimum remuneration of ₹ 7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand only) per month, perquisites, and allowances as referred above from A to D."

iii. Service contracts, notice period, severance fees:

The Company has entered service contract/issued appointment letter with executive directors having a 3 month's 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.

iv. 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 1,01,250 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, 2020.

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. (a) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee's (SRC) 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.

Terms of Reference :

The terms of reference of SRC was framed in terms of the provisions of the Companies Act, 2013 and Listing Regulations. to align with the provisions of the Amended Listing Regulations, 2018, which is given below: -

- Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent

- Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuing timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company

The terms of reference of the Stakeholders Relationship Committee further includes to approve, Sub- division, Consolidation and issue of new/duplicate share certificates, whenever requested for by the shareholders of the company.

The Committee authorised Vice Chairperson & Managing Director and Executive Director of the Company to sign the Memorandum of Share Transfer/Transmissions submitted by Registrar of Transfer Agent and counter signed by Company Secretary of the company and same to be rectified by the Committee in subsequent meeting

(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 2019-20 as follows:

Number of shareholder complaints/request received: 90

Number of solved to the satisfaction to the shareholders: 90

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 2019-20. These were held on May 22, 2019, July 31, 2019, October 30,

2019 and January 30, 2020. 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	3
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.

6. (b) 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 March 31, 2020:

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.

One CSR Committee meetings was held during the financial year 2019-20 on June 28, 2019. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
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 invitees to the Committee Meeting. Mr. Umakanta Barik Company Secretary is the Secretary to the Committee.

6. (c) 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 thereunder 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 2019-20 on March 27, 2020.

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 Bhuvaneshwari	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 invitees to the Committee Meeting, Mr. Umakanta Barik Company Secretary is the Secretary to the Committee.

6. (d) 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 Bhuvaneshwari	Member	Executive Director

Four Management Committee meetings were held during the financial year 2019-20. These were held on June 28, 2019, August 20, 2019, September 24, 2019 and December 24, 2019. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	4	4
Mr. N Sri Vishnu Raju	4	4
Mrs. N Bhuvaneshwari	4	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	Special Resolution(s) Passed
March 31, 2019	August 30, 2019 at 10.30 a.m.	Re-appointment of Mr. N Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director of the company
March 31, 2018	August 30, 2018 at 10.30 a.m.	NIL
March 31, 2017	August 23, 2017 at 11.00 a.m.	NIL

(b) Whether any special resolutions passed in the previous three annual general meeting:

Yes, during the financial year 2018-19 a special resolution passed i.e.

- Re-appointment of Mr. N Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director of the company for a second term of five years.

(c) Postal ballot:

During the last financial year 2018-19, 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 paidup 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:

Name of the 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 process:

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:

The Company has proposed to pass the following Special Resolutions through Postal Ballot as per the Companies Act, 2013, rules made thereof and MCA circular dated April 08, 2020 and April 13, 2020.

Resolution- 1

To approve for giving guarantee or providing security under Section 185 of Companies Act, 2013 to the Joint Venture Company

Resolution- 2

To approve for giving loan or guarantee or providing security in connection with loan availed by any of Company's Subsidiary, Associate, Joint Venture Company and other person specified under section 185 of the Companies Act, 2013.

The e-voting was commenced on 9:00 am Tuesday, May 19, 2020 and will end on 5:00 pm Wednesday, June 17, 2020. The result will be declared on June 19, 2020. Mrs. Savita Jyoti, Partner of, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796) was appointed as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner.

(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. Kfin Technologies 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 will complete her scrutiny and submit her report to the Chairperson, and the consolidated results of the voting are announced by the Chairperson/ 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) along with the Limited Review Report from Statutory Auditors are uploaded in the website of the Company and submitted to the Stock Exchanges as per the applicable provisions of the SEBI (LO&DR) Regulations, 2015 as amended from time to time.

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/Andhra Prabha 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 28th 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 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 designed for Corporates. All 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.

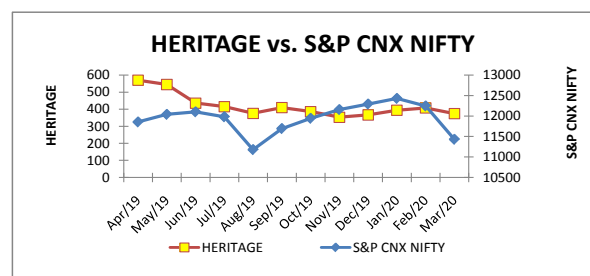
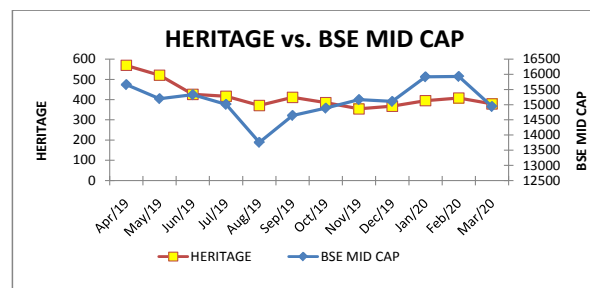
9. GENERAL SHAREHOLDER INFORMATION

(a)	Company Identification No.(CIN)	L15209TG1992PLC014332
	Annual General Meeting -Date and Time	August 28, 2020 at 10:30 am
	Venue	The Company is conducting meeting through VC/OAVM pursuant to the Ministry of Corporate Affairs ("MCA") circular No. 20/2020 dated May 5, 2020 read together with circulars No. 14/2020 dated April 8, 2020 and No. 17/2020 dated April 13, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 and as such, there is no requirement to have a venue for the AGM. The deemed venue shall be the Registered Office of the Company. For further details please refer to the Notice of this AGM.
(b)	Financial year	April 01 to March 31
	Financial Calendar (tentative)	June 30, 2020 – Last week of July, 2020
	Results for the quarter ending	September 30, 2020 – Last week of October, 2020 December 31, 2020 - Last week of January, 2021 March 31, 2021 - Last week of May, 2021 Annual General Meeting - August, 2021
	Date of Book Closure	Friday, August 21, 2020 to Friday, August 28, 2020 (both days inclusive)
(c)	Dividend Payment date	The dividend, if declared, shall be paid/credited to the respective bank account of shareholders on September 04, 2020 subject to deduction of applicable taxes. The dispatch of dividend warrants may take sometime due to COVID-19 pandemic.
(d)	Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot no. C/1, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051
	Payment of Listing Fee	Annual listing fee for the year 2020-21 has been paid by the Company to BSE and NSE.
	Stock / Scrip Code	BSE – 519552 NSE – HERITGFOOD (Shares of the Company are trading in demat form only as per the SEBI regulations)
	ISIN Number for Equity Shares	INE978A01027

(f) Market Price Data – high, low during each month of the financial year 2019-20

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
Apr-19	570.00	479.00	569.00	480.65
May-19	545.00	410.00	520.40	408.00
Jun-19	436.00	388.00	426.00	387.00
Jul-19	415.00	329.30	416.90	330.00
Aug-19	376.00	312.25	370.95	312.50
Sep-19	409.80	340.70	410.95	341.05
Oct-19	386.00	289.90	385.00	288.00
Nov-19	353.30	297.70	354.30	298.60
Dec-19	367.00	325.10	367.40	324.00
Jan-20	394.20	347.95	395.00	343.00
Feb-20	407.70	310.00	407.95	303.80
Mar-20	374.55	146.70	379.00	145.50

(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:**

KFin Technologies Private Limited

(Formerly known as KFinTech Private Limited)

Karvy Selenium Building, Tower B,

Plot No. 31-32, Gachibowli, Financial District.

Nanakramguda, Hyderabad – 500 032

Tel: +91-40-67161566

Toll Free No.: 1800-4258-998;

Fax: +91-40-23114087

(j) **Share transfer system:**

SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2019 notified that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository and came into effect from April 01, 2019. However, transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019 as per the clarification made by SEBI vide PR No.:12/2019 dated Mar 27, 2019. Therefore, transfers in physical form for those shares 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 lodgement 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.

(k) **Distribution of Shareholding as on March 31, 2020**

Category Code	Category of Shareholder	Number of Share-holders	Total Number of Shares	As a % of (A+B+C)
(A)	Shareholding of Promoters and Promoter Group			
1	Indian	13	1,85,13,392	39.90
2	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	13	1,85,13,392	39.90
(B)	Public Shareholding			
1	Institutions	71	89,96,970	19.39
2	Non-institutions	22,454	1,88,87,638	40.71
	Total Public Shareholding	22,525	2,78,84,608	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)		22,538	4,63,98,000	100.00

Shareholding Pattern by Size as on March 31, 2020

Category (No. of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	21,243	32,73,754	7.06
501 - 1000	663	9,63,149	2.08
1001 - 2000	310	9,21,191	1.99
2001 - 3000	71	3,52,451	0.76
3001 - 4000	47	3,44,287	0.74
4001 - 5000	43	4,00,164	0.86
5001 - 10000	65	9,85,150	2.12
10001 - Above	96	3,91,57,854	84.40
TOTAL	22,538	4,63,98,000	100.00

(l) Dematerialization of shares and liquidity:

Total Shares in Demat and Physical form as on March 31, 2020.

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	868	6,78,500	1.46
2	NSDL	12,962	3,98,79,441	85.95
3	CDSL	8,708	58,40,059	12.59
Total		22,538	46398000	100.00

Dematerialisation of Shares

98.54% of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2020. 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 Shareholders	No of Shares	% of Respective Shareholding
Promoters & Promoters Group	13	1,85,13,392	13	1,85,13,392	100%
Public	22,525	2,78,84,608	21,657	2,72,06,108	97.57%
Total:	22,538	4,63,98,000	21,670	4,57,19,500	

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

Bering (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 Hobli
Anekal Taluk Bengaluru South-562107
Karnataka, India

Bhattiprolu

Vellaturu Raod, Bhattiprolu (V) & (M),
Guntur. Dist-522 256
Andhra Pradesh, India

Bobbili

Mettavalasa (V),
Growth Center, Bobbili,
Vizianagaram Dist-535 558
Andhra Pradesh, India

Chittoor

Sundrajapuram (V),
ER palli post, G.D Nellore (M),
Chittoor Dist-517 125
Andhra Pradesh, India

Gokul

Kasipentala (V),
Charndragiri (M), Chittoor Dist-517 101
Andhra Pradesh, India

Pamaruru

Yendagandi (V), K.Gangavaram(M),
East Godavari Dist-533 305
Andhra Pradesh, India

Rai

D No.497, Food Park, Phase 1,
Sector-38, Industrial Estate–HSI IDC,
Rai, Sonipat Dist-131 029,
Haryana, India

Sangvi

Milakt No. 892.
AT/Post - Sangvi,
Phaltan taluka, Satara Dist-415 523
Maharashtra, India

Vadamadurai

Morepatti (V), Vadamadurai,
Dindigul Dist-624 802
Tamilnadu, India

Kalluru

Koralagudam (V) Kalluru (M),
Khammam Dist-507 209
Telangana, India

Narketpalli

Cheruguttu (V), Narketpalli (M),
Nalgonda Dist-508 254

Telangana, India

Shameerpet

Survey No 174,198, 203.
Sampanbole Village Shamirpet Mandal,
Medchal Dt-500 078, Telangana, India

Uppal

C- 10 Raoad No 7,
IDA Uppal, Hyderabad-500 039
Telangana, India

(p) Address for Correspondence

Investor Correspondence

KFin Technologies Private Limited

(Formerly known as KFinTech Private Limited)
Karvy Selenium Building, Tower B,
Plot No. 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161566
Toll Free No.: 1800-4258-998; Fax: +91-40-23001153
Website: www.kfintech.com

Any query on the Annual Report

Mr. Umakanta Barik
Company Secretary & Compliance Officer

Heritage Foods Limited,
#6-3-541/C, Panjagutta,
Hyderabad-500 082, Telangana, India,
Tel: +91-40-23391221
E-mail: hfl@heritagefoods.in
Website: www.heritagefoods.in

(q) Credit Rating:

During the year under review your Company has obtained the Credit Rating from CRISIL Limited an S & P Global Company which is as follows:

Long-Term Rating	CRISIL A/Stable
Short-Term Rating	CRISIL A1

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.

10. OTHER DISCLOSURES

(a) Disclosure in materiality significant related party transactions: Regulation 23 of the SEBI Listing Regulations and as defined under the Act

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.

The policy on Related Party Transactions is hosted on the website of the Company under the web link: <https://www.heritagefoods.in/uploads/investors/pdf/15578998544rpt-policy.pdf>

- (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: Schedule V (C) 10(b) to the SEBI Listing Regulations

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.

- (c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee: Regulation 22 of the SEBI Listing Regulations

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, 2020.

No personnel have been denied access to the Audit Committee. The Whistle Blower Policy has been disclosed on the Company's website under the web link: <https://www.heritagefoods.in/uploads/investors/pdf/15578994930whistle-blower-policy.pdf>

- (d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: Schedule II Part E of the SEBI Listing Regulations

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:

The Board: The Company has a 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 Newspapers 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 website 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 Auditors: The Internal Auditors make presentations to the Audit Committee on their reports on a regular basis.

- (e) Policy for determining 'material' subsidiaries is disclosed: Regulation 24 of the SEBI Listing Regulations

The Audit Committee reviews the consolidated financial statements of the Company and the investments made in the unlisted subsidiary company. The minutes of the Board Meetings along with a report on significant developments of the unlisted subsidiary company are periodically placed before the Board of Directors of the Company.

The Company doesnot have any material unlisted subsidiary company. The Company has a policy of determining 'material' subsidiaries which is hosted on the website at <https://www.heritagefoods.in/uploads/investors/pdf/15579006696subsidiary-policy.pdf>

- (f) Web link where policy for dealing with related party transactions is disclosed:

The URL of policy on dealing with related party transaction is <https://www.heritagefoods.in/uploads/investors/pdf/15578998544rpt-policy.pdf>

- (g) **Disclosure for commodity price risks and commodity 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.

- (h) The Company has not made any preferential allotment or qualified institutions placement during the year under review.
- (i) A certificate obtained from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (M No:3738, CP No:1796), Secunderabd - 500 094 stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority which forms part of the Annual Report (Annexure-2(b) in the Directors Report).
- (j) During the year there were no instances where Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.

(k) 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 Chandio & Co. LLP, Chartered Accountants (FRN 001076N/ 500013).

(₹ in Lakhs)

Particulars	Heritage Foods Ltd	Heritage Nutrive-t Ltd	Skil Raigam India Pvt Ltd
Statutory Audit Fee	45.34	5.71	0.69
Tax Audit Fee	7.79	1.43	-
Limited Review Fee	19.47	-	-
Taxation Matters	1.30	-	-
Certification Fee	1.30	-	-
Reimbursement of Expenses	1.60	-	-
Total	76.80	7.14	0.69

- (l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- number of complaints filed during the financial year: Nil
 - number of complaints disposed of during the financial year: Nil
 - number of complaints pending as on end of the financial year: Nil
- (m) Disclosures regarding the appointment or re-appointment of independent 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 reappointment 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.

The Company has issued formal letter of appointment to all the Independent Directors on their appointment inter-alia explaining their roles, responsibilities, code of conduct, their functions and duties as directors of the Company. The terms and conditions of the appointment of Independent Directors have been uploaded on the website of the Company and can be accessed at https://www.heritagefoods.in/uploads/investors/pdf/15861534467Draft_Appointment_Letter_Non-Executive_Independent_Director.pdf

(n) Preservation of Documents

The Company has adopted the policy on preservation of documents in accordance with Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company at https://www.heritagefoods.in/uploads/investors/pdf/15796867801Preservation_of_documents_Revised.pdf

(o) Policy on Determination of Materiality of events and information for Disclosures: Regulation 30 of SEBI Listing Regulations :

The Company has adopted a Policy on Determination of Materiality for Disclosures.

The URL of policy is <https://www.heritagefoods.in/uploads/investors/pdf/15589549991policy-on-determination-of-materiality-events.pdf>

(p) Policy on Archival and Preservation of Documents: Regulation 9 of SEBI Listing Regulations

The Company has adopted a Policy on Archival and Preservation of Documents. The URL of the policy is at <https://www.heritagefoods.in/uploads/investors/pdf/15589549355archival-policy.pdf>

(q) Code of Conduct: Regulation 17 of the SEBI Listing Regulations

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2020. The Annual Report of the Company contains a certificate by the Vice Chairperson and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The weblink is <https://www.heritagefoods.in/uploads/investors/pdf/15858254255Code-of-conduct.pdf>

(r) During FY 2020, information as mentioned in Part A of Schedule II of S-EBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company

11. The Company has complied with all the requirements of Schedule V of Corporate Governance Report as stated under sub-para (2) to (10) of section (C) of Schedule V 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 of Listing Regulations 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

13. 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.

14. Compliance Certificate from the Auditors

Certificate from Statutory Auditors of the Company M/s. Walker Chandio & 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.

15. Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 11,13,714/- (Eleven Lakhs Thirteen Thousand Seven Hundred Forteen Only) towards the unclaimed/unpaid dividend amount for the financial year 2011-12 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 20,900 equity shares belongs to 29 shareholders of the company to the Investor Education and Protection fund Authority (IEPF) on December 09, 2019 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 2012-13 shall be transferred to the Investor Education and Protection Fund during the financial year 2020-21.

16. 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 (M No: 3738, 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 (M No: 3738, CP No:1796), Secunderabd - 500 094 to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2020, is forming part of the Annual Report.

17. MANAGEMENT DISCUSSION AND ANALYSIS (MDA) :

MDA forms part of the Directors' Report and is presented in the Annual Report under a separate heading

18. 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

19. 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.

20. Compliance with the corporate governance codes

We have always believed in maximum fiscal transparency, and benchmarked our disclosures against a host of national and international guidelines and regulations. Some of the notable ones among them are as follows :

The Listing Regulations : The Listing Regulations prescribe various corporate governance recommendations in line with the corporate governance committee constituted by SEBI. We comply with the corporate governance requirements under the Regulations and specifically to the requirements under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LO& DR) Regulations, 2015.

Compliance with discretionary requirements

The Company has also ensured the implementation of non-mandatory items such as :

- Separate posts of Chairman and MD, with the provision for reimbursement of expenses in the performance of official duties.
- Unmodified audit opinions / reporting
- The internal auditor reporting directly to the audit committee.

Corporate Governance Voluntary Guidelines, 2009: The Corporate Governance Voluntary Guidelines, 2009, of the Ministry of Corporate Affairs, Government of India, encourage the use of better practices through voluntary adoption. These guidelines broadly focus on areas such as the Board and its responsibilities, functions, roles and responsibilities of the audit committee, appointment of auditors, compliance with secretarial standards, and a mechanism for whistleblower support. We comply with the Corporate Governance Voluntary Guidelines.

21. Certificate on Compliance with Code of Conduct

In terms of Regulation 26 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I Mrs. N Bhuvaneshwari, Vice-Chairperson & Managing Director of the Company hereby confirm that all the Members of the Board and Senior Management Personnel of the Company have affirmed the compliance of the Company's Code of Conduct for the Board of Directors and Senior Management for the financial year 2019-20.

For and on behalf of
HERITAGE FOODS LIMITED

Registered Office:

#6-3-541/C, Panjagutta,
Hyderabad – 500 082
Telangana, India
CIN: L15209TG1992PLC014332
Ph: +91-40-23391221/2
E-mail: hfl@heritagefoods.in
Date: May 27, 2020

D SEETHARAMAIAH
Chairperson
(DIN: 00005016)

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)



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, 2020 and based on our knowledge and belief, we state that:
 - i. These statements do not contain any materially untrue statement or omit any material factor 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**

Place: Hyderabad
Date: May 27, 2020

N BHUVANESWARI
Vice-Chairperson & Managing Director
(DIN: 00003741)

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

INDEPENDENT AUDITOR'S 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 30 October 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 2020, 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 2020.

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

8. 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
Firm Registration No. 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 20207660AAAABK7522

Place: Hyderabad
Date: 27 May 2020

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 2020, 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 of the Company as at 31 March 2020, and its loss (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 Matter

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 matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms. Majority of the Company's sales arrangements are on a point of sale basis and requires little judgement to be exercised.	Our audit included, but was not limited to, the following procedures: <ul style="list-style-type: none"> • Assessed the appropriateness of the revenue recognition accounting policies, including those relating to discounts in accordance with Ind AS 115 – Revenue from contracts with customers ('Ind AS 115'). • Evaluated the integrity of the general information and technology control environment and tested the operating effectiveness of key IT application controls.

Key audit matter	How our audit addressed the key audit matter
<p>Discounts are material and there are arrangements with varying terms based on schemes implemented throughout the year.</p> <p>There is a risk of revenue being overstated, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p> <p>Due to the materiality of amounts involved and above said considerations, revenue recognition from sale of goods is determined to be a key audit matter for the current year audit.</p> <p>Refer Note 3(d) to the Standalone Financial Statements – Summary of the significant accounting policies and Note 25 for the revenue recognized during the year.</p>	<ul style="list-style-type: none"> Evaluated the design and implementation of Company's controls in respect of revenue recognition, including discounts. Performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included trip sheets, invoices, shipping documents and evidence of collection of receipts, as appropriate. Performed substantive testing by selecting samples of discount transactions recorded during the year and comparing the parameters used in the calculation of the discounts with the relevant source documents (including invoices and schemes) to assess whether the methodology adopted in the calculation of the discounts was in accordance with the terms and conditions defined in the schemes. Performed cut-off testing by selecting samples of revenue transactions recorded before and after the financial year end date by tracing to the relevant underlying documentation, to assess whether the revenue was recognized in the correct period. Assessed manual journal entries posted to revenue to identify unusual items and tested such entries on a sample basis. Evaluated appropriateness of disclosures made in the financial statements in accordance with the requirements of Ind AS 115 and other applicable regulations.

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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. 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 financial position, 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 is 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 expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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, based on our audit, 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, based on our audit, 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 accompanying standalone financial statements;
 - 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 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 27 May, 2020 as per Annexure B expressed unmodified opinion; and
 - 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 43(b) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
 - 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 2020;
 - 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 2020;
 - 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
UDIN: 20207660AAAABI2240

Place: Hyderabad
Date: 27 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF HERITAGE FOODS LIMITED, ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. 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 and Section 186 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

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	4.06	1.02	2011-12	The High Court of Judicature at Hyderabad for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	27.20	6.80	2012-13	The High Court of Judicature at Hyderabad for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	38.16	9.54	2013-14	The High Court of Judicature at Hyderabad for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	2.89	0.72	2014-15	The High Court of Judicature at Hyderabad for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	4.09	1.02	2015-16	The High Court of Judicature at Hyderabad for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	27.03	6.76	2016-17	The High Court of Judicature at Hyderabad for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	0.23	0.06	2017-18	The High Court of Judicature at Hyderabad for the State of Telangana
Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001	Milk cess	103.07	34.77	December 2014 to September 2019	The Supreme Court of India

- (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 188 of 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 or persons 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 India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sanjay Kumar Jain

Partner

Membership No.: 207660

UDIN: 20207660AAAABI2240

Place: Hyderabad

Date: 27 May 2020

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS 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 at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance 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 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial

statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company 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

UDIN: 20207660AAAABI2240

Place: Hyderabad

Date: 27 May 2020

Standalone Balance Sheet as at 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	6	42,650.55	43,879.38
(b) Capital work-in-progress		7,551.23	2,231.26
(c) Investment property	8	585.05	369.26
(d) Other intangible assets	7	611.34	1,086.43
(e) Intangible assets under development		158.14	-
(f) Investment in subsidiary, joint venture and associate	9	4,180.30	3,379.70
(g) Financial assets			
(i) Investments	10	14,413.65	82,634.06
(ii) Loans	16	507.94	438.01
(iii) Other financial assets	11	47.13	65.36
(h) Other non-current assets	12	290.87	183.53
Total non-current assets		70,996.20	134,266.99
Current assets			
(a) Inventories	13	13,636.82	13,203.33
(b) Financial Assets			
(i) Investments	10	0.37	0.32
(ii) Trade receivables	14	2,109.49	3,996.75
(iii) Cash and cash equivalents	15(i)	5,332.33	6,260.14
(iv) Bank balances other than (iii) above	15(ii)	171.03	280.34
(v) Loans	16	281.87	236.05
(vi) Other financial assets	11	39.48	77.29
(c) Current tax assets (net)		123.17	101.79
(d) Other current assets	12	1,394.03	1,107.73
(e) Disposal group - Assets held for sale		2,100.21	-
Total current assets		25,188.80	25,263.74
TOTAL ASSETS		96,185.00	159,530.73
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	2,319.90	2,319.90
(b) Other equity	18	43,913.17	78,176.28
Total equity		46,233.07	80,496.18
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	16,013.14	15,425.95
(ii) Other financial liabilities	20	433.22	29,501.20
(b) Provisions	21	796.18	693.56
(c) Government grant		6.29	7.65
(d) Deferred tax liabilities (net)	22	2,292.16	2,682.39
Total non-current liabilities		19,540.99	48,310.75
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	8,317.30	9,223.07
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises;		523.89	752.81
- total outstanding dues of creditors other than micro and small enterprises		5,161.36	5,521.89
(iii) Other financial liabilities	20	14,653.02	13,865.05
(b) Other current liabilities	23	653.92	556.48
(c) Government grant		1.36	1.36
(d) Provisions	21	1,100.09	803.14
Total current liabilities		30,410.94	30,723.80
TOTAL EQUITY AND LIABILITIES		96,185.00	159,530.73

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	25	268,110.63	248,234.93
Other income	26	832.39	1,109.60
Gain due to changes in fair value of derivative liabilities		29,448.87	13,109.85
Total income		298,391.89	262,454.38
Expenses			
Cost of materials consumed	27	215,052.77	184,087.30
Purchase of Stock-in-Trade		6,053.54	8,440.19
Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress	28	(1,319.75)	3,391.35
Employee benefit expenses	29	14,956.81	13,685.21
Finance costs	30	2,080.72	2,068.64
Depreciation and amortisation expense	6, 7 & 8	4,803.59	4,371.04
Impairment losses	6 & 7	74.25	365.95
Other expenses	31	19,997.04	20,066.03
Fair value loss on FVTPL equity securities		51,160.56	13,109.85
Total expenses		312,859.53	249,585.56
Profit/(loss) before tax		(14,467.64)	12,868.82
Tax expense	32		
Current tax expense		1,850.47	4,228.00
Deferred tax expense/(benefit)		(317.67)	296.63
Profit/(loss) for the year		(16,000.44)	8,344.19
Other comprehensive income ("OCI")			
Items that will not be reclassified to profit or loss			
(i) Re-measurement loss on defined benefit plan, net of tax		(54.73)	(158.40)
(ii) Net loss on FVTOCI equity securities		(17,059.90)	(4,371.54)
Total other comprehensive loss for the year		(17,114.63)	(4,529.94)
Total comprehensive income/(loss) for the year		(33,115.07)	3,814.25
Earnings per equity share [EPES] (in absolute ₹ terms)	33		
Par value per equity share		5	5
Basic and Diluted EPES		(34.49)	17.98

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Standalone Cash Flow Statement for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit/(loss) before tax	(14,467.64)	12,868.82
Adjustments:		
Fair value loss on FVTPL equity securities	51,160.56	13,109.85
Gain due to changes in fair value of derivative liabilities	(29,448.87)	(13,109.85)
Depreciation and amortization expense	4,803.59	4,371.04
Impairment losses	74.25	365.95
Provision for doubtful advances	-	19.79
Provision for doubtful debts	48.49	27.38
Advances written off	4.63	11.09
Loss on sale of PPE	70.59	178.89
Reversal of impairment in value of investments, net	-	(261.09)
Provisions no longer required/ credit balances written back	(166.87)	(241.76)
Interest income	(33.67)	(23.70)
Interest expenses	2,002.77	2,003.12
Guarantee Income	(25.83)	(22.07)
Unrealised foreign exchange gain	-	(52.75)
Lease income	(173.98)	(163.53)
Dividend income on long term investments	(4.00)	(4.00)
Operating profit before working capital changes	13,844.02	19,077.18
Movements in working capital:		
Changes in inventories	(433.49)	1,848.56
Changes in trade receivables	1,838.77	(3,013.73)
Changes in loans	(115.75)	152.03
Changes in other assets	(282.48)	(394.62)
Changes in other financial assets	52.75	-
Changes in trade payables	(589.45)	(112.65)
Changes in provisions	326.43	49.08
Changes in government grant	(1.36)	(1.36)
Changes in other financial liabilities	(379.26)	490.25
Changes in other liabilities	97.44	(112.97)
Cash generated from operating activities	14,357.62	17,981.77
Income-taxes paid, net	(1,916.15)	(3,718.33)
Net cash generated from operating activities (A)	12,441.47	14,263.44
Cash flow from investing activities		
Purchase of PPE and other intangible assets, including CWIP and intangible assets under development	(10,297.16)	(10,792.08)
Proceeds from sale of PPE	352.89	303.10
(Purchase)/ Sale of investments	(0.10)	0.06
Investment in joint venture	-	(849.99)
Investment in subsidiary	(750.00)	(550.00)
Interest received	32.09	34.13
Movement in other bank balances, net	121.28	(151.96)
Rent received	166.88	144.42
Dividend income received	4.00	4.00
Net cash used in investing activities (B)	(10,370.12)	(11,858.32)

Standalone Cash Flow Statement for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from financing activities		
Proceeds from long term borrowings	5,032.77	5,223.32
Repayments of long term borrowings	(3,699.54)	(3,251.16)
Interest paid	(1,990.01)	(1,984.27)
Lease rentals paid	(317.88)	-
Dividend paid including dividend distribution tax	(1,118.73)	(1,118.73)
Net cash used in financing activities (C)	(2,093.39)	(1,130.84)
Net increase/(decrease) in cash and cash equivalents during the year (A + B + C)	(22.04)	1,274.28
Cash and cash equivalents at the beginning of the year	(2,962.93)	(4,237.21)
Cash and cash equivalents at the end of the year (Note 1)	(2,984.97)	(2,962.93)
Note 1:		
Cash and cash equivalents includes		
Cash on hand (refer note 15(i))	358.53	758.07
Cheques, drafts on hand (refer note 15(ii))	-	111.02
Balances with banks in current accounts (refer note 15(ii))	4,973.80	5,391.05
Loans repayable on demand from banks (refer note 19(b))	(8,317.30)	(9,223.07)
	(2,984.97)	(2,962.93)
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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Standalone Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

A Equity Share Capital (refer note 17)

	Number of Shares	Amount
As at 1 April 2018	46,398,000	2319.90
Changes during the year	-	-
As at 31 March 2019	46,398,000	2319.90
Changes during the year	-	-
As at 31 March 2020	46,398,000	2319.90

B Other equity (refer note 18)

	Reserves and Surplus					OCI	Total
	Capital reserve	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve	Changes in fair value of equity instruments	
Balance as at 1 April 2018	121.09	81.00	3,784.14	318.69	8,427.39	41,322.44	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)
Balance as at 31 March 2019	121.09	81.00	3,784.14	318.69	8,427.39	17,054.47	78,176.28
Impact on account of adoption of Ind AS 116 (refer note 44)	-	-	-	-	-	(29.31)	(29.31)
Loss for the year	-	-	-	-	-	(16,000.44)	(16,000.44)
Payment of dividend (₹2 per equity share)	-	-	-	-	-	(927.96)	(927.96)
Dividend distribution tax	-	-	-	-	-	(190.77)	(190.77)
Other comprehensive loss	-	-	-	-	-	(54.73)	(17,059.90)
Balance as at 31 March 2020	121.09	81.00	3,784.14	318.69	8,427.39	(5.43)	43,913.17

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 : 27 May 2020

For and on behalf of the Board of Directors of
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A Prabhakara Naidu
Chief Financial Officer
M.No. FCA 200974

Notes to the Standalone Financial Statements

for the year ended March 31 2020

1. Corporate information

The standalone financial statements of "Heritage Foods Limited" ("the Company" or "HFL") are for the year ended 31 March 2020. 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 27 May 2020.

2. Significant accounting policies - Basis of preparation

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. 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.

b. 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 spot rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and 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 and 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.

c. 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.

d. 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 dairy and food commodities.

Effective 1 April 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective application method. The impact 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.

Revenue is measured on the basis of contracted price, after deduction of any discounts and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Discounts are recognised in accordance with the schemes implemented by the Company. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

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.

e. 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 the statement of profit and 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.

f. 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 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.

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.

g. Property, plant and equipment

Capital Work in progress, Property, 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 the statement of profit and 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 the 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 and 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.

h. 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 the statement of profit and 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 the investment property is disclosed in the note 8 to the standalone financial statements.

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 the statement of profit and loss in the period of de-recognition.

i. 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 the statement of profit and 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 class	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Computer Software	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 and Loss when the asset is derecognised.

j. 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.

k. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses

whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Refer note 44 to the standalone financial statements for transition impact on adoption of Ind AS 116 by the Company.

l. Assets held for sale

Non-current assets and disposal group are classified as "Held for Sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as "Held for Sale".

Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for sale" criteria.

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

The 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 are 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 the statement of profit and 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 FVTOCI and FVTPL

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- 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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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 IndAS 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 balances
- Financial guarantee contracts which are not measured as at FVTPL
- Lease receivables under Ind AS 116

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 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 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 statement of profit and 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/ losses 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 and 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 the statement of profit and 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 from banks.

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 and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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 the statement of profit and loss (refer to note 45 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 in accordance with 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.

For the purpose of the standalone cash flow statement, cash and cash equivalents consist of cash at banks and on hand and deposits, as defined above, net of outstanding loans repayable on demand from banks as they are considered an integral part of the Company's cash management.

u. Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders when the dividend 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 reduction 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. 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.

b. Useful lives of depreciable and amortisable assets

Management reviews the useful lives of depreciable and amortisable assets at each reporting date, based on the expected utility of the assets to the Company.

c. 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.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

5. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

6. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Freehold Office equipment	Leasehold Office equipment	Vehicles	Right-of-use assets	₹ Total
Gross Block										
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 during the year	747.38	1,427.07	-	6,351.38	75.02	175.14	-	68.94	-	8,844.93
Disposals/transfers during the year	-	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
Transition impact of Ind AS 116 (refer note 44)	-	-	-	-	-	-	(348.43)	-	1,023.34	674.91
Additions during the year	27.23	1,331.78	-	4,032.05	30.56	176.75	-	15.70	-	5,614.07
Disposals/transfers during the year (refer note (c) below)	528.31	758.61	-	2,755.80	10.30	117.16	-	-	-	4,170.18
Balance as at 31 March 2020	4,346.34	11,422.19	31.25	34,151.60	231.23	768.98	-	514.29	1,023.34	52,489.22
Accumulated depreciation										
Upto 31 March 2018	-	518.57	1.48	2,569.66	36.23	20.50	32.70	97.38	-	3,276.52
Depreciation charge for the year	-	450.29	1.48	3,035.83	27.50	161.00	87.11	74.10	-	3,837.31
Adjustment for disposals/transfers	-	0.37	-	532.49	4.75	80.01	-	5.17	-	622.79
Upto 31 March 2019	-	968.49	2.96	5,073.00	58.98	101.49	119.81	166.31	-	6,491.04
Transition impact of Ind AS 116 (refer note 44)	-	-	-	-	-	-	(119.81)	-	119.81	-
Depreciation charge for the year	-	476.12	1.48	3,361.35	30.98	143.11	-	72.29	294.21	4,379.54
Adjustment for disposals/transfers (refer note (c) below)	-	43.68	-	939.61	4.50	50.13	-	-	-	1,037.92
Impairment loss	-	-	-	1.15	-	4.86	-	-	-	6.01
Upto 31 March 2020	-	1,400.93	4.44	7,495.89	85.46	199.33	-	238.60	414.02	9,838.67
Net carrying value										
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
As at 31 March 2020	4,346.34	10,021.26	26.81	26,655.71	145.77	569.65	-	275.69	609.32	42,650.55

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 2020 is ₹58.23(31 March 2019: Nil)
 (c) Include transfers made to Disposal group - Assets held for sale and investment property. Gross block and accumulated depreciation of such assets aggregates to ₹2,576.38 and ₹243.18 respectively.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

7. Other intangible assets

Particulars	Computer Software	Brand	Non-competes	Procurement network	Distribution Network	Total
Gross Block						
As at 31 March 2018	391.64	745.52	321.84	432.00	502.46	2,393.46
Additions during the year	105.32	-	-	-	-	105.32
As at 31 March 2019	496.96	745.52	321.84	432.00	502.46	2,498.78
Additions during the year	-	-	-	-	-	-
As at 31 March 2020	496.96	745.52	321.84	432.00	502.46	2,498.78
Accumulated amortization						
Up to 31 March 2018	115.91	144.61	104.04	83.80	97.46	545.82
Amortization charge for the year	73.27	149.10	107.27	86.40	100.49	516.53
Impairment charge for the year	-	350.00	-	-	-	350.00
Up to 31 March 2019	189.18	643.71	211.31	170.20	197.95	1,412.35
Amortization charge for the year	79.12	33.57	107.27	86.40	100.49	406.85
Impairment charge for the year	-	68.24	-	-	-	68.24
Up to 31 March 2020	268.30	745.52	318.58	256.60	298.44	1,887.44
Net carrying amount						
As at 31 March 2019	307.78	101.81	110.53	261.80	304.51	1,086.43
As at 31 March 2020	228.66	-	3.26	175.40	204.02	611.34

Note : (a) Impairment charge, excludes impairment charge on Capital work-in-progress aggregating to ₹ Nil for the year ended 31 March 2020 (31 March 2019 ₹15.95)

8. Investment property

Particulars	Land	Building	Total
Gross Block			
As at 31 March 2018	10.75	410.46	421.21
Transfers during the year	(10.75)	-	(10.75)
As at 31 March 2019	-	410.46	410.46
Transfers during the year	232.99	-	232.99
As at 31 March 2020	232.99	410.46	643.45
Accumulated depreciation			
Up to 31 March 2018	-	24.00	24.00
Depreciation charge for the year	-	17.20	17.20
Up to 31 March 2019	-	41.20	41.20
Depreciation charge for the year	-	17.20	17.20
Up to 31 March 2020	-	58.40	58.40
Net carrying amount			
As at 31 March 2019	-	369.26	369.26
As at 31 March 2020	232.99	352.06	585.05

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the Year ended	
	31 March 2020	31 March 2019
(a) Information of net income derived from Investment property		
Lease rental income (refer note 26)	153.97	153.36
Less: Depreciation	17.20	17.20
Net income derived from Investment property	136.77	136.16
	As at	As at
	31 March 2020	31 March 2019
(b) Description of valuation technique and key assumptions used		
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month (in absolute terms)	18	18
Rental growth per annum	5%	5%
Discount rate	9.50%	9.50%
(c) Changes in fair value of Investment property is shown below:		
	Amount	
Fair value as on 31 March 2018	3,232.53	
Transferred to Property, plant and equipment during the year	(10.75)	
Fair value as on 31 March 2019	3,221.78	
Transferred from Property, plant and equipment during the year	232.99	
Fair value as on 31 March 2020	3,454.77	

9. Investment in subsidiary, joint venture and associate

Particulars	As at	As at
	31 March 2020	31 March 2019
Unquoted		
Investment in subsidiary		
3,709,464 (31 March 2019: 2,951,888) equity shares of ₹10 each fully paid held in Heritage Nutriv-et Limited	3,225.19	2,465.19
	3,225.19	2,465.19
Investment in associate		
650,000 (31 March 2019: 650,000) equity shares of ₹10 each fully paid held in SKIL Raigam Power (India) Limited	65.00	65.00
Less: Impairment of investment	10.48	10.48
	54.52	54.52
Investment in joint venture		
2,280,299 (31 March 2019: 2,280,299) equity shares of ₹10 each fully paid held in Heritage No-vandie Foods Private Limited	900.59	859.99
	900.59	859.99
	4,180.30	3,379.70

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

10. Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Non current		
Investments at fair value through other comprehensive income ("FVTOCI")		
Investments in equity instruments		
363 (31 March 2019: 363) quoted equity shares of ₹10 each fully paid held in Andhra Bank	0.04	0.10
1,740 (31 March 2019: 1,740) quoted equity shares of ₹2 each fully paid held in Bank of Baroda	0.93	2.24
4,462,855 (31 March 2019: 4,462,855) quoted equity shares of ₹2 each fully paid held in Future Retail Limited	3,494.42	20,243.51
223,093 (31 March 2019: 223,093) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited	102.73	412.16
200,000 (31 March 2019: 200,000) unquoted equity shares of ₹10 each fully paid held in Heritage Finlease Limited	26.02	26.02
	3,624.14	20,684.03
Investments in equity instruments		
13,384,565 (31 March 2019: 13,384,565) quoted equity shares of ₹2 each fully paid held in Future Retail Limited	10,480.11	60,712.39
669,278 (31 March 2019: 669,278) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited	308.20	1,236.49
	10,788.31	61,948.88
Investments at amortized cost		
Investments in government securities	1.20	1.15
	1.20	1.15
	14,413.65	82,634.06
Aggregate market value of quoted investments	14,386.43	82,606.89
Aggregate value of unquoted investments	27.22	27.17
Current		
Investments at amortized cost		
Investments in government securities	0.37	0.32
	0.37	0.32
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.37	0.32

11. Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Interest accrued but not due on bank deposits	7.02	13.28
Earmarked balances with banks	21.40	20.23
Margin money deposits with banks	18.71	31.85
	47.13	65.36
Current		
Interest accrued but not due on bank deposits	13.27	5.43
Rent receivable	26.21	19.11
Others	-	52.75
	39.48	77.29

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

12. Other assets

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Unsecured, Considered good		
Capital advances	283.82	172.66
Prepaid expenses	7.05	10.87
	290.87	183.53
Unsecured, Considered doubtful		
Capital advances	25.17	26.59
Less: Allowance for doubtful capital advances	25.17	26.59
	290.87	183.53
Current		
Unsecured, Considered good		
Balance with Statutory authorities	171.20	109.39
Prepaid expenses	306.28	298.58
Other advances	916.55	699.76
	1,394.03	1,107.73
Unsecured, Considered doubtful		
Other advances	69.65	69.65
Less: Provision for doubtful advances	69.65	69.65
	-	-
	1,394.03	1,107.73

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 41 for dues from related parties.

13. Inventories

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (including goods in transit of ₹708.70 (31 March 2019: ₹49.95))	4,984.35	5,871.03
Work-in-progress	50.79	106.41
Semi finished goods	955.60	1,429.62
Finished goods	6,493.02	4,656.64
Stock-in-trade	165.85	152.84
Packing materials	684.79	679.43
Stores, spares and consumables	302.42	307.36
	13,636.82	13,203.33

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

14. Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	2,109.94	3,997.78
Unsecured, significant increase in credit risk	97.73	69.89
	2,207.67	4,067.67
Less: Allowance for trade receivables with significant increase in credit risk	97.73	69.89
Less: Expected credit loss	0.45	1.03
	2,109.49	3,996.75

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 41 for dues from related parties.

15. Cash and Bank Balances

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Cash and cash equivalents		
Balances with banks in current accounts	4,973.80	5,391.05
Cheques, drafts on hand	-	111.02
Cash on hand	358.53	758.07
	5,332.33	6,260.14
(ii) Other bank balances		
Earmarked balances with banks		
Unpaid dividend	146.45	136.27
Other deposits	0.50	0.50
Margin money deposits with banks	24.08	143.57
	171.03	280.34

16. Loans

Particulars	As at 31 March 2020	As at 31 March 2019
Non Current		
Unsecured, considered good		
Security deposits	507.94	438.01
	507.94	438.01
Current		
Unsecured, considered good		
Loans to employees	2.12	2.57
Loans to others	88.39	53.36
Security deposits	191.36	180.12
	281.87	236.05
Unsecured, considered doubtful		
Loans to others	10.38	10.38
Less: Allowance for doubtful loans	10.38	10.38
	-	-
	281.87	236.05

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

17. Equity share capital

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
i. Authorised share capital				
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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
ii. Issued, subscribed and fully paid up				
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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
iii. Reconciliation of number of equity shares outstanding at the beginning and end of the year				
Equity shares				
At the beginning of the year	46,398,000	2,319.90	46,398,000	2,319.90
Changes during the year	-	-	-	-
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.

Name of the equity shareholders	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
v. Details of shareholders holding more than 5% equity shares in the Company				
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.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

18. Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
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	31,186.29	48,389.50
	43,918.60	61,121.81
Item of OCI		
Changes in fair value of equity instruments	(5.43)	17,054.47
	(5.43)	17,054.47
	43,913.17	78,176.28

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 combinations have been recorded under the capital reserve during the earlier years.

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares in the earlier years. The Company uses capital redemption reserve 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.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Secured		
Term loans from banks (refer note a)	15,478.50	14,628.67
Deferred payment liabilities	534.64	663.36
	16,013.14	15,292.03
Unsecured		
Finance lease obligations	-	133.92
	-	133.92

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	As at	As at
	31 March 2020	31 March 2019
	16,013.14	15,425.95
Current		
Secured		
Loans repayable on demand from banks (refer note b)	5,817.30	6,723.07
	5,817.30	6,723.07
Unsecured		
Loans repayable on demand from banks (refer note b)	2,500.00	2,500.00
	2,500.00	2,500.00
	8,317.30	9,223.07

Reconciliation of liabilities arising from financial activities*	For the year ended	
	31 March 2020	31 March 2019
Balance at beginning of the year	18,315.55	16,291.34
Reclassified on transition to Ind AS 116 (refer note 44)	(227.36)	-
Proceeds from long term borrowings	5,032.77	5,223.32
Repayments of long term borrowings	(3,571.32)	(3,199.11)
Balance at end of the year	19,549.64	18,315.55

*Includes only current and non-current portions of term loans from banks for the year ended 31 March 2020, but whereas for the year ended 31 March 2019, the above reconciliation also included outstanding finance lease obligations.

Reconciliation of liabilities arising from financial activities*	For the year ended	
	31 March 2020	31 March 2019
Balance at beginning of the year	93.65	74.80
Interest expense for the year	1,682.09	1,609.63
Interest paid during the year	1,642.50	1,590.78
Balance at end of the year	133.24	93.65

Summary of the 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 2020	31 March 2019			
1	Andhra Bank	-	112.39	Base rate + 0.25% per annum	The loan has been repaid during	- 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	197.92	263.15	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	470.93	273.87	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commencing from May 2020 and ending in Feb 2024.	- 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	1,324.52	1,653.33	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	1,239.52	1,485.37	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commenced 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	632.54	471.71	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commenced from February 2020 and ending in November 2023.	- 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	759.22	927.40	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	581.91	747.74	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	1,008.85	1,162.39	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.

Summary of the 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 2020	31 March 2019	(%)	
10	HDFC Bank	498.97	664.89	"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	1,803.46	948.19	"One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025. Subservient charge on movable fixed assets of the Company.
12	HDFC Bank	857.65	-	One year MCLR +0.50% per annum	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
13	Kotak Mahindra Bank	2,329.65	2,911.05	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.
14	Kotak Mahindra Bank	1,243.71	1,420.76	One year MCLR + spread per annum	Repayable in 24 quarterly installments commenced 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	Yes Bank	670.29	827.34	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.
16	Yes Bank	-	306.10	One year MCLR + spread per annum	The loan has been repaid during the year ended 31 March 2020. - First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
17	Yes Bank	943.54	-	One year MCLR per annum	Repayable in 24 quarterly installments commenced from November 2020 and ending in August 2026. - Exclusive charge on assets financed by the loan taken.
18	ICICI Bank	1,527.80	1,855.70	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 bank and YES bank. - Second pari passu charge on current assets of the Company.
19	ICICI Bank	695.26	893.29	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.

Summary of the 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* 31 March 2020	31 March 2019	Interest rate (%)	Repayment terms	Type of security
20	ICICI Bank	448.13	745.28	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.
21	ICICI Bank	402.39	418.24	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commenced 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 bank and YES bank. - Second pari passu charge on current assets of the Company.
22	ICICI Bank	431.38	-	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commencing from December 2020 and ending in September 2026.	- First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC bank and YES bank. - Second pari passu charge on current assets of the Company.
23	ICICI Bank	1,482.00	-	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commencing from December 2020 and ending in September 2026.	- First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC bank and YES bank. - Second pari passu charge on current assets of the Company.
		19,549.64	18,088.19			

*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* 31 March 2020	31 March 2019	Interest rate (%)	Repayment terms	Type of security
1	Bank of Baroda	2,239.84	2,664.74	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	1,559.70	1,675.15	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	2,017.76	2,383.18	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	-	2,500.00	Six months MCLR per annum	The loan has been repaid during the year ended March 2020.	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.
		8,317.30	9,223.07			

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

20. Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Derivative contracts (refer note 45)	-	29,448.88
Lease liabilities (refer note 44)	360.93	-
Financial guarantee (refer note (i) below)	72.29	52.32
	433.22	29,501.20
Current		
Current maturities of deferred payment liabilities	128.72	128.22
Current maturities of term loans from banks	4,071.14	3,459.52
Current maturities of finance lease obligations	-	93.44
Current maturities of financial guarantee (refer note (i) below)	22.36	17.56
Interest accrued but not due on borrowings	133.24	93.65
Freight payable	1,030.41	1,198.78
Capital creditors	2,092.73	1,615.74
Employee related payables	1,443.71	2,152.08
Security deposits	3,023.06	2,637.02
Unpaid dividend	146.45	136.27
Lease liabilities (refer note 44)	294.04	-
Other payables	2,267.16	2,332.77
	14,653.02	13,865.05

Note:

- (i) The Company has outstanding guarantees given to bankers towards loans availed by its wholly owned subsidiary i.e. Heritage Nutrivet Limited and its joint venture i.e. Heritage Novandie Foods Private Limited. The carrying amount of such financial guarantees as at 31 March 2020 is ₹94.65 (31 March 2019: ₹69.88). Amount outstanding to bankers by Heritage Nutrivet Limited and Heritage Novandie Foods Private Limited as at 31 March 2020 is ₹2,613.83 (31 March 2019: ₹1,606.55).

21. Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Compensated absences	796.18	693.56
	796.18	693.56
Current		
Gratuity (refer note a below)	53.26	104.03
Compensated absences	1,046.83	699.11
	1,100.09	803.14

(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.

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	898.79	658.05
Service cost	117.26	86.44
Interest cost	61.80	49.02
Actuarial loss	90.68	153.30
Benefits paid	(31.79)	(48.02)
Projected benefit obligation at the end of the year	1,136.74	898.79

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
(ii) Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	794.76	570.52
Interest income	62.92	50.97
Contribution made	240.05	242.14
Actuarial gain/(loss)	17.54	(5.10)
Benefits paid	(31.79)	(63.77)
Fair value of plan assets at the end of the year	1,083.48	794.76

Particulars	As at 31 March 2020	As at 31 March 2019
(iii) Reconciliation of present value of projected benefit obligation and fair value of plan assets		
Present value of projected benefit obligation	1,136.74	898.79
Funded status of plan assets	1,083.48	794.76
Net liability recognised in the balance sheet	53.26	104.03

Particulars	For the year ended	
	31 March 2020	31 March 2019
(iv) Expense recognized in the Statement of Profit and Loss		
Interest cost	61.80	49.02
Service cost	117.26	86.44
Interest income	(62.92)	(50.97)
	116.14	84.49

Particulars	For the year ended	
	31 March 2020	31 March 2019
(v) Expense recognized in OCI		
Actuarial loss, net	73.14	158.40
	73.14	158.40

Particulars	As at 31 March 2020	As at 31 March 2019
(vi) Key actuarial assumptions		
Discount rate	6.00%	7.00%
Salary escalation rate	8.00%	8.00%
Attrition rate	15.00%	15.00%

(vii) Sensitivity analysis

Reasonably possible changes as at 31 March 2020 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

Particulars	For the year ended	
	31 March 2020 Increase	31 March 2019 Decrease
Discount rate (1% movement)	(52.33)	58.01
Salary escalation rate (1% movement)	54.74	(50.75)
Attrition rate (1% movement)	(8.12)	8.69

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(viii) The Company expects to contribute ₹53.26 as its contribution to gratuity within one year from the year ended 31 March 2020.

	Amount
(ix) Maturity analysis of Gratuity as on 31 March 2020 is as follows:	
Within one year	254.24
2 to 5 years	679.08
More than 5 years	962.64
	1,895.96

22. Deferred tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities arising on account of:		
Borrowings measured at amortised cost	16.31	39.73
Property, Plant and Equipment ("PPE")	2,853.42	3,347.39
	2,869.73	3,387.12
Deferred tax assets arising on account of:		
Provision for trade receivables and advances	(47.48)	(62.00)
Provision for employee benefits	(513.99)	(541.38)
Minimum alternate tax ("MAT") credit entitlement	-	(95.17)
Revaluation of investments at FVTOCI to fair value	(6.24)	(6.18)
Lease liabilities	(9.86)	-
	(577.57)	(704.73)
	2,292.16	2,682.39

Movement in deferred tax liabilities, net

Particulars	Borrowings	Property, plant and equipment	Provision for employee benefits	MAT credit	Others	Total
As at 31 March 2018	47.41	2,913.46	(454.83)	(635.00)	(50.29)	1,820.75
Utilisation of MAT credit entitlement	-	-	-	565.01	-	565.01
Charged to Statement of Profit and Loss	(7.68)	433.93	(86.55)	(25.18)	(17.89)	296.63
As at 31 March 2019	39.73	3,347.39	(541.38)	(95.17)	(68.18)	2,682.39
Transition impact of Ind AS 116 (refer note 44)	-	-	-	-	(9.86)	(9.86)
Adjustment on account of change in tax provision of earlier year charged	-	-	-	(44.29)	-	(44.29)
- to Statement of Profit and Loss	(23.42)	(493.97)	45.80	139.46	14.46	(317.67)
- to OCI	-	-	(18.41)	-	-	(18.41)
As at 31 March 2020	16.31	2,853.42	(513.99)	-	(63.58)	2,292.16

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

23. Other liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Advances from customers	259.61	267.31
Statutory dues payable	394.31	289.17
	653.92	556.48

24. Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro and small enterprises (refer note 46)	523.89	752.81
Total outstanding dues of creditors other than micro and small enterprises	5,161.36	5,521.89
	5,685.25	6,274.70

25. Revenue from operations

Particulars	For the year ended	
	31 March 2020	31 March 2019
Sale of products	267,886.13	247,717.46
Sale of services	73.24	228.96
Other operating income		
- Sale of renewable energy certificates	70.93	270.69
- Scrap sales and others	80.33	17.82
	268,110.63	248,234.93

Particulars	For the year ended	
	31 March 2020	31 March 2019
Revenue disaggregation geography wise is as follows:		
India	267,039.85	243,452.36
Other than India	1,070.78	4,782.57
	268,110.63	248,234.93

Note

- (a) A receivable is a right to consideration that is unconditional upon passage of time. The Company sells goods on cash on delivery payment terms. In case of customers where credit is allowed, the same is disclosed under note 14 to the standalone financial statements.
- (b) The Company has no single customer from whom the revenue is more than 10% of the revenue from operations for the year ended 31 March 2020 and 31 March 2019.

26. Other income

Particulars	For the year ended	
	31 March 2020	31 March 2019
Interest income		
- Bank and other deposits	33.67	22.68
- Others	-	1.02
- Guarantee income	25.83	22.07
Dividend income on long term investments	4.00	4.00
Subsidy transferred from deferred government grant (under capital subsidy scheme)	1.36	1.36
Lease rental income	173.98	163.53
Provisions no longer required/ credit balances written back	166.87	241.76
Gain on foreign exchange fluctuations, net	24.20	66.91
Reversal of provision for diminution in value of investments	-	261.09
Other non operating income	402.48	325.18
	832.39	1,109.60

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

27. Cost of materials consumed

Particulars	For the year ended	
	31 March 2020	31 March 2019
Raw Material*		
Opening stock	5,871.03	4,393.40
Add: Purchases during the year	206,012.06	177,847.30
Less: Closing stock	4,984.35	5,871.03
	206,898.74	176,369.67
Packing Material*		
Opening stock	679.43	616.64
Add: Purchases during the year	8,159.39	7,780.42
Less: Closing stock	684.79	679.43
	8,154.03	7,717.63
	215,052.77	184,087.30

*Disclosed based on derived figures, rather than actual records of issue.

28. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended	
	31 March 2020	31 March 2019
Opening 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
Closing balance		
- Finished goods	6,493.02	4,656.64
- Semi finished goods	955.60	1,429.62
- Work-in-progress	50.79	106.41
- Stock-in-trade	165.85	152.84
	7,665.26	6,345.51
	(1,319.75)	3,391.35

29. Employee benefit expenses

Particulars	For the year ended	
	31 March 2020	31 March 2019
Salaries and wages	13,805.19	12,845.99
Contribution to provident and other funds (refer note a below)	794.25	518.27
Staff welfare expenses	357.37	320.95
	14,956.81	13,685.21

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2020 amounts to ₹678.11 (31 March 2019: ₹433.78).

30. Finance costs

Particulars	For the year ended	
	31 March 2020	31 March 2019
Interest on borrowings calculated using effective interest method	1,971.37	2,003.12
Interest on income tax	2.57	5.78
Interest on lease liabilities (refer note 44)	31.40	-
Other borrowing costs	75.38	59.74
	2,080.72	2,068.64

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

31. Other expenses

Particulars	For the year ended	
	31 March 2020	31 March 2019
Consumption of stores, spares and consumables	2,253.98	2,401.67
Power and fuel	3,487.04	3,066.41
Rent	306.99	507.53
Repairs and maintenance		
- Buildings	107.01	52.10
- Plant and equipment	309.13	237.60
- Others	578.01	588.02
Insurance	153.63	141.34
Electricity charges	105.59	105.10
Rates and taxes, excluding taxes on income	314.00	357.60
Freight outwards	7,687.37	7,162.36
Communication	183.95	194.92
Office maintenance	59.78	53.55
Travelling and conveyance	478.63	479.46
Legal and professional fees	1,202.92	1,036.93
Loss on sale of Property, plant and equipment (net)	70.59	178.89
Payment to auditors (refer note (i) below)	76.80	64.88
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	222.75	194.02
Selling and distribution expenses	1,397.37	1,967.45
Provision for doubtful advances	-	19.79
Advances written off	4.63	11.09
Provision towards doubtful debts	48.49	27.38
Bank charges	147.82	146.25
Advertisement expenses	14.36	27.44
Contribution to Heritage Farmers Welfare Trust	-	337.93
Security charges	461.94	412.52
Printing and stationery	97.22	108.13
Miscellaneous expenses	227.04	185.67
	19,997.04	20,066.03

(i) Details of payments to auditors :	For the year ended	
	31 March 2020	31 March 2019
As auditor:		
- Statutory audit fee	45.34	30.49
- Tax audit fee	7.79	5.90
- Limited review fee	19.47	17.70
In other capacities:		
- Taxation matters	1.30	1.18
- Certification fees	1.30	7.16
- Reimbursement of expenses	1.60	2.45
	76.80	64.88
(ii) Details of CSR expenditure :	For the year ended	
	31 March 2020	31 March 2019
(a) Gross amount required to be spent during the year	222.75	194.02
(b) Amount spent during the year	222.75	194.02

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

32. Income tax expense

Particulars	For the year ended	
	31 March 2020	31 March 2019
(a) Income tax expense reported in the Statement of Profit and Loss		
Tax expense comprises of:		
Current tax expense	1,850.47	4,228.00
Deferred tax expense/(benefit)	(317.67)	296.63
	1,532.80	4,524.63

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% (31 March 2019: 34.944%) and the reported tax expense in the Standalone Statement of Profit and Loss is as follows:

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate

Particulars	For the year ended	
	31 March 2020	31 March 2019
Profit/(loss) before tax	(14,467.64)	12,868.82
Expected tax expense at the Indian tax rate 25.168% (31 March 2019: 34.944%)	(3,641.22)	4,496.88
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")	(72.90)	(272.04)
Effect of expenses not deductible under the IT Act, 1961	12,955.71	387.03
Effect of income not subject to tax under the IT Act, 1961	(7,418.19)	(102.61)
Effect on adoption of Taxation Laws (Amendment) Ordinance, 2019	(410.12)	-
Other adjustments	119.52	15.37
Income tax expense	1,532.80	4,524.63

33. Earnings per equity share

Particulars	For the year ended	
	31 March 2020	31 March 2019
Profit/((loss) for the year	(16,000.44)	8,344.19
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	5
Basic and Diluted EPES	(34.49)	17.98

The Company did not have any potential dilutive equity shares as on 31 March 2020 and 31 March 2019.

34. Dividend proposed before approval or issue of the 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 2020 amounts to ₹1,159.95 (₹2.5 per equity share) (31 March 2019: ₹927.96 (₹2 per equity share)). Dividend distribution tax on such dividend distribution amounts to ₹Nil (31 March 2019: ₹190.77).

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

35. Fair value hierarchy

(i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Financial assets		
Fair value hierarchy (Level 1)		
Quoted equity shares	14,386.43	82,606.89
Fair value hierarchy (Level 3)		
Unquoted equity shares	26.02	26.02
Financial liabilities		
Fair value hierarchy (Level 2)		
Derivative liability	-	29,448.88

There are no transfers between levels during the current and previous year ended 31 March 2020 and 31 March 2019 respectively. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as 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 2020 and 31 March 2019 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 2020 and 31 March 2019.
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 2020 and 31 March 2019.
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 2020 and 31 March 2019.

*keeping all other inputs constant.

(iii) Reconciliation of level 3 fair value measurement :

	Amount
As at 1 April 2018	26.02
Changes during the year	-
As at 31 March 2019	26.02
Changes during the year	-
As at 31 March 2020	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 45 for details).

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

36. 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 ₹542.81 and ₹616.20 as on 31 March 2020 and 31 March 2019 respectively.

Categories of financial instruments

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Quoted equity shares	10,788.31	3,598.12	-	61,948.88	20,658.01	-
Unquoted equity shares	-	26.02	-	-	26.02	-
Investment in government securities	-	-	1.57	-	-	1.47
Trade receivables	-	-	2,109.49	-	-	3,996.75
Cash and cash equivalents	-	-	5,332.33	-	-	6,260.14
Other bank balances	-	-	171.03	-	-	280.34
Loans	-	-	789.81	-	-	674.06
Other financial assets	-	-	86.61	-	-	142.65
	10,788.31	3,624.14	8,490.84	61,948.88	20,684.03	11,355.41

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities						
Derivative liabilities	-	-	-	29,448.88	-	-
Deferred payment liabilities	-	-	663.36	-	-	791.58
Borrowings excluding deferred payment liabilities	-	-	27,866.94	-	-	27,538.62
Trade payables	-	-	5,685.25	-	-	6,274.70
Other financial liabilities excluding deferred payment liabilities	-	-	10,886.38	-	-	10,236.19
	-	-	45,101.93	29,448.88	-	44,841.09

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.

37. 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.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

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, 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, 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 ₹22,903.29 and ₹93,988.32 as of 31 March 2020 and 31 March 2019 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 2020 and 31 March 2019.

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:

Particulars	As at	
	31 March 2020	31 March 2019
0-30 days	1,655.56	3,676.63
31-60 days	444.28	285.50
61-90 days	-	-
Greater than 90 days	10.10	35.65
	2,109.94	3,997.78

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 2020	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	8,317.30	4,071.14	15,478.50	27,866.94
Deferred payment liabilities	-	128.72	534.64	663.36
Trade payables	-	5,685.25	-	5,685.25
Other financial liabilities	-	10,453.16	433.22	10,886.38
Derivatives	8,317.30	20,338.27	16,446.36	45,101.93

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

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

37. Financial risk management objectives and policies (continued)

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 the 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 2020 and 31 March 2019, every 50 basis point decrease in the floating interest rate component applicable to the Company's long-term borrowings would have increase/(decrease) the profit/(loss) before tax by approximately ₹55.01 and ₹47.89 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and investing activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of foreign currency risk to the entity is low as it enters very limited transactions in foreign currencies. The Company uses foreign exchange forward contracts to offset its exposure in foreign currency risk.

The carrying amounts of the Company's unhedged foreign currency denominated monetary items in ₹ terms as at 31 March 2020 and 31 March 2019 are as follows:

Financial assets - Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
- USD	-	2,521.15

Financial liabilities- capital creditors

Particulars	As at 31 March 2020	As at 31 March 2019
- EURO	-	44.60

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/(loss) before tax for the year ended	
	31 March 2020	31 March 2019
USD sensitivity		
₹/USD - Increase by 5%	-	126.06
₹/USD - Decrease by 5%	-	(126.06)
EURO sensitivity		
₹/EURO - Increase by 5%	-	(2.23)
₹/EURO - Decrease by 5%	-	2.23

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

iii. Derivative financial instruments:

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

The following table gives details in respect of outstanding derivative contracts. The counter party for these contracts are banks.			
Particulars	Sell	As at	
		31 March 2020	31 March 2019
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 (31 March 2019: ₹26.02). Sensitivity analyses of these investments have been provided in Note 35.

At the reporting date, the exposure to listed equity securities at fair value was ₹14,386.43 (31 March 2019: ₹82,606.89). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹539.42 (31 March 2019: ₹3,097.44) on the Statement of Profit and loss of the Company, and an increase in prices, a vice versa impact. Further decrease of 5% in market price of the securities, which are measured at FVTOCI, would have an adverse impact of ₹179.91 (31 March 2019: ₹1,032.90) on the OCI of the Company, and an increase in prices, a vice versa impact.

38. Capital risk management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder 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 payments 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 equity plus net debt. The Company's policy is to keep the gearing ratio between 15% and 35%. The Company includes within net debt, borrowings from banks less cash and cash equivalents. Borrowings from banks comprise of term loans and loans repayable on demand.

Particulars	As at	
	31 March 2020	31 March 2019
Borrowings from banks (note 19 and 20)*	27,866.94	27,538.62
Less: Cash and cash equivalents (note 15(i))	(5,332.33)	(6,260.14)
Net debt (A)	22,534.61	21,278.48
Total equity (B)	46,233.07	80,496.18
Net debt and total equity (A) + (B)	68,767.68	101,774.66
Gearing ratio (%)	32.77%	20.91%

*During the previous year ended 31 March 2019, borrowings from banks also included finance lease obligations aggregating to ₹227.36, which has been reclassified to lease liabilities on transition to Ind AS 116 during the current year.

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 was no breach in the financial covenants of any borrowings during the year ended 31 March 2020 and 31 March 2019.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

39. Disclosure of Interest in subsidiary, joint venture and associate:

	Nature of relationship	Country of Incorporation	Ownership interest (%)	
			As at 31 March 2020	As at 31 March 2019
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	Joint venture	India	50.00%	50.00%

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

40. The Company has extended no loans or advances to its subsidiary and associate during the years ended 31 March 2020 and 31 March 2019.

41. 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
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture Company
Heritage Farmers Welfare Trust ("HFWT")	Controlled Trust
Heritage Employees Welfare Trust	
Heritage Finlease Limited	Enterprise over which KMP exercise significant influence
NTR Memorial Trust	
Nirvana Holdings Private Limited	Entity belonging to Promoter Group and holding 10% or more share holding in the Company
N Bhuvaneswari	
N Brahmani	
M Sambasiva Rao	Key Managerial Personnel (KMP)
A Prabhakara Naidu	
Umakanta Barik	

(b) Transactions with related parties

Particulars	for the year ended	
	31 March 2020	31 March 2019
(i) Heritage Nutrivet Limited		
Investment made	760.00	572.94
Sale of products	23.54	48.41
Financial guarantee income	23.39	22.07
Purchases	5,453.37	4,425.34
Lease rental income	18.27	6.64
Purchase of Property, plant and Equipment	3.65	23.34
Expenditure incurred on behalf of HNL	7.69	-
(ii) Heritage Novandie Foods Private Limited		
Investment made	-	849.99
Sale of Property, plant and Equipment	-	40.18
Financial guarantee income	2.44	-
Lease rental income	9.54	-
Rent deposit received	4.50	-
Reimbursement of insurance proceeds received on behalf of HNFPL	0.18	-
Expenditure incurred on behalf of HNFPL	0.97	-
(iii) Heritage Farmers Welfare Trust		
Contribution made	-	337.93
Lease rental income	1.27	0.11
Expenditure incurred on behalf of HFWT	0.42	-
(iv) Heritage Finlease Limited		
Dividend received	4.00	4.00
Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	7,373.90	7,341.00
Disbursement of loans to employees of the Company	96.80	-
Cattle loan facilitation charges	15.43	9.11
(v) Nirvana Holdings Private Limited		
Dividend paid	102.91	102.91
(vi) NTR Memorial Trust		
CSR expenditure	222.75	91.05

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	for the year ended	
	31 March 2020	31 March 2019
(vii) N Bhuvaneswari		
Short-term employee benefits	399.33	693.64
Post-employment benefits	12.96	8.64
Other long-term benefits	8.65	5.77
(viii) N Brahmani		
Short-term employee benefits	319.47	554.91
Post-employment benefits	6.48	4.32
(ix) M Sambasiva Rao		
Short-term employee benefits	219.21	267.82
Post-employment benefits	6.86	6.43
Other long-term benefits	-	22.32
(x) A Prabhakara Naidu		
Short-term employee benefits	56.60	56.68
Post-employment benefits	3.06	2.80
Other long-term benefits	3.13	12.66
(xi) Umakanta Barik		
Short-term employee benefits	28.12	28.16
Post-employment benefits	1.52	1.39
(c) Balances receivable/(payable)		
(i) Heritage Nutrivet Limited		
Trade payable	(46.08)	(72.02)
Other receivables	0.49	1.85
(ii) Heritage Finlease Limited		
Loan proceeds payable	(297.67)	(239.73)
Other receivables	1.65	1.44
(iii) Heritage Novandie Foods Private Limited		
Other payable	4.50	-
Other receivables	1.83	-
(iv) Heritage Farmers Welfare Trust		
Contribution payable	-	(49.71)
Other receivables	0.11	0.11
(v) N Bhuvaneswari		
Short-term employee benefits payable	(203.65)	(563.16)
(vi) N Brahmani		
Short-term employee benefits payable	(221.97)	(489.91)
(vii) M Sambasiva Rao		
Short-term employee benefits payable	(92.15)	(148.72)

Notes:

- 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 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: 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.
- As at 31 March 2020 and 31 March 2019, the Company has outstanding guarantees given to bankers towards loans availed by its wholly owned subsidiary i.e. Heritage Nutrivet Limited and its joint venture i.e. Heritage Novandie Foods Private Limited. Amount outstanding to bankers by Heritage Nutrivet Limited and Heritage Novandie Foods Private Limited as at 31 March 2020 is ₹2,613.83 (31 March 2019: ₹1,606.55).
- Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Company as a whole.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

42. 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.

43. Contingent liabilities and commitments

Particulars	As at	
	31 March 2020	31 March 2019
(a) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,716.57	505.26
(ii) Other commitments		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	-	324.96
(b) Contingent liabilities		
Claims against the Company not acknowledged as debts		
- 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
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	46.88	46.88
- Disputed Entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases of certain items	103.42	-
- Disputed milk cess levied on installed capacity under the Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001.	103.07	95.37
(c) Guarantees excluding financial guarantees	40.48	46.84
(d) Other money for which the Company is contingently liable		
'C' form under collection	-	18.36
(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.		

44. Leases

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use ("ROU") asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have been not retrospectively adjusted and therefore shall continue to be reported in accordance with the accounting policies included as part of the Annual Report for the year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹674.91 and a lease liability of ₹714.08. The cumulative effect of applying the standard, amounting to ₹29.31 was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the loss before tax, loss for the year and earnings per equity share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from investing activities on account of lease payments.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

The following is the summary of practical expedients elected on initial application :

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the ROU assets at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The movement in lease liabilities during the year ended 31 March 2020 is as follows:

Particulars	Amount
Balance at the beginning of the year	941.45
Additions during the year	-
Finance cost accrued during the year	31.40
Payment of lease liabilities	(317.88)
Lease liabilities as at 31 March 2020	654.97
Current lease liabilities	294.04
Non-current lease liabilities	360.93

The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis are as follows:

Particulars	Amount
Less than one year	346.05
One to five years	313.38
More than five years	66.71
Total	726.14

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹306.99 for the year ended 31 March 2020. Leases not yet commenced to which the Company is committed amounts to ₹65.75 for a lease term ranging from 3 to 5 years.

45. Derivative contract

The Company 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 instrument.

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:

Particulars	As at	
	31 March 2020	31 March 2019
(i) The principal amount remaining unpaid as at the end of the year.	523.89	752.81
(ii) The amount of interest accrued and remaining unpaid on (i) above.	0.05	0.67
(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.	0.05	0.67

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

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, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2020, 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 of the Group, its associate and joint venture, as at 31 March 2020, and their consolidated loss (including other comprehensive income), 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 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 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 report of the other auditor on separate financial statements of the joint venture, were of most significance in our audit of the 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 matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms.	Our audit included, but was not limited to, the following procedures: <ul style="list-style-type: none"> Assessed the appropriateness of the revenue recognition accounting policies, including those relating to discounts in accordance with Ind AS 115 – Revenue from contracts with customers ('Ind AS 115').

Key audit matter	How our audit addressed the key audit matter
<p>Majority of the Holding Company's sales arrangements are on a point of sale basis and requires little judgement to be exercised.</p> <p>Discounts are material and there are arrangements with varying terms based on schemes implemented throughout the year.</p> <p>There is a risk of revenue being overstated, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p> <p>Due to the materiality of amounts involved and above said considerations, revenue recognition from sale of goods is determined to be a key audit matter for the current year audit.</p> <p>Refer Note 3(e) to the Consolidated Financial Statements – Summary of the significant accounting policies and Note 25 for the revenue recognized during the year.</p>	<ul style="list-style-type: none"> Evaluated the integrity of the general information and technology control environment and tested the operating effectiveness of Key IT application controls. Evaluated the design and implementation of Holding Company's controls in respect of revenue recognition, including discounts. Performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included trip sheets, invoices, shipping documents and evidence of collection of receipts, as appropriate. Performed substantive testing by selecting samples of discount transactions recorded during the year and comparing the parameters used in the calculation of the discounts with the relevant source documents (including invoices and schemes) to assess whether the methodology adopted in the calculation of the discounts was in accordance with the terms and conditions defined in the schemes. Performed cut-off testing by selecting samples of revenue transactions recorded before and after the financial year end date by tracing to the relevant underlying documentation, to assess whether the revenue was recognized in the correct period. Assessed manual journal entries posted to revenue to identify unusual items and tested such entries on a sample basis. Evaluated appropriateness of disclosures made in the financial statements in accordance with the requirements of Ind AS 115 and other applicable regulations.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are 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 and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. 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/management of the companies included in the Group, and its associate company and joint venture company 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 intend 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 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 expressing our opinion on whether the Holding Company, its subsidiary company and its associate company (covered under the Act) have adequate internal financial controls with reference to financial statements 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 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; and
 - 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associate and joint venture, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
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.

Other Matters

15. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹110.00 lakhs and net assets of ₹96.34 lakhs as at 31 March 2020, total revenues of ₹24.17 lakhs and net cash outflows amounting to ₹37.80 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 ₹70.04 lakhs for the year ended 31 March 2020, 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 ₹159.15 lakhs and net assets of ₹118.83 lakhs as at 31 March 2020, total revenues of ₹8.82 lakhs and net cash outflows amounting to ₹0.66 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, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary 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 unaudited 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 and 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 Holding Company covered under the Act paid remuneration to their respective 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, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the joint venture covered under the Act, since it is not a public company as defined under section 2(71) of the Act.

Further, 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. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary company and associate company.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors 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 reports of the other auditors;
 - 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;
 - e) 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 statutory auditors of its subsidiary company, associate company and joint venture company covered under the Act, none of the directors of the Group companies, its associate company and joint venture company covered under the Act, are disqualified as on 31 March 2020 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 with reference to financial statements of the Holding Company, its subsidiary company and an 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 us and based on the consideration of the report of the other auditors on separate financial statements 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 at 31 March 2020, as detailed in Note 42(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 2020;
 - 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 venture company covered under the Act, during the year ended 31 March 2020; and
 - 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
UDIN: 20207660AAAABJ4974

Place: Hyderabad
Date: 27 May 2020

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS 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 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and its associate company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such controls were operating effectively as at 31 March 2020, 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
UDIN: 20207660AAAABJ4974

Place: Hyderabad
Date: 27 May 2020

Consolidated Balance Sheet as at 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	6	46,912.67	46,100.78
(b) Capital work-in-progress		7,571.61	4,179.24
(c) Investment property	8	585.05	369.26
(d) Other intangible assets	7	611.34	1,086.42
(e) Intangible assets under development		158.14	-
(f) Investment in associate and joint venture	9	817.98	867.48
(g) Financial assets			
(i) Investments	10	14,413.65	82,634.06
(ii) Loans	16	538.46	463.19
(iii) Other financial assets	11	52.36	70.24
(h) Other non-current assets	12	290.87	187.23
Total non-current assets		71,952.13	135,957.90
Current assets			
(a) Inventories	13	14,467.48	13,836.31
(b) Financial assets			
(i) Investments	10	0.37	0.32
(ii) Trade receivables	14	2,189.24	4,235.20
(iii) Cash and cash equivalents	15(i)	5,583.39	6,334.86
(iv) Bank balances other than (iii) above	15(ii)	241.26	1,139.80
(v) Loans	16	282.44	236.69
(vi) Other financial assets	11	42.07	89.40
(c) Current tax assets (net)		137.73	117.68
(d) Other current assets	12	1,665.11	1,275.66
(e) Disposal group - Assets held for sale	6 & 46	2,259.36	227.91
Total current assets		26,868.45	27,493.83
Total assets		98,820.58	163,451.73
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	2,319.90	2,319.90
(b) Other equity	18	43,638.49	77,935.90
Equity attributable to the owners of the Company		45,958.39	80,255.80
(c) Non-controlling interest		215.17	1,170.60
Total equity		46,173.56	81,426.40

Consolidated Balance Sheet as at 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	17,222.52	16,657.48
(ii) Other financial liabilities	20	393.29	29,448.88
(b) Government grant		6.29	7.65
(c) Provisions	21	820.10	716.27
(d) Deferred tax liabilities (net)	22	2,235.77	2,634.28
Total non-current liabilities		20,677.97	49,464.56
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	8,844.06	9,457.58
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises;		530.58	772.77
- total outstanding dues of creditors other than micro and small enterprises		5,464.30	6,084.10
(iii) Other financial liabilities	20	15,160.15	14,765.65
(b) Other current liabilities	23	803.57	619.28
(c) Government grant		1.36	1.36
(d) Provisions	21	1,124.71	818.65
(e) Disposal group - liabilities related to assets held for sale	46	40.32	41.38
Total current liabilities		31,969.05	32,560.77
Total equity and liabilities		98,820.58	163,451.73

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	25	272,590.43	251,475.17
Other income	26	886.74	901.70
Gain due to changes in fair value of derivative liabilities		29,448.87	13,109.85
Total income		302,926.04	265,486.72
Expenses			
Cost of materials consumed	27	222,634.13	188,050.35
Purchase of stock-in-trade		1,196.74	5,924.00
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	28	(1,375.18)	3,327.24
Employee benefits expenses	29	15,639.03	14,182.70
Finance costs	30	2,263.36	2,148.33
Depreciation and amortisation expense	6, 7 & 8	5,013.21	4,465.52
Impairment losses	6 & 7	74.25	365.95
Other expenses	31	21,567.55	21,121.10
Fair value loss on FVTPL equity securities		51,160.56	13,109.85
Total expenses		318,173.65	252,695.04
Profit/(loss) before share of loss of an associate and a joint venture from continuing operations		(15,247.61)	12,791.68
Share of loss of an associate and a joint venture		(90.11)	(39.28)
Profit/(loss) before tax from continuing operations		(15,337.72)	12,752.40
Tax expense	32		
Current tax expense		1,859.35	4,259.26
Deferred tax expense/(benefit)		(324.75)	208.64
Profit/(loss) for the year from continuing operations		(16,872.32)	8,284.50
Discontinued operations			
Loss before tax	46	(67.70)	(18.63)
Tax expense		-	6.42
Loss for the year from discontinued operations		(67.70)	(25.05)
Profit/(loss) for the year		(16,940.02)	8,259.45
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement loss on defined benefit plan, net of taxes		(58.28)	(164.37)
(ii) Net loss on FVTOCI equity securities		(17,059.90)	(4,371.54)
Total other comprehensive loss for the year		(17,118.18)	(4,535.91)
Total comprehensive income/(loss) for the year		(34,058.20)	3,723.54
Profit/(loss) for the year from continuing operations attributable to:			
- Owners of the Company		(16,031.23)	8,143.36
- Non-controlling interest		(841.09)	141.14
Loss for the year from discontinued operations attributable to:			
- Owners of the Company		-	-

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
- Non-controlling interest		(67.70)	(25.05)
Profit/(loss) for the year attributable to:			
- Owners of the Company		(16,031.23)	8,143.36
- Non-controlling interest		(908.79)	116.09
Other comprehensive loss for the year attributable to:			
- Owners of the Company		(17,118.18)	(4,535.91)
- Non-controlling interest		-	-
Total comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		(33,149.41)	3,607.45
- Non-controlling interest		(908.79)	116.09
Earnings per equity share [EPES] (in absolute ₹ terms)	33		
Nominal value per equity share		5.00	5.00
EPES for continuing operations			
Basic and Diluted EPES		(34.55)	17.55
EPES for discontinued operations			
Basic and Diluted EPES		-	-
EPES for continuing and discontinued operations			
Basic and Diluted EPES		(34.55)	17.55

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Consolidated Cash Flow Statement for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit/(loss) before tax from continuing operations	(15,337.72)	12,752.40
Adjustments:		
Loss on FVTPL equity securities	51,160.56	13,109.85
Gain due to changes in fair value of derivative liabilities	(29,448.87)	(13,109.85)
Depreciation and amortization expense	5,013.21	4,465.52
Impairment losses	74.25	365.95
Provision for doubtful advances	-	19.79
Share of loss of an associate and a joint venture	90.11	39.28
Provision for doubtful debts	59.66	142.23
Guarantee income	(2.44)	-
Loss on sale of property, plant and equipment ("PPE")	70.57	179.52
Provisions no longer required/credit balances written back	(230.75)	(259.92)
Interest income	(68.02)	(85.81)
Interest expenses	2,185.41	2,084.84
Dividend income on long term investments	(4.00)	(4.00)
Lease rentals income	(155.99)	(157.69)
Unrealised foreign exchange gain	-	(52.74)
Operating profits before working capital changes	13,405.98	19,489.37
Changes in inventories	(631.17)	1,638.61
Changes in trade receivables	1,986.30	(3,088.01)
Changes in loans	(121.02)	146.70
Changes in other assets	(385.63)	(433.56)
Changes in other financial assets	52.74	6.58
Changes in trade payables	(861.99)	420.50
Changes in provisions	332.01	51.55
Changes in government grant	(1.36)	(1.36)
Changes in other financial liabilities	(299.22)	521.49
Changes in other liabilities	184.29	(82.05)
Cash generated from operating activities	13,660.93	18,669.82
Income tax paid, net	(1,923.48)	(3,759.13)
Net cash generated from operating activities of continuing operations	11,737.45	14,910.69
Net cash used in operating activities of discontinued operations	(66.29)	(115.56)
Net cash generated from operating activities (A)	11,671.16	14,795.13
Cash flows from investing activities		
Purchase of PPE and other intangible assets including Capital work-in-progress and intangible assets under development	(11,200.88)	(12,700.45)
Proceeds from sale of Property, plant and equipment	355.97	279.74
Sale/(Purchase) of investments, net	(0.10)	0.10
Investment in joint venture	-	(849.98)
Interest received	76.89	95.03
Movement in other bank balances, net	910.56	(278.56)
Rent received	147.57	138.58
Dividend income received	4.00	4.00
Net cash used in investing activities of continuing operations	(9,705.99)	(13,311.54)
Net cash generated from investing activities of discontinued operations	-	-
Net cash used in investing activities (B)	(9,705.99)	(13,311.54)

Consolidated Cash Flow Statement for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from financing activities		
Proceeds from long term borrowings	5,335.73	6,195.36
Repayment of long term borrowings	(3,852.88)	(3,351.16)
Interest paid	(2,169.05)	(2,053.30)
Lease rentals paid	(317.88)	-
Movement in minority interest, net	(46.64)	(1.16)
Dividend paid including dividend distribution tax	(1,118.69)	(1,118.70)
Net cash used in financing activities of continuing operations	(2,169.41)	(328.96)
Net cash generated from financing activities of discontinued operations	-	-
Net cash used in financing activities (C)	(2,169.41)	(328.96)
Net increase/(decrease) in cash and cash equivalents during the year (A + B + C)	(204.24)	1,154.63
Cash and cash equivalents at the beginning of the year	(2,910.72)	(4,065.35)
Cash and cash equivalents at the end of the year	(3,114.96)	(2,910.72)
Note 1:		
Cash and cash equivalents includes:		
- Included in cash and cash equivalents and current borrowings		
Cash on hand (refer note 15(i))	359.10	758.31
Balances with banks in current accounts (refer note 15(ii))	5,084.29	5,465.53
Deposits with original maturity upto 3 months (refer note 15(i))	140.00	-
Cheques, drafts on hand (refer note 15(i))	-	111.02
Loans repayable on demand from banks (refer note 19(b))	(8,844.06)	(9,457.58)
	(3,260.67)	(3,122.72)
- Included in the assets of the disposal group (refer note 46)	145.71	212.00
	(3,114.96)	(2,910.72)

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in ₹ lakhs, except share data and where otherwise stated)

A Equity share capital (refer note 17)									
								Number of shares	Amount
As at 31 March 2018								46,398,000	2,319.90
Changes during the year								-	-
As at 31 March 2019								46,398,000	2,319.90
Changes during the year								-	-
As at 31 March 2020								46,398,000	2,319.90
B Other equity (refer note 18)									
	Capital reserve	Capital redemption reserve	Reserves and Surplus	Warrants	General reserve	Retained earnings	OCI	Non controlling interest	Total
			Securities premium	money appropriated			Changes in fair value of equity instruments		
Balance as at 1 April 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, net of taxes	-	-	-	-	-	(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
Impact on account of adoption of Ind AS 116 (refer note 43)	-	-	-	-	-	(29.31)	-	-	(29.31)
Loss for the year	-	-	-	-	-	(16,031.23)	-	(908.79)	(16,940.02)
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(46.64)	(46.64)
Payment of dividend (₹2 per equity share)	-	-	-	-	-	(927.96)	-	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(190.73)	-	-	(190.73)
Other comprehensive loss, net of taxes	-	-	-	-	-	(58.28)	(17,059.90)	-	(17,118.18)
Balance as at 31 March 2020	(149.65)	81.00	3,784.14	318.69	8,427.38	31,182.36	(5.43)	215.17	43,853.66

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneshwari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

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

Notes to the Consolidated Financial Statements

for the year ended March 31 2020

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 2020. 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 feed products.

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on 27 May 2020.

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 there after 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:

- 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.
- 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.
- 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 the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and 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 statements is as under:

Name of the entity	Relationship	Country of incorporation	Proportion of ownership interest as at	
			31 March 2020	31 March 2019
Heritage Nutrivet Limited ("HNL")	Subsidiary	India	100%	100%
Heritage Novandie Foods Private Limited	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. 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 and 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 the statement of profit and loss.

b. 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.

c. Foreign currencies

The functional currency of the Holding Company, its subsidiary and controlled trusts is Indian rupee (INR). These financial statements are presented in Indian rupees, which is Holding Company's 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 spot rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and 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 and 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 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.

e. Revenue recognition

The Group derives revenues primarily from manufacturing, marketing and trading of milk, dairy products and feed. It is also engaged in generation of power and trading of dairy and food commodities.

Effective 1 April 2018, the Group adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective application method. The impact 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.

Revenue is measured on the basis of contracted price, after deduction of any discounts and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Discounts are recognised in accordance with the schemes implemented by the Group. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

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.

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 the statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. 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 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.

h. 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 46. All notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

i. Property, plant and equipment

Capital Work in progress, Property, 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 the statement of profit and 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.
- 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.
- 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.
- Vehicles: Depreciation on vehicles is provided on the basis of straight line method based on the useful life ranging from 2 to 10 years.
- 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 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 and 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.

j. 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 the statement of profit and 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 note 8 to the consolidated financial statements.

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 the statement of profit and loss in the period of de-recognition.

k. 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 the statement of profit and 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
Computer Software	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 and loss when the asset is derecognised.

l. 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.

m. Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Refer note 43 to the consolidated financial statements for transition impact on adoption of Ind AS 116 by the Group.

n. 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.

o. Impairment of non-financial assets

The 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.

p. 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.

q. 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 the statement of profit and 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".

r. 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 FVTOCI and FVTPL

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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and 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 the 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 the 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 balances
- Financial guarantee contracts which are not measured as at FVTPL
- Lease receivables under Ind AS 116

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 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 statement of profit and 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 and 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 the statement of profit and 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 from banks.

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 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 and 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 the statement of profit and loss (refer note 44 for details).

s. 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.

t. Cash flow statement

The cash flow statement is prepared in accordance with 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.

u. 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.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash at banks and on hand and deposits, as defined above, net of outstanding loans repayable on demand from banks as they are considered an integral part of the Group's cash management.

v. Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders when the dividend 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 reduction is recognised directly in equity.

w. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

Vice Chairperson and Managing Director, Executive Director, President and Chief Financial Officer have been identified as Chief Operating Decision Maker. Refer note 49 for segment information.

4. Key accounting estimates, judgements and assumptions

The preparation of the consolidated 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. 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.

b. Useful lives of depreciable and amortisable assets

Management reviews the useful lives of depreciable and amortisable assets at each reporting date, based on the expected utility of the assets to the Group.

c. 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.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

5. Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

6. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fixtures	Freehold Office equipment	Leasehold Office equipment	Vehicles	Right-of-use assets	Total
Gross Block										
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 during the year	1,080.33	1,633.19	-	6,381.50	77.60	183.02	-	75.35	-	- 9,430.99
Disposals/transfers during the year	-	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
Transition impact of Ind AS 116 (refer note 43)	-	-	-	-	-	-	(348.43)	-	1,023.34	674.91
Additions during the year	27.23	2,593.74	-	4,990.75	39.73	200.34	-	15.70	-	- 7,867.49
Disposals/transfers during the year (refer note (c) below)	528.31	758.61	-	2,759.10	10.30	117.16	-	-	-	- 4,173.48
Balance as at 31 March 2020	4,853.92	13,683.57	31.25	36,006.36	256.74	841.35	-	563.91	1,023.34	57,260.44
Accumulated depreciation										
Upto 31 March 2018	-	618.26	1.48	2,643.03	36.83	32.07	32.70	117.95	-	- 3,482.32
Depreciation charge for the year	-	476.11	1.48	3,088.24	30.00	170.23	87.11	78.62	-	- 3,931.79
Adjustment for disposals/transfers	-	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
Transition impact of Ind AS 116 (refer note 43)	-	-	-	-	-	-	(119.81)	-	119.81	-
Depreciation charge for the year	-	555.60	1.48	3,471.57	34.40	155.63	-	76.28	294.21	- 4,589.17
Adjustment for disposals/transfers (refer note (c) below)	-	43.68	-	934.99	4.49	54.99	-	-	-	- 1,038.15
Impairment loss	-	-	-	1.15	-	4.86	-	-	-	- 6.01
Upto 31 March 2020	-	1,605.92	4.44	7,736.51	91.99	227.21	-	267.68	414.02	10,347.77
Net carrying value										
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
As at 31 March 2020	4,853.92	12,077.65	26.81	28,269.85	164.75	614.14	-	296.23	609.32	46,912.67

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 2020 is ₹58.23 (31 March 2019: Nil).
 (c) Include transfers made to Disposal group - Assets held for sale and Investment property. Gross block and accumulated depreciation of such assets aggregates to ₹2,576.38 and ₹243.18 respectively.
 (d) Land includes asset valued at ₹172.08 (31 March 2019: ₹172.08) pending execution of sale deed in the name of the Group. The management is in the process of getting the sale deed executed and registered in the Group's name.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

7. Other intangible assets

Particulars	Com-puter software	Brand	Non-com-plete	Procure-ment network	Distribu-tion network	Total
Gross Block						
Balance as at 31 March 2018	403.91	745.52	321.84	432.00	502.46	2,405.73
Additions during the year	105.31	-	-	-	-	105.31
Balance as at 31 March 2019	509.22	745.52	321.84	432.00	502.46	2,511.04
Additions during the year	-	-	-	-	-	-
Balance as at 31 March 2020	509.22	745.52	321.84	432.00	502.46	2,511.04
Accumulated amortization						
Upto 31 March 2018	128.18	144.61	104.04	83.80	97.46	558.09
Amortization charge for the year	73.27	149.10	107.27	86.40	100.49	516.53
Impairment charge for the	-	350.00	-	-	-	350.00
Upto 31 March 2019	201.45	643.71	211.31	170.20	197.95	1,424.62
Amortization charge for the year	79.12	33.57	107.26	86.40	100.49	406.84
Impairment charge for the year	-	68.24	-	-	-	68.24
Upto 31 March 2020	280.57	745.52	318.57	256.60	298.44	1,899.70
Net carrying amount						
As at 31 March 2019	307.77	101.81	110.53	261.80	304.51	1,086.42
As at 31 March 2020	228.65	-	3.27	175.40	204.02	611.34

Note:

(a) Impairment charge, excludes impairment charge on Capital work-in-progress aggregating to ₹Nil for the year ended 31 March 2020 (31 March 2019: ₹15.95).

8. Investment property

Particulars	Land	Building	Total
Gross Block			
Balance as at 31 March 2018	10.75	410.46	421.21
Transfers during the year	(10.75)	-	(10.75)
Balance as at 31 March 2019	-	410.46	410.46
Transfers during the year	232.99	-	232.99
Balance as at 31 March 2020	232.99	410.46	643.45
Accumulated depreciation			
Upto 31 March 2018	-	24.00	24.00
Depreciation charge for the year	-	17.20	17.20
Upto 31 March 2019	-	41.20	41.20
Depreciation charge for the year	-	17.20	17.20
Upto 31 March 2020	-	58.40	58.40
Net carrying amount			
As at 31 March 2019	-	369.26	369.26
As at 31 March 2020	232.99	352.06	585.05

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	for the year ended	
	31 March 2020	31 March 2019
(a) Information of net income derived from Investment property		
Lease rental income (refer note 26)	153.97	153.36
Less: Depreciation	17.20	17.20
Net income from Investment property	136.77	136.16
	As at 31 March 2020	As at 31 March 2019
(b) Description of valuation technique and key assumptions used		
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month (in absolute ₹ terms)	18	18
Rental growth per annum	5%	5%
Discount rate	9.50%	9.50%
(c) Changes in fair value of Investment property is shown below:		
	Amount	
Fair value as on 31 March 2018	3,232.53	
On account of transfers during the year	(10.75)	
Fair value as on 31 March 2019	3,221.78	
On account of transfers during the year	232.99	
Fair value as on 31 March 2020	3,454.77	

9. Investment in associate and joint venture

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted		
Investment in associate		
650,000 (31 March 2019: 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	11.98	11.00
	53.02	54.00
Investment in joint venture		
2,280,299 (31 March 2019: 2,280,299) equity shares of ₹10 each fully paid held in Heritage No-vandie Foods Private Limited	900.59	859.98
Less: Share of accumulated losses	135.63	46.50
	764.96	813.48
	817.98	867.48

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

10. Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Non - Current		
Investments at fair value through other comprehensive income ("FVTOCI")		
Investments in equity instruments		
363 (31 March 2019: 363) quoted equity shares of ₹10 each fully paid held in Andhra Bank	0.04	0.10
1,740 (31 March 2019: 1,740) quoted equity shares of ₹2 each fully paid held in Bank of Baroda	0.93	2.24
4,462,855 (31 March 2019: 4,462,855) quoted equity shares of ₹2 each fully paid held in Future Retail Limited	3,494.42	20,243.51
223,093 (31 March 2019: 223,093) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited	102.73	412.16
200,000 (31 March 2019: 200,000) unquoted equity shares of ₹10 each fully paid held in Heritage Finlease Limited	26.02	26.02
	3,624.14	20,684.03
Investments at fair value through profit or loss ("FVTPL")		
Investments in equity instruments		
13,384,565 (31 March 2019: 13,384,565) quoted equity shares of ₹2 each fully paid held in Future Retail Limited	10,480.11	60,712.39
669,278 (31 March 2019: 669,278) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited	308.20	1,236.49
	10,788.31	61,948.88
Investments at amortized cost		
Investments in government securities	1.20	1.15
	1.20	1.15
	14,413.65	82,634.06
Aggregate market value of quoted investments	14,386.43	82,606.89
Aggregate value of unquoted investments	27.22	27.17
Current		
Investments at amortized cost		
Investments in government securities	0.37	0.32
	0.37	0.32
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.37	0.32

11. Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Non - Current		
Interest accrued but not due on bank deposits	7.41	13.27
Earmarked balances with banks	21.40	20.23
Margin money deposits with banks	23.55	36.74
	52.36	70.24
Current		
Interest accrued but not due on bank deposits	14.54	17.55
Lease Rent receivable	27.53	19.11
Others	-	52.74
	42.07	89.40

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

12. Other assets

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Unsecured, Considered good		
Capital advances	283.82	176.36
Prepaid expenses	7.05	10.87
	290.87	187.23
Unsecured, Considered doubtful		
Capital advances	25.17	26.59
Less: Allowance for doubtful capital advances	25.17	26.59
	290.87	187.23
Current		
Unsecured, Considered good		
Balance with statutory authorities	171.56	110.15
Prepaid expenses	315.69	303.64
Other advances	1,177.86	861.87
	1,665.11	1,275.66
Unsecured, Considered doubtful		
Other advances	69.65	69.65
Less: Provision for doubtful advances	69.65	69.65
	1,665.11	1,275.66

No advances are due from directors or other officers of the Group 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 41 for dues from related parties.

13. Inventories

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (including goods in transit of ₹708.70 (31 March 2019: ₹49.95))	5,515.74	6,296.33
Work-in-progress	50.79	106.41
Semi finished goods	955.60	1,429.62
Finished goods	6,669.09	4,779.85
Stock-in-trade	167.65	152.07
Packing materials	736.87	720.52
Stores, spares and consumables	371.74	351.51
	14,467.48	13,836.31

14. Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	2,189.69	4,236.23
Unsecured, significant increase in credit risk	571.06	557.10
	2,760.75	4,793.33
Less: Allowance for trade receivables with significant increase in credit risk	571.06	557.10
Less: Expected credit loss	0.45	1.03
	2,189.24	4,235.20

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

The movement in the allowance for trade receivables with significant increase in the credit risk and expected credit loss for the years ended 31 March 2020 and 31 March 2019 is as follows:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Opening balance at beginning of the year	558.13	422.47
Provision made during the year	59.66	142.23
Bad debts written off during the year	46.28	6.57
Closing balance at end of the year	571.51	558.13

No trade receivable are due from directors or other officers of the Group 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 41 for dues from related parties.

15. Cash and Bank Balances

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Cash and cash equivalents		
Balances with banks in current accounts	5,084.29	5,465.53
Deposits with original maturity upto 3 months	140.00	-
Cheques, drafts on hand	-	111.02
Cash on hand	359.10	758.31
	5,583.39	6,334.86
(ii) Other bank balances		
Earmarked balances with banks		
Unpaid dividend	146.45	136.27
Other deposits	0.50	0.50
Margin money deposits with banks	24.18	143.57
Deposits with maturity upto 12 months	70.13	859.46
	241.26	1,139.80

16. Loans

Particulars	As at 31 March 2020	As at 31 March 2019
Non Current		
Unsecured, considered good		
Security deposits	538.46	463.19
	538.46	463.19
Current		
Unsecured, considered good		
Loans to employees	2.14	2.72
Loans to others	88.39	53.35
Security deposits	191.91	180.62
	282.44	236.69
Unsecured, considered doubtful		
Loans to others	10.38	10.38
Less: Allowance for doubtful loans	10.38	10.38
	282.44	236.69

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

17. Equity share capital

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
i. Authorised share capital				
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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
ii. Issued, subscribed and fully paid up				
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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
iii. Reconciliation of number of equity shares outstanding at the beginning and end of the year				
Equity shares				
At the beginning of the year	46,398,000	2,319.90	46,398,000	2,319.90
Changes during the year	-	-	-	-
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.

Name of the equity shareholders	As at 31 March 2020		As at 31 March 2019	
	Number	% Holding	Number	% Holding
v. Details of shareholders holding more than 5% equity shares in the Company				
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 preceding the balance sheet date.

18. Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
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	31,182.36	48,419.87
	43,643.92	60,881.43
Item of OCI		
Changes in fair value of equity instruments	(5.43)	17,054.47
	(5.43)	17,054.47
	43,638.49	77,935.90

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 combinations have been recorded under the capital reserve during the earlier years.

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares in the earlier years. The Company uses capital redemption reserve 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.

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

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Secured		
Term loans from banks (refer note a)	16,687.88	15,860.20
Deferred payment liabilities	534.64	663.36
	17,222.52	16,523.56
Unsecured		
Finance lease obligations	-	133.92
	-	133.92
	17,222.52	16,657.48
Current		
Secured		
Loans repayable on demand from banks (refer note b)	6,344.06	6,957.58
	6,344.06	6,957.58
Unsecured		
Loans repayable on demand from banks (refer note b)	2,500.00	2,500.00
	2,500.00	2,500.00
	8,844.06	9,457.58

Reconciliation of liabilities arising from financial activities*	For the year ended	
	31 March 2020	31 March 2019
Balance at beginning of the year	19,687.58	16,791.34
Reclassified on transition to Ind AS 116 (refer note 43)	(227.36)	-
Proceeds from long term borrowings	5,335.74	6,195.36
Repayments of long term borrowings	(3,724.44)	(3,299.12)
Balance at end of the year	21,071.52	19,687.58

*Includes only current and non-current portions of term loans from banks for the year ended 31 March 2020, but whereas for the year ended 31 March 2019, the above reconciliation also included outstanding finance lease obligations.

Reconciliation of interest accrued but not due on term loans from banks	For the year ended	
	31 March 2020	31 March 2019
Balance at beginning of the year	102.06	76.30
Interest expense for the year	1,831.84	1,650.97
Interest paid during the year	1,788.65	1,625.21
Balance at end of the year	145.25	102.06

Summary of the 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 2020	31 March 2019			
1	Andhra Bank	-	112.39	Base rate + 0.25% per annum	The loan has been repaid during the year ended 31 March 2020.	- 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	300.00	400.00	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 all the fixed assets of Hindupur cattle feed plant. - Second pari passu charge on current assets of the feed division of the Group.
3	Andhra Bank	197.92	263.15	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.
4	Andhra Bank	470.93	273.87	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from May 2020 and ending in Feb 2024.	- 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	1,324.52	1,653.33	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.
6	Bank of Baroda	1,239.52	1,485.37	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commenced 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	632.54	471.71	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commenced from February 2020 and ending in November 2023.	- 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	759.22	927.40	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.
9	HDFC Bank	581.91	747.74	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.
10	HDFC Bank	1,008.85	1,162.39	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.

Summary of the 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 2020	31 March 2019			
11	HDFC Bank	498.97	664.89	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.
12	HDFC Bank	1,803.46	948.19	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025.	Subservient charge on movable fixed assets of the Company.
13	HDFC Bank	857.65	-	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commencing from December 2020 and ending in September 2026.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
14	Kotak Mahindra Bank	2,329.65	2,911.05	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.
15	Kotak Mahindra Bank	1,243.71	1,420.76	One year MCLR + spread per annum	Repayable in 24 quarterly installments commenced 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.

19(a) Terms and conditions of term loans from banks (continued)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2020	31 March 2019			
16	Kotak Mahindra Bank	1,221.87	972.05	Three months MCLR + spread per annum	Repayable in 24 quarterly installments commenced 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 the feed division with Andhra Bank.
17	Yes Bank	670.29	827.34	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.
18	Yes Bank	-	306.10	One year MCLR + spread per annum	The loan has been repaid during the year ended 31 March 2020.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
19	Yes Bank	943.54	-	One year MCLR per annum	Repayable in 24 quarterly installments commencing from November 2020 and ending in August 2026.	-Exclusive charge on assets financed by the loan taken.
20	ICICI Bank	1,527.80	1,855.70	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 Bank and YES Bank. - Second pari passu charge on current assets of the Company.

S. No	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
	31 March 2020	31 March 2019			
21	695.26	893.29	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.
22	448.13	745.28	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.
23	402.39	418.22	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commenced 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 Bank and YES Bank. - Second pari passu charge on current assets of the Company.
24	431.38	-	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commencing from December 2020 and ending in September 2026.	- First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC Bank and YES Bank. - Second pari passu charge on current assets of the Company.
25	1,482.01	-	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 24 quarterly installments commencing from December 2020 and ending in September 2026.	- First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC Bank and YES Bank. - Second pari passu charge on current assets of the Company.
	21,071.52	19,460.22			

*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 2020	31 March 2019			
1	Bank of Baroda	2,239.84	2,664.74	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	1,559.70	1,675.15	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	2,017.76	2,383.18	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	-	2,500.00	Six months MCLR per annum	The loan has been repaid during the year ended 31 March 2020.	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	200.00	-	9.05% per annum	Repayable in 90 days	First charge on present and future current assets of the feed division of the Group.
7	Kotak Mahindra Bank	326.76	234.51	One year MCLR + spread per annum	Repayable on demand	First charge on present and future current assets of the feed division of the Group.
		8,844.06	9,457.58			

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

20. Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Derivative contracts (refer note 44)	-	29,448.88
Lease liabilities (refer note 43)	360.93	-
Financial guarantee (refer note (i) below)	32.36	-
	393.29	29,448.88
Current		
Current maturities of deferred payment liabilities	128.72	128.22
Current maturities of term loans from banks	4,383.64	3,600.02
Current maturities of finance lease obligations	-	93.44
Current maturities of financial guarantee (refer note (i) below)	5.80	-
Interest accrued but not due on borrowings	145.25	102.06
Freight payable	1,073.11	1,251.32
Capital creditors	2,118.74	2,227.98
Employee related payables	1,466.26	2,185.64
Security deposits	3,051.54	2,693.97
Unpaid dividend	146.45	136.27
Lease liabilities (refer note 43)	294.04	-
Other payables	2,346.60	2,346.73
	15,160.15	14,765.65

Note:

The Group has an outstanding guarantee given to a banker towards loan availed by its joint venture i.e. Heritage Novandie Foods Private Limited. The carrying amount of such financial guarantee as at 31 March 2020 is ₹38.16 (31 March 2019: Nil). Amount outstanding to the banker by Heritage Novandie Foods Private Limited as at 31 March 2020 is ₹565.18 (31 March 2019: Nil).

21. Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Compensated absences	820.10	716.27
	820.10	716.27
Current		
Gratuity (refer note a below)	53.26	104.03
Compensated absences	1,071.45	714.62
	1,124.71	818.65

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 the Payment of Gratuity Act, 1972.

Change in projected benefit obligation	As at 31 March 2020	As at 31 March 2019
Projected benefit obligation at the beginning of the year	919.44	677.04
Service cost	120.61	89.54
Interest cost	63.04	50.36
Actuarial loss	93.78	152.07
Benefits paid	(33.69)	(49.57)
Projected benefit obligation at the end of the year	1,163.18	919.44

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
(ii) Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	838.26	586.27
Interest income	65.97	54.15
Contribution made	249.23	259.71
Actuarial gain/(loss)	15.89	(12.30)
Benefits paid	(33.69)	(49.57)
Fair value of plan assets at the end of the year	1,135.66	838.26

Particulars	As at 31 March 2020	As at 31 March 2019
(iii) Reconciliation of present value of projected benefit obligation and fair value of plan assets		
Present value of projected benefit obligation	1,163.18	919.44
Funded status of plan assets	1,135.66	838.26
Liability recognised in the Balance Sheet	53.26	104.03
Asset recognised in the Balance Sheet	25.74	22.85

Particulars	For the year ended	
	31 March 2020	31 March 2019
(iv) Expense recognized in the Statement of Profit and Loss		
Interest cost	63.04	50.36
Service cost	120.61	89.54
Interest income	(65.97)	(54.15)
	117.68	85.75

Particulars	For the year ended	
	31 March 2020	31 March 2019
(v) Expense recognized in OCI		
Actuarial loss, net	77.89	164.37
	77.89	164.37

Particulars	As at 31 March 2020	As at 31 March 2019
(vi) Key actuarial assumptions		
Discount rate	5.30% - 6.00%	6.60% - 7.00%
Salary escalation rate	8.00%	8.00%
Attrition rate	15%- 30%	15%- 30%

(vii) Sensitivity analysis

Reasonably possible changes as at 31 March 2020 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2020	
	Increase	Decrease
Discount rate (1% movement)	(52.87)	58.58
Salary escalation rate (1% movement)	55.07	(51.07)
Attrition rate (1% movement)	(8.29)	8.86

(viii) The Group expects to contribute ₹53.26 as its contribution to gratuity within one year from the year ended 31 March 2020.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(ix) Maturity analysis of Gratuity as on 31 March 2020 is as follows:

	Amount
Within one year	261.33
Within two to five years	702.07
More than five years	982.64
	1,946.04

22. Deferred tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities arising on account of:		
Borrowings measured at amortised cost	16.31	39.73
Property, Plant and Equipment ("PPE")	3,091.85	3,490.55
	3,108.16	3,530.28
Deferred tax assets arising on account of:		
Provision for trade receivables & advances and unrealised gain on inventories	(181.60)	(206.18)
Provision for employee benefits	(526.61)	(552.01)
Minimum alternate tax ("MAT") credit entitlement	(45.34)	(131.63)
Revaluation of investments at FVTOCI to fair value	(6.24)	(6.18)
Lease liabilities	(9.86)	-
Unabsorbed tax depreciation (refer note (a) below)	(102.74)	-
	(872.39)	(896.00)
	2,235.77	2,634.28

Note:

- (a) The Group has unrecognised deferred tax asset on account of unabsorbed tax depreciation aggregating to ₹37.36 as on 31 March 2020 (31 March 2019: ₹34.92) which have been not recognised on the grounds of prudence.

Movement in deferred tax liabilities, net

Particulars	PPE	Provision for employee benefits	MAT credit entitlement	Others	Total
As at 31 March 2018	3,069.81	(471.88)	(640.20)	(97.09)	1,860.64
Utilisation of MAT credit entitlement	-	-	565.00	-	565.00
Charged/ recognised					
- to Statement of Profit and Loss	420.74	(80.13)	(56.43)	(75.54)	208.64
- to OCI	-	-	-	-	-
As at 31 March 2019	3,490.55	(552.01)	(131.63)	(172.63)	2,634.28
Transition impact of Ind AS 116 (refer note 43)	-	-	-	(9.86)	(9.86)
Adjustment on account of change in tax provision of earlier year	-	-	(44.29)	-	(44.29)
Charged/ recognised					
- to Statement of Profit and Loss	(398.70)	45.01	130.58	(101.64)	(324.75)
- to OCI	-	(19.61)	-	-	(19.61)
As at 31 March 2020	3,091.85	(526.61)	(45.34)	(284.13)	2,235.77

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

23. Other liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Advances from customers	397.41	288.62
Statutory dues payable	406.16	330.66
	803.57	619.28

24. Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro and small enterprises (refer note 45)	530.58	772.77
Total outstanding dues of creditors other than micro and small enterprises	5,464.30	6,084.10
	5,994.88	6,856.87

25. Revenue from operations

Particulars	For the year ended	
	31 March 2020	31 March 2019
Sale of products	272,349.49	250,609.21
Sale of services	73.24	228.96
Other operating income		
- Sale of renewable energy certificates	70.93	270.69
- Scrap sales and others	96.77	366.31
	272,590.43	251,475.17

Particulars	For the year ended	
	31 March 2020	31 March 2019
Revenue disaggregation geography wise is as follows:		
India	271,519.65	246,692.60
Other than India	1,070.78	4,782.57
	272,590.43	251,475.17

Note

- (a) A receivable is a right to consideration that is unconditional upon passage of time. The Group sells goods on cash on delivery or advance payment terms. In case of customers where credit is allowed, the same is disclosed under note 14 to the Consolidated financial statements.

26. Other income

Particulars	For the year ended	
	31 March 2020	31 March 2019
Interest income		
- Bank and other deposits	64.31	77.24
- Others	3.71	8.57
Dividend income on long term investments	4.00	4.00
Subsidy transferred from deferred government grant (under capital subsidy scheme)	1.36	1.36
Lease rental income	155.99	157.69
Provisions no longer required/ credit balances written back	230.75	259.92
Gain on foreign exchange fluctuations, net	24.20	66.91
Other non operating income	402.42	326.01
	886.74	901.70

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

27. Cost of materials consumed

Particulars	For the year ended	
	31 March 2020	31 March 2019
Raw Material*		
Opening stock	6,296.33	4,699.01
Add: Purchases during the year	213,454.10	181,755.14
Less: Closing stock	5,515.74	6,296.33
	214,234.69	180,157.82
Packing Material*		
Opening stock	720.52	652.83
Add: Purchases during the year	8,415.79	7,960.22
Less: Closing stock	736.87	720.52
	8,399.44	7,892.53
	222,634.13	188,050.35

*Disclosed based on derived figures, rather than actual records of issue.

28. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended	
	31 March 2020	31 March 2019
Opening 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	152.07	206.16
	6,467.95	9,795.19
Closing balance		
- Finished goods	6,669.09	4,779.85
- Semi finished goods	955.60	1,429.62
- Work-in-progress	50.79	106.41
- Stock-in-trade	167.65	152.07
	7,843.13	6,467.95
	(1,375.18)	3,327.24

29. Employee benefits expense

Particulars	For the year ended	
	31 March 2020	31 March 2019
Salaries and wages	14,412.23	13,293.06
Contribution to provident and other funds (refer note a below)	832.18	542.50
Staff welfare expenses	394.62	347.14
	15,639.03	14,182.70

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2020 amounts to ₹714.50 (31 March 2019: ₹456.75).

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

30. Finance costs

Particulars	For the year ended	
	31 March 2020	31 March 2019
Interest on borrowings calculated using effective interest method	2,154.01	2,079.06
Interest on income tax	2.57	5.78
Interest on lease liabilities (refer note 43)	31.40	-
Other borrowing costs	75.38	63.49
	2,263.36	2,148.33

31. Other expenses

Particulars	For the year ended	
	31 March 2020	31 March 2019
Consumption of stores and spares and consumables	2,392.35	2,505.99
Power and fuel	3,676.85	3,113.99
Rent	313.87	524.00
Repairs and maintenance		
- Buildings	107.04	52.56
- Plant and equipment	311.26	240.10
- Others	588.78	595.14
Insurance	158.13	144.31
Electricity charges	105.59	105.11
Rates and taxes, excluding taxes on income	354.98	485.16
Freight outwards	8,324.44	7,567.64
Communication	192.27	201.95
Office maintenance	61.15	55.88
Travelling and conveyance	577.59	587.54
Legal and professional fees	1,239.37	1,058.31
Loss on sale of assets (net)	70.57	179.52
Payment to auditors (refer note (i) below)	83.94	75.24
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	222.75	194.02
Selling and distribution expenses	1,455.96	2,027.97
Provision for doubtful advances	-	19.79
Provision towards doubtful debts	59.66	142.23
Bank charges	149.52	149.71
Advertisement expenses	14.36	27.44
Security charges	478.00	426.36
Miscellaneous expenses	629.12	641.14
	21,567.55	21,121.10

(i) Details of payments to auditors:	For the year ended	
	31 March 2020	31 March 2019
As auditor:		
- Statutory audit fee	51.05	36.16
- Tax audit fee	9.22	7.20
- Limited review fee	19.47	17.70
In other capacities:		
- Taxation matters	1.30	2.99
- Certification fees	1.30	7.24
- Reimbursement of expenses	1.60	3.95
	83.94	75.24

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(ii) Details of CSR expenditure:	For the year ended	
	31 March 2020	31 March 2019
(a) Gross amount required to be spent during the year	222.75	194.02
(b) Amount spent during the year	222.75	194.02

32. Income tax expense

Particulars	For the year ended	
	31 March 2020	31 March 2019
(a) Tax expense comprises of:		
Current income tax	1,859.35	4,265.68
Deferred tax expense/(benefit)	(324.75)	208.64
Income tax expense reported in the Statement of Profit and loss	1,534.60	4,474.32

Particulars	For the year ended	
	31 March 2020	31 March 2019
Income tax expense attributable to:		
Continuing operations	1,534.60	4,467.90
Discontinued operations	-	6.42
	1,534.60	4,474.32

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% (31 March 2019: 34.944%) and the reported tax expense in the Consolidated Statement of Profit and Loss is as follows:

Reconciliation of income tax expense and the accounting profit/(loss) multiplied by India's tax rate:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Profit/ (loss) before tax from continuing operations	(15,337.72)	12,752.40
Loss before tax from discontinued operations	(67.70)	(18.63)
Expected tax expense at the Indian tax rate 25.168% (31 March 2019: 34.944%)	(3,877.24)	4,449.69
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)	(72.90)	(272.04)
Effect of expenses not deductible under the IT Act, 1961	12,955.71	387.03
Effect of income not subject to tax under the IT Act, 1961	(7,418.19)	(7.71)
Effect on adoption of Taxation Laws (Amendment) Ordinance, 2019	(410.12)	-
Other adjustments	357.34	(82.65)
Income tax expense	1,534.60	4,474.32

33. Earnings per equity share (EPES)

Particulars	For the year ended	
	31 March 2020	31 March 2019
Attributable to Owners of the Company		
Profit/(loss) from continuing operations	(16,031.23)	8,143.36
Profit from discontinued operations	-	-
Profit/(loss) for the year	(16,031.23)	8,143.36
Weighted average number of equity shares outstanding during the year	46,398,000	46,398,000
Earnings per equity share (in absolute ₹ terms)		
Nominal value per equity share	5.00	5.00
Basic and Diluted EPES from continuing operations	(34.55)	17.55
Basic and Diluted EPES from discontinued operations	-	-
Basic and Diluted EPES from continuing and discontinued operations	(34.55)	17.55

The Company does not have any potential dilutive equity shares as on 31 March 2020 and 31 March 2019.

34. Dividend proposed before approval or issue of the 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 2020 amounts to ₹1,159.95 (₹2.5 per equity share) (31 March 2019: ₹927.96 (₹2 per equity share)). Dividend distribution tax on such dividend distribution amounts to ₹Nil (31 March 2019: ₹190.77).

35. Fair value hierarchy

(i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Financial assets		
Fair value hierarchy (Level 1)		
Quoted equity shares	14,386.43	82,606.89
Fair value hierarchy (Level 3)		
Unquoted equity shares	26.02	26.02
Financial liabilities		
Fair value hierarchy (Level 2)		
Derivative liability	-	29,448.88

There are no transfers between levels during the current and previous year ended 31 March 2020 and 31 March 2019 respectively. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

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 2020 and 31 March 2019 are as shown below:

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Significant unobservable inputs*	
Future growth rate	
Discount rate	
Discount for lack of marketability (DFLM)	
*keeping all other inputs constant.	
Reconciliation of level 3 fair value measurement:	
	Amount
As at 1 April 2018	26.02
Changes during the year	-
As at 31 March 2019	26.02
Changes during the year	-
As at 31 March 2020	26.02
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 44 for details).	

36. 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 ₹542.81 and ₹616.20 as on 31 March 2020 and 31 March 2019 respectively.

Categories of financial instruments

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Quoted equity shares	10,788.31	3,598.12	-	61,948.88	20,658.01	-
Unquoted equity shares	-	26.02	-	-	26.02	-
Investment in government securities	-	-	1.57	-	-	1.47
Trade receivables	-	-	2,189.24	-	-	4,235.20
Cash and cash equivalents	-	-	5,583.39	-	-	6,334.86
Other bank balances	-	-	241.26	-	-	1,139.80
Loans	-	-	820.90	-	-	699.88
Other financial assets	-	-	94.43	-	-	159.64
	10,788.31	3,624.14	8,930.79	61,948.88	20,684.03	12,570.85
Financial liabilities						
Derivative liabilities	-	-	-	29,448.88	-	-
Deferred payment liabilities	-	-	663.36	-	-	791.58
Borrowings excluding deferred payment liabilities	-	-	29,915.58	-	-	29,145.16
Trade payables	-	-	5,994.88	-	-	6,856.87
Other financial liabilities excluding deferred payment liabilities	-	-	11,041.08	-	-	10,943.97
	-	-	47,614.90	29,448.88	-	47,737.58

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.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

37. 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 Company's Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the risk management policies. The Committee reports regularly to the Company's 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, foreign currency rates, and prices of equity instruments), 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, 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, 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 ₹23,343.24 and ₹95,203.76 as of 31 March 2020 and 31 March 2019 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 2020 and 31 March 2019.

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 provided for in the books of account is given below:

Particulars	As at 31 March 2020	As at 31 March 2019
0-30 days	1,730.69	3,882.74
31-60 days	446.71	316.81
61-90 days	0.28	-
Greater than 90 days	11.56	35.65
	2,189.24	4,235.20

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 assets have 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.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

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 2020	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	8,844.06	4,383.64	16,687.88	29,915.58
Deferred payment liabilities	-	128.72	534.64	663.36
Trade payables	-	5,994.88	-	5,994.88
Other financial liabilities	-	10,647.79	393.29	11,041.08
Derivatives	-	-	-	-
	8,844.06	21,155.03	17,615.81	47,614.90

As at 31 March 2020	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
	9,457.58	21,622.52	46,106.36	77,186.46

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 the 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.

For the years ended 31 March 2020 and 31 March 2019, every 50 basis point decrease in the floating interest rate component applicable to the Group's long-term borrowings would have increase/(decrease) the profit/(loss) before tax by approximately ₹64.95 and ₹51.03 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 and investing activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of foreign currency risk to the Group is low as it enters very limited transactions in foreign currencies. The Group uses foreign exchange forward contracts to offset its exposure in the foreign currency risk.

The carrying amounts of the Group's unhedged foreign currency denominated monetary items in ₹ terms as at 31 March 2020 and 31 March 2019 are as follows:

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Financial assets - Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
- USD	-	2,521.15

Financial liabilities- Capital creditors

Particulars	As at 31 March 2020	As at 31 March 2019
- EURO	-	44.60

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/(loss) before tax for the year ended	
	31 March 2020	31 March 2019
USD sensitivity		
₹/USD - Increase by 5%	-	126.06
₹/USD - Decrease by 5%	-	(126.06)
EURO sensitivity		
₹/EURO - Increase by 5%	-	(2.23)
₹/EURO - Decrease by 5%	-	2.23

iii. Derivative financial instruments:

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

Particulars	Sell	As at 31 March 2020	As at 31 March 2019
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 (31 March 2019: ₹26.02). Sensitivity analyses of these investments have been provided in Note 35.

At the reporting date, the exposure to listed equity securities at fair value was ₹14,386.43 (31 March 2019: ₹82,606.89). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹539.42 (31 March 2019: ₹3,097.44) on the 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 ₹179.91 (31 March 2019: ₹1,032.90) on the OCI of the Group, and an increase in prices, a visa versa impact.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

38. Capital risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder 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 payments 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 equity plus net debt. The Group's policy is to keep the gearing ratio between 15% and 35%. The Group includes within net debt, borrowings from banks less cash and cash equivalents. Borrowings from banks comprise of term loans and loans repayable on demand.

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings from banks (note 19 and 20)*	29,915.58	29,145.16
Less: Cash and cash equivalents (note 15(ii))	(5,583.39)	(6,334.86)
Net debt (A)	24,332.19	22,810.30
Total equity (B)	46,173.56	81,426.40
Net debt and total equity (A) + (B)	70,505.75	104,236.70
Gearing ratio (%)	34.51%	21.88%

*During the previous year ended 31 March 2019, borrowings from banks also included finance lease obligations aggregating to ₹227.36, which has been reclassified to lease liabilities on transition to Ind AS 116 during the current year.

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 is no impact on the consolidated financial statements for the year ended 31 March 2020 due to breaches in a financial covenant attached to the borrowings of the Group. There was no breach in the financial covenants of any borrowings during the previous year ended 31 March 2019.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

39. Disclosure of Interest in Joint venture and associate:

Particulars	Nature of relationship	Country of Incorporation	Ownership interest (%)	
			As at 31 March 2020	As at 31 March 2019
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%
Heritage Novandie Foods Private Limited	Joint venture	India	50%	50%

40. The Holding company has extended no loans or advances to its associate during the year ended 31 March 2020 and 31 March 2019.

41. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Heritage Novandie Foods Private Limited ("HNFPL")	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 share holding in the Company
N Bhuvaneswari N Brahmani M Sambasiva Rao A Prabhakara Naidu Umakanta Barik	Key Managerial Personnel (KMP)

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(b) Transactions with related parties

Particulars	For the year ended	
	31 March 2020	31 March 2019
(i) Heritage Novandie Foods Private Limited		
Investment made	-	849.99
Sale of Property, plant and Equipment	-	40.18
Financial guarantee income	2.44	-
Lease rental income	9.54	-
Expenditure incurred on behalf of HNFPL	0.97	-
Rent deposit received	4.50	-
Reimbursement of insurance proceeds received on behalf of HNFPL	0.18	-
(ii) Heritage Finlease Limitad		
Dividend received	4.00	4.00
Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	7,373.90	7,341.00
Disbursement of loans to employees of the Company	96.80	-
Cattle loan facilitation charges	15.43	9.11
Lease Rental income	0.54	-
(iii) Nirvana Holdings Private Limited		
Dividend paid	102.91	102.91
Lease Rental income	0.54	-
(iv) NTR Memorial Trust		
CSR expenditure	222.75	91.05
(v) N Bhuvaneswari		
Short-term employee benefits	399.83	694.24
Post-employment benefits	12.96	8.64
Other long-term benefits	8.65	5.77
(vi) N Brahmani		
Short-term employee benefits	319.97	555.31
Post-employment benefits	6.48	4.32
(vii) M Sambasiva Rao		
Short-term employee benefits	219.81	268.42
Post-employment benefits	6.86	6.43
Other long-term benefits	-	22.32
(viii) A Prabhakara Naidu		
Short-term employee benefits	56.60	56.68
Post-employment benefits	3.06	2.80
Other long-term benefits	3.13	12.66
(ix) Umakanta Barik		
Short-term employee benefits	28.12	28.16
Post-employment benefits	1.52	1.39

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

(c) Balances receivable/(payable)		
Particulars	As at 31 March 2020	As at 31 March 2019
(i) Heritage Finlease Limited		
Loan proceeds payable	(297.67)	(239.73)
Other receivables	1.70	1.44
(ii) Heritage Novandie Foods Private Limited		
Other payable	4.50	-
Other receivables	1.83	-
(iii) Nirvana Holdings Private Limited		
Other receivables	0.76	-
(iv) N Bhuvaneswari		
Short-term employee benefits payable	(203.65)	(563.16)
(v) N Brahmani		
Short-term employee benefits payable	(221.97)	(489.91)
(vi) M Sambasiva Rao		
Short-term employee benefits payable	(92.15)	(148.72)

Notes:

- 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 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: 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.
- As at 31 March 2020, the Group has an outstanding guarantee given to a banker towards loan availed by its joint venture i.e. Heritage Novandie Foods Private Limited. Amount outstanding to banker by Heritage Novandie Foods Private Limited as at 31 March 2020 is ₹565.18 (31 March 2019: ₹Nil).
- Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Group as a whole.

42. Contingent liabilities and commitments

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,721.81	599.80
(ii) Other commitments		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	-	324.96

Note: Refer note 47(d) for commitments in respect of a joint venture.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
(b) Contingent liabilities		
Claims against the Group not acknowledged as debts		
- 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
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	46.88	46.88
- Disputed Entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases of certain items	103.42	-
- Disputed milk cess levied on installed capacity under the Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001	103.07	95.37
(c) Guarantees excluding financial guarantees	42.76	46.84
(d) Other money for which the Group is contingently liable		
'C' form under collection	-	18.36
(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.		

43. Leases

Transition to Ind AS 116

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use ("ROU") asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have been not retrospectively adjusted and therefore shall continue to be reported in accordance with the accounting policies included as part of the Annual Report for the year ended 31 March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹674.91 and a lease liability of ₹714.08. The cumulative effect of applying the standard, amounting to ₹29.31 was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the loss before tax, loss for the year and earnings per equity share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the ROU assets at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

The movement in lease liabilities during the year ended 31 March 2020 is as follows:

Particulars	Amount
Balance at the beginning of the year	941.45
Additions during the year	-
Finance cost accrued during the year	31.40
Payment of lease liabilities	(317.88)
Lease liabilities as at 31 March 2020	654.97
Current lease liabilities	294.04
Non-current lease liabilities	360.93

The details of the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis are as follows:

Particulars	Amount
Less than one year	346.05
One to five years	313.38
More than five years	66.71
Total	726.14

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹313.87 for the year ended 31 March 2020. Leases not yet commenced to which the Group is committed amounts to ₹65.75 for a lease term ranging from 3 to 5 years.

44. Derivative contract

The Company 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"),

- is less than or equal to ₹40,000, then the Company shall be entitled to retain the entire share sale consideration
- 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.
- 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 instrument.

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

45. 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 Group. Disclosures in respect of the amounts payable to such parties are given below:

Particulars	As at 31 March 2020	As at 31 March 2019
(i) The principal amount remaining unpaid as at the end of the year.	530.58	772.77
(ii) The amount of interest accrued and remaining unpaid on (i) above.	0.05	0.67
(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.	0.05	0.67

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 Group. The auditors have placed reliance on the information provided by the management.

46. Discontinued operations of Heritage Employee Welfare Trust

(i) The financial performance presented below is for the year ended 31 March 2020 and 31 March 2019:

Particulars	As at 31 March 2020	As at 31 March 2019
Revenue	8.82	15.68
Expenses	76.52	34.31
Loss before tax from discontinued operations	(67.70)	(18.63)
Tax expense	-	6.42
Loss from discontinued operations	(67.70)	(25.05)

(ii) The cash flow information for the year ended 31 March 2020 and 31 March 2019 is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Net cash used in operating activities	(66.29)	(115.56)
Net cash generated from investing activities	-	-
Net cash generated from financing activities	-	-
Net decrease in cash and cash equivalents	(66.29)	(115.56)

(iii) Details of carrying values of assets and liabilities classified as held for sale as at 31 March 2020 and 31 March 2019 is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Assets		
Cash and cash equivalents	145.71	212.00
Other assets	13.44	15.91
Total assets	159.15	227.91
Liabilities		
Trade payables	40.32	41.38
Total liabilities	40.32	41.38
Net assets	118.83	186.53

Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ lakhs, except share data and where otherwise stated)

47. Interest in a material joint venture

- (a) The Group has interest in a single joint venture ("HNFPL"), which, in the opinion of the Company's Board of Directors, is material to the Group. The principal activity of HNFPL is manufacturing and trading of fruit and flavoured yoghurts, milk based pudding and desserts. The joint venture has share capital consisting solely of equity shares, which are held directly by the Group. The country of incorporation is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Refer note 39 for further details. Equity shares of the joint venture are unlisted, therefore no quoted price is available.
- (b) The tables below provide summarised financial information about the joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised Balance Sheet

Particulars	As at 31 March 2020	As at 31 March 2019
Assets		
Non-current assets		
Property, Plant and Equipment	123.18	1.46
Capital work-in-progress	1,589.20	131.66
Other assets	10.71	0.13
Other non-current assets	418.61	522.87
Total non-current assets	2,141.70	656.12
Current assets		
Financial assets		
(i) Cash and cash equivalents	140.06	774.86
(ii) Bank balances other than (i) above	-	221.17
Other assets	11.90	2.45
Total current assets	151.96	998.48
Total assets	2,293.66	1,654.60
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	520.59	-
(ii) Other financial liabilities	118.89	-
Total non-current liabilities	639.48	-
Current liabilities		
Financial liabilities		
(i) Other financial liabilities	123.10	24.29
Other liabilities	3.80	3.35
Total current liabilities	126.90	27.64
Net assets	1,527.28	1,626.96

(ii) Summarised Statement of Profit and Loss

Particulars	As at 31 March 2020	As at 31 March 2019
Total income	11.46	1.89
Expenses		
Employee benefit expenses	63.36	40.57
Other expenses	84.04	37.57
Others	4.14	0.44
Total expenses	151.54	78.58
Loss before tax	(140.08)	(76.69)
Tax expense	-	-
Loss for the year	(140.08)	(76.69)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(140.08)	(76.69)

Reconciliation to carrying amounts

Particulars	As at 31 March 2020	As at 31 March 2019
Opening net assets	1,626.96	3.67
Equity shares issued during the year	-	1,699.98
Loss for the year	(140.08)	(76.69)
Other adjustments made directly to equity	40.40	-
Closing net assets	1,527.28	1,626.96
Group's share in %	50.00%	50.00%
Group's share in closing net assets	763.64	813.48
Other adjustments	1.32	-
Carrying amount (refer note 9)	764.96	813.48

Commitments in respect of a joint venture

	As at 31 March 2020	As at 31 March 2019
Commitment to provide Group's share of funding for joint venture's capital commitments, if called for	590.39	734.74

The joint venture had no contingent liabilities as on 31 March 2020 and 31 March 2019.

48. Interest in an immaterial associate

The Group has interest in a single associate ("SKIL"), which, in the opinion of the Company's Board of Directors, is immaterial to the Group. The Group's share of loss for the year and other comprehensive income is ₹0.98 (31 March 2019: ₹0.94) and ₹Nil (31 March 2019: ₹Nil) respectively in respect of such associate.

49. 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 Group, which are as follows:

- Dairy vertical: Under this vertical, the Group manufactures and market a complete range of dairy products including fresh milk, curd, butter milk, lassi, ice cream, paneer, table butter, milk powder, flavoured milk, UHT milk, Indian sweets and dairy whitener.
- Renewable energy vertical: Under this vertical, the Group produces power for captive consumption through its solar and wind power plants.
- Feed vertical: Under this vertical, the Group manufactures wide varieties of cattle and fish feeds.

No operating segments have been aggregated to form the above reportable segments.

Segment performance is evaluated based on revenue and earnings before interest and tax and is measured consistently in line with measurement principles used in the financial statements, except adjustments not made to operating segments on individual basis. The items which are not allocated to individual operating segments are gains 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 2020				For the year ended and as at 31 March 2019			
	Segment revenue	Segment results	Segment assets	Segment liabilities	Segment revenue	Segment results	Segment assets	Segment liabilities
Dairy	267,767.46	9,026.63	65,436.72	45,209.71	247,000.58	14,044.96	59,938.84	43,970.83
Renewable energy	938.72	442.84	6,027.09	2,209.10	1,137.08	659.25	6,359.70	2,837.96
Feed	10,385.42	268.41	5,611.86	2,800.83	7,376.06	111.19	5,365.45	3,158.37
Others	176.87	(850.45)	98.56	13.65	1,593.74	228.82	965.68	30.83
Intersegment revenue	(6,678.04)	-	-	-	(5,632.29)	-	-	-
Unallocated	-	-	21,646.35	2,413.73	-	-	90,822.06	32,027.34
Total	272,590.43	8,887.43	98,820.58	52,647.02	251,475.17	15,044.22	163,451.73	82,025.33

Reconciliation of segment results to profit/(loss) before tax from continuing operations:	For the year ended	
	31 March 2020	31 March 2019
Amount as per segment results	8,887.43	15,044.22
Less:		
Finance costs (refer note 30)	2,263.36	2,148.33
Fair value loss on FVTPL equity securities	51,160.56	13,109.85
Share of loss of an associate and a joint venture	90.11	39.28
Others	232.01	194.02
	53,746.04	15,491.48
Add:		
Interest income	68.02	85.81
Fair value gain on derivative liability	29,448.87	13,109.85
Dividend income	4.00	4.00
	29,520.89	13,199.66
Profit/(loss) before tax from continuing operations	(15,337.72)	12,752.40

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 equipment, Investment property, Other Intangible assets, Intangible assets under development and Capital work-in-progress as at 31 March 2020 and 31 March 2019 were located in India. Details of dairy segment assets and segment liabilities located outside India as on 31 March 2020 and 31 March 2019 have been disclosed under Note 37(c) (ii) to the consolidated financial statements. Apart from those detailed in the aforesaid note, all the remaining assets and liabilities of the Group are located in India.

Major customers

The Group has no single customer who has contributed more than 10% of the Group's total revenue during the year ended 31 March 2020 and 31 March 2019.

50. 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 2020				For the year ended and as at 31 March 2019			
	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	100.13%	46,233.07	94.45%	(16,000.44)	98.86%	80,496.18	101.03%	8,344.19
Subsidiary								
Heritage Nutrivet Limited	6.74%	3,110.55	-0.39%	67.36	2.81%	2,287.92	1.15%	95.10
Controlled trusts								
Heritage Farmers Welfare Trust	0.21%	96.34	4.97%	(841.09)	1.21%	984.07	1.71%	141.12
Heritage Employee Welfare Trust	0.26%	118.83	0.40%	(67.70)	0.23%	186.53	-0.30%	(25.05)
Non-controlling interest	-0.47%	(215.17)	-5.36%	908.79	-1.44%	(1,170.60)	-1.41%	(116.09)
Total	106.87%	49,343.62	94.06%	(15,934.25)	101.67%	82,784.10	102.18%	8,439.27
Consolidation adjustments	-6.87%	(3,170.06)	5.94%	(1,005.77)	-1.67%	(1,357.70)	-2.18%	(179.82)
Net amount	100.00%	46,173.56	100.00%	(16,940.02)	100.00%	81,426.40	100.00%	8,259.45

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 or (losses)/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.

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 : 27 May 2020

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

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

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

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

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)

1 Heritage Nutrivet Limited
(Formerly known as
Heritage Food's Retail
Limited)-Subsidiary 01.12.2008

As at/ Year Ended:

31.03.2020	Reporting period same	371.01	2,739.54	5,866.04	2,755.49	-	10,385.42	70.37	3.01	67.36	100
31.03.2019	Reporting period same	295.25	1,992.66	5,406.82	3,118.91	-	7,376.06	36.78	-58.32	95.10	100

Part "B" Associates / Joint Venture

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	Extent of Holding (%)				Considered in consolidation	Not Considered in consolidation
1	Skill Raigam Power (India) Limited-(Associate)	31.03.2020	2011-12	65000	65.00	44.83	NA	53.02	(0.99)	(1.22)
		31.03.2019	2011-12	65000	65.00	44.83	NA	54.00	(0.94)	(1.15)
2	Heritage Novandie Private Limited-(Joint Venture)	31.03.2020	2017-18	2280299	859.60	50.00	NA	763.64	(70.04)	(70.04)
		31.03.2019	2017-18	2280299	859.99	50.00	NA	813.48	(38.35)	(38.35)

For and on behalf of the Board of Directors of
Heritage Foods Limited

N. Bhuvaneshwari
Vice Chairperson & Managing Director
DIN : 00003741

M Sambasiva Rao
President

Place : Hyderabad
Date : 27 May 2020

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary &
Compliance Officer
M.No. FCS 6317

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

Notes



Heritage Foods Limited

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