



20th Annual Report
2011-2012

HERITAGE FOODS (INDIA) LIMITED

AN ISO 22000 COMPANY

10 Years Financials

(₹ in Crores)

	2011-12	2010-11	2009-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
Turnover	1393.41	1096.08	900.38	796.02	588.03	346.33	292.07	266.13	234.49	192.83
Other Income	3.21	4.81	2.93	3.23	40.13	1.29	1.27	0.78	1.35	0.86
Total Income	1396.61	1100.89	903.31	799.25	628.16	347.62	293.34	266.91	235.84	193.68
Earnings before Depreciation, Interest and Tax (EBDIT)	52.58	38.85	47.03	3.43	23.66	12.17	25.23	20.91	31.60	27.86
Depreciation	21.19	19.94	19.64	17.22	10.55	6.78	4.80	4.01	3.94	4.50
Interest	17.82	15.97	16.67	14.58	12.43	1.84	0.40	0.60	0.28	0.13
Provision for Taxation (Including Deferred Tax & FBT)	4.24	1.83	4.98	6.58	(0.26)	1.82	6.39	6.14	9.75	8.33
Profit /(Loss) after Tax	9.33	1.12	5.60	(35.61)	0.94	1.72	13.64	10.16	17.62	14.91
Cash Profit/ (Loss)	34.76	22.88	30.35	(11.15)	11.49	8.51	18.44	14.17	21.57	19.41
Equity Dividend (%)	20.00	12.00	18.00	Nil	18.00	30.00	30.00	30.00	27.50	27.50
Dividend Payout (Including Tax on Dividend)	2.68	1.61	2.42	Nil	2.13	3.51	3.42	3.42	3.10	3.10
Equity Share Capital	11.53	11.53	11.53	11.53	11.53	9.99	9.99	9.99	9.99	9.99
Reserves and Surplus	81.60	75.01	75.35	69.24	104.17	59.31	62.50	52.65	45.84	34.53
Networth	93.13	86.53	86.87	80.77	115.70	69.30	72.49	62.64	55.83	44.52
Gross Fixed Assets	345.90	317.50	294.24	264.47	206.45	128.88	80.15	72.69	63.87	53.62
Net Fixed Assets	230.26	221.72	215.24	203.68	162.41	95.38	53.33	50.38	45.49	38.82

Key Indicators

	2011-12	2010-11	2009-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03
Earnings per share - ₹.	8.10	0.97	4.85	(30.89)	0.92	1.73	13.65	10.17	17.64	14.93
Cash Earnings per share - ₹.	26.47	19.84	26.32	(9.67)	9.96	8.51	18.46	14.19	21.59	19.43
Book Value per share - ₹.	80.77	75.05	75.35	70.05	100.35	69.37	72.57	62.70	55.88	44.56
Debt* : Equity Ratio	0.99:1	1.15:1	1.34:1	1.50:1	0.96:1	0.79:1	0.00:1	0.00:1	0.01:1	0.01:1
EBDIT/Turnover %	3.77	3.52	5.22	0.43	4.02	3.51	8.63	7.86	13.48	14.45
Net Profit Margin %	0.67	0.10	0.62	(4.47)	0.16	0.50	4.65	3.81	7.47	7.70
Return on Networth %	10.00	1.29	6.45	(44.09)	0.81	2.48	18.81	16.22	31.56	33.49

* Long Term Debt

Sri D Seetharamaiah, Chairman



Dear Shareholders,

Financial Year 2011-12 has been a challenging year with unprecedented economic uncertainty and slowing down of economic growth across Asia. These events had a profound effect on demand and margin outlook for industrial and consumer products across the world. In many ways, we are still feeling the after-shocks of the financial meltdown of 2008 and 2009 with leading economies continuing to suffer from low growth and the resultant adverse impact on demand for most products and services. We have been successful in insulating and de-risking our portfolio of businesses by following a prudent operating discipline and further strengthening our rock solid foundation for investments in future growth engines.

Even under these tough times, Heritage delivered sustained operating and financial results from its core businesses. Heritage achieved a turnover of 1393.41 Crore when compared to Rs. 1096.08 crores of the previous year and a net profit of 9.33 Crore when compared to Rs1.12 Crore of the previous year. This was mainly achieved as a result of resilient demand for milk and milk products, repetition of demand in India.

Growth in organized retail business is reflective of the changing habits and increasing aspirations of millions of fellow Indians who seek modern conveniences without losing focus on value. In a short period and as a reflection of consumer preferences, Heritage now has leadership positions in food retailing in south India. The retail business portfolio now accounts for 22 % of the Company's gross income. During the current year, we have projected a goal of setting up more number of Heritage parlours.

We have strengthened our balance sheet and are focused on managing our costs and prudent use of capital. Our investment, cash balance and low net gearing ratio place us in a unique position for creating a foundation for growth. At Heritage, we have been and continue to remain focused on creating long term shareholder value.

We are happy to announce a final dividend of Rs. 2/- per equity (20%) on equity shares of Rs.10/- each. The dividends are payable on the equity shares outstanding as on record date and are subject to approval by the shareholders.

We are passionate towards investing in Heritage's future. I know that I am not alone in this passion and that over 3000 Heritage employees share this hunger for outperformance and growth. We are committed to doing so with integrity and humility and are steadfast in our endeavour in achieving our goals.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

With best wishes,

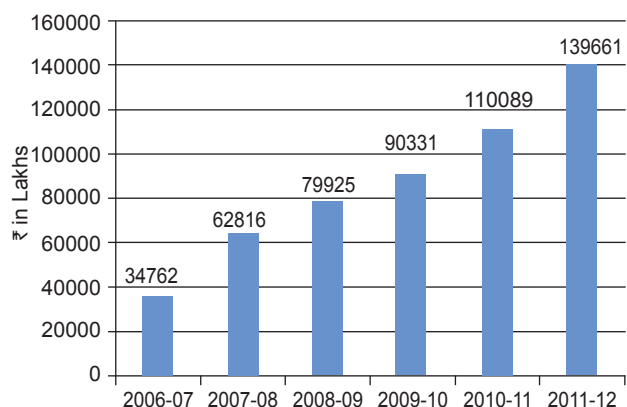
Sincerely,

D Seetharamaiah

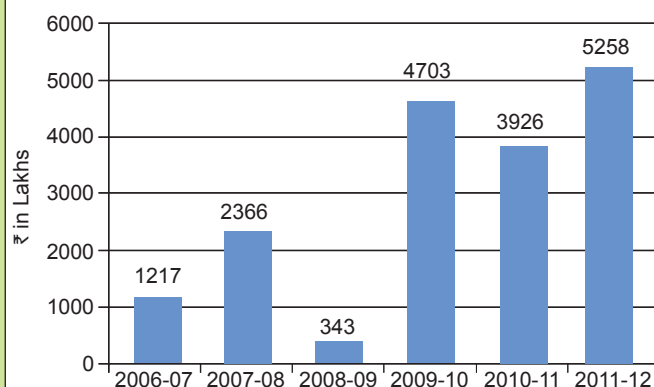
Chairman

Company Financial performance at a glance for the Financial Year 2011-12

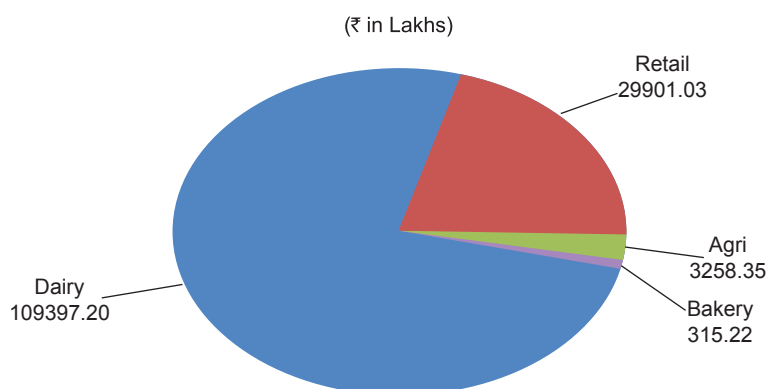
Total Income



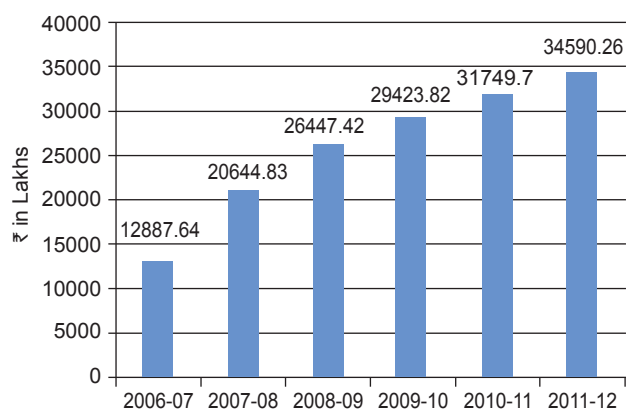
EBITDA



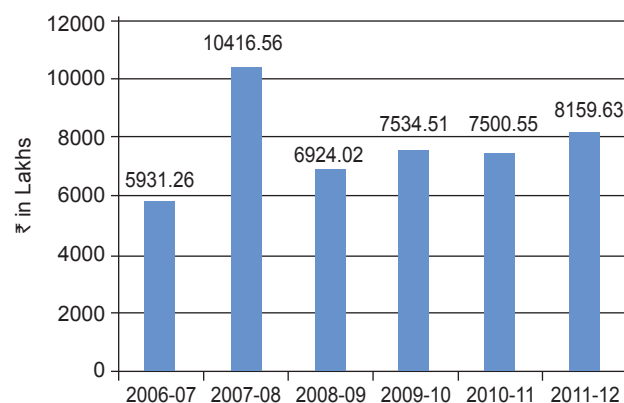
Segment wise Revenue



Gross Fixed Assets



Reserves & Surplus



C O N T E N T S

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Important Communication to Members

The Ministry of Corporate Affairs has taken a **"Green Initiative in the Corporate Governance"** by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be send by e-mail to the members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses. The e-registration form is available in Pg. No. 93 of this Annual Report

Board of Directors:

Sri D Seetharamaiah	<i>Non Executive Independent Chairman</i>
Sri N P Ramakrishna	<i>Non Executive Independent Director</i>
Dr N R Sivaswamy	<i>Non Executive Independent Director</i>
Dr A Appa Rao	<i>Non Executive Independent Director</i>
Dr V Nagaraja Naidu	<i>Non Executive Director</i>
Smt N Bhuvaneswari	<i>Vice Chairperson & Managing Director</i>
Sri N Lokesh	<i>Executive Director</i>

Company Secretary:

CS Umakanta Barik

Senior Management :

Dr M Sambasiva Rao	<i>President</i>
CA A Prabhakara Naidu	<i>Vice President - Finance & Accounts</i>
Sri K Durga Prasad Rao	<i>Chief Operating Officer-Dairy Division</i>
Sri S Jagdish Krishnan	<i>Chief Operating Officer-Retail & Bakery Divisions</i>
Sri Anil Kumar Srivastava	<i>Chief Operating Officer-Agri Division</i>

Board Committees**Audit Committee**

Sri D Seetharamaiah, Chairman
Dr A Appa Rao
Dr N R Sivaswamy
Dr V Nagaraja Naidu

Remuneration Committee

Sri D Seetharamaiah, Chairman
Dr A Appa Rao
Dr N R Sivaswamy
Sri N Lokesh

Share Transfer & Shareholders' Grievance Redressal Committee

Sri D Seetharamaiah, Chairman
Dr A Appa Rao
Dr V Nagaraja Naidu
Smt N Bhuvaneswari

Management Committee

Sri D Seetharamaiah, Chairman
Dr A Appa Rao
Smt N Bhuvaneswari
Sri N Lokesh

Registered Office	: 6-3-541/C, Panjagutta, Hyderabad - 500 082.
Statutory Auditors	: M/s. Raju & Prasad, Chartered Accountants 401, "DIAMOND HOUSE" Adj. Amrutha Hills, Panjagutta, Hyderabad - 500 082.
Bankers	: Bank of Baroda, Andhra Bank, ICICI Bank Limited.
Listed with	: BSE Limited, Mumbai, National Stock Exchange of India Limited, Mumbai.
Registrar and Transfer Agents	: M/s Karvy Computershare Private Limited. Plot no.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
Website	: www.heritagefoods.co.in

Members of Heritage Foods (India) Limited are hereby given notice for the 20th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date : **Saturday 29th September, 2012**

Time : **11.00 a.m.**

Venue : **Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad – 500 045**

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended as on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the year.
3. To appoint a Director in place of Dr. A. Appa Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. V. Nagaraja Naidu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

By Order of the Board
For HERITAGE FOODS (INDIA) LIMITED

Registered Office:
6-3-541/C, Punjagutta,
Hyderabad – 500 082

Date : 30th July, 2012

UMAKANTA BARIK
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR ITS REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. MEMBERS/PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE

SLIP FOR ATTENDING THE MEETING.

3. M/s Karvy Computershare Private Limited (Karvy) is the Registrar and Share Transfer Agent of the Company.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday 26th September, 2012 to Saturday 29th September, 2012 (both days inclusive).
5. The dividend as recommended by the Board of Directors for the year ended 31st March, 2012, when declared at the Annual General Meeting will be paid to the members whose names appear:
 - i) As Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in demat form; and
 - ii) As members on the Register of Members of the Company on record date after giving effect to all valid share transfers in physical form which would be received by the Company upto end of business hours on record date.
6. In order to provide protection against fraudulent encashment of the Dividend Warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the sole / first & joint holder, the following information to be incorporated on the Dividend Warrants:
 - (i) Name of the sole / first & joint holder and the Folio Number.
 - (ii) Particulars of Bank Account.
7. Pursuant to provisions of sub-section (5) of Section 205A the Companies Act, 1956 the dividend, which remain unclaimed / unpaid for a period of 7 years shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred unclaimed/unpaid amount of dividends declared upto the Financial Year 2003-04 to the Investor Education and Protection Fund of the Central Government as required under Section 205A and 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend and the last date for claiming the same are given below:-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend
2005-06	31-07-2006	30-07-2013
2006-07	22-08-2007	21-08-2014
2007-08	26-09-2008	25-09-2015
2009-10	30-07-2010	29-07-2017
2010-11	29-09-2011	28-09-2018

Shareholders, who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s Karvy Computershare Private Limited immediately.

Shareholders are requested to note that no claims lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.

8. Non-resident Indian shareholders are requested to inform M/s Karvy Computershare Private Limited immediately:
 - i). The change in the residential status on return to India for permanent settlement and
 - ii). The particulars of Bank Account maintained in India if not furnished earlier.
9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. Shareholders, holding shares in physical form, are requested to notify immediately change of address, if any, to the Company's Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No.17 to 24, VittalRao Nagar, Madhapur, Hyderabad-500081.
11. The Register of Directors' shareholdings shall be open for inspection to any member of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having right to attend the meeting.
12. 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 the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrars and Transfer Agents.
13. Members seeking any information relating to the Accounts may write to the Company at the Regd. office at 6-3-541/C, Punjagutta, Hyderabad - 500 082, for attention of Company Secretary at the earliest.
14. All the documents referred to in the Notice will be available to the members at the registered office of the Company between 10.30 A.M to 12.30 P.M on all working days from the date hereof upto the date of the Meeting.
16. At the ensuing Annual General Meeting, Dr. A. Appa Rao and Dr. V. Nagaraja Naidu retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

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

Brief resume of the Directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships and chairmanships of Board Committees and their shareholding in the Company are provided below:

- a) Dr A Appa Rao, aged 86 years, is a graduate in Agriculture and has a doctorate in Agriculture from Madras University. He completed his Post doctoral work at Kansas State University as TCM-USA Scholar. He was formerly the Vice Chancellor of the Andhra Pradesh Agricultural University. Before taking charge of Vice Chancellor, he was Director of Research, heading the Research activities of the University in the fields of Agriculture, Animal Husbandry and Home Science. He had also a three year stint with World Bank, as an Agriculturalist, at it's New Delhi office. Besides being associated with the IDRC financed Agricultural Research Management (Asia) Project implemented by SEARCA, Philippines for 5 years, Dr. Rao was on the Governing Body of the Indian council of Agricultural Research (ICAR) for two terms. He also served as Chairman / Member of several committees of the Council. Dr. Rao is also on the Board of Directors of Ushakiron Movies Limited (Ramoji Film City) and Andhra Sugars Ltd.
- b) Dr.V.Nagaraja Naidu, aged 65 years is a postgraduate in Commerce and Doctorate in Financial Management. Dr. Naidu started his career from Administrative Staff College of India, Hyderabad in 1972 held various positions in reputed Universities viz., Professor, Dean, Director etc and taught in the fields of Finance and Business Economics at Post graduate and Doctorate levels. He had been the Registrar (Administrative Head) of the Dr B R Ambedkar Open University for about 10 years. He is also director in Heritage International Limited, Northgate Infra Developers Limited, Gold Coast Land Development (P) Ltd and Heritage Agro Marine (P) Limited. He holds 29,000(0.25%) equity shares in the company as on 31st March, 2012

By Order of the Board
For HERITAGE FOODS (INDIA) LIMITED

Registered Office:
6-3-541/C, Panjagutta,
Hyderabad – 500 082

Date: 30th July, 2012

UMAKANTA BARIK
Company Secretary

Dear Members,

Your Directors have pleasure in presenting the 20th Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial performance for the Financial Year 2011-12 is summarised in the following table:

(₹ in Lakhs)

Particulars	2011-12	2010-11
Total Income from operations	139340.57	109608.61
Total Expenditure	136332.90	108020.76
Profit from operations before other Income, finance costs & exceptional items	3007.67	1587.84
Other Income	320.73	480.66
Profit from ordinary activities after finance costs and exceptional items	1357.57	294.61
Profit from ordinary activities before Tax	1357.67	294.61
Net Profit for the period	933.42	111.93
Basic and diluted EPS before Extraordinary items for the period	8.10	0.97

The above figures are standalone figures, as the subsidiary companies, are yet to commence business; hence consolidated figures are not given.

DIVIDEND

Your Directors have recommended a dividend of ₹ 2 per Equity Share (20%) for the financial year ended March 31, 2012, amounting to ₹ 268.00 lakhs (₹. 230.59 Lakhs dividend + ₹. 37.41 lakhs tax on dividend). The dividend will be paid to members whose names appear in the Register of Members as on record date if, approved at the forth coming Annual General Meeting.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

RESULTS FROM OPERATIONS

The Financial Year 2011-12 was a challenging year. The global economy, continue to witness lower growth, resulting primarily from the Euro Zone debt crisis. India being one of the growth engines of the global economy was forced to tighten liquidity to tame rising inflation. Despite of these constraints and the challenging environment, the Company performed reasonably well and the highlights of the performance are as under:

- Revenue from operations increased by 27 % to ₹ 139340.57 lakhs
- Profit from operations before other income, finance costs & exceptional items increased by 89% to ₹ 30.07 Crores

- Profit from ordinary activities after finance costs and operational items increased by 361% to ₹ 13.57 Crores
- Net Profit increased by 733 % to ₹ 9.33 Crores

BUSINESS REVIEW

Dairy Business: The Dairy Industry plays a vital role in the development of Agriculture Sector. Demand for milk and milk products is increasing day by day. Milk and milk products are second largest agricultural commodity produced in our country next to rice. Milk is the only agro-based commodity that offers immediate marketability and consistent revenue to the farmers. Considering the demand for milk and milk products, there is still a lot of scope for increasing the milk production in India by adopting scientific methods of breeding and nutrition.

During the financial year Dairy Division has increased milk handling capacity by 1,06,000 LPD by commissioning of 33 units which includes Bulk Coolers / Mini Chilling Units and Franchisees units to increase the milk procurement and to maintain the quality. The Turnover has grown by 21.2% from ₹ 860.60 Crores to ₹.1093.97 Crores. The liquid milk Turnover grown by 22.7% and Value Added Products by 60%. During the year Dairy Division has exported 25 Metric Tonnes of butter to Kingdom of Bahrain.

During the year the Dairy Division of the company has taken-up effective measures to reduce / minimize inward freight cost by altering the route distances or re-organizing milk routes and closure of unviable milk routes. Several steps were taken up to improve the clean milk production across all locations, reduced the operational costs as compared to previous year. The Kalluru Chilling Centre has been upgraded as a Packing Station and commenced packing operations w.e.f 27th June' 2011. To encourage the farmers for increasing their milk production, technical inputs program is being implemented across the location which includes animal health camps, supply of feed and fodder seeds, Vaccination etc.

During the financial year Heritage Institute of Milk Sciences (HIMS) first batch of 23 students have successfully completed their Dairymen course and were placed at various locations in Dairy Division. Second batch of 26 students have completed the theory classes. Admission process for the 3rd batch has been initiated in the months of April/May 2012.

Retail Business: Organized retail represents a large untapped market in India that is likely to see tremendous growth in the coming years. The Retail Industry in India is evolving as one of the most dynamic and fast growing industry. New entrants are bound to see large returns. However, they must adapt themselves to the unique state of retail in India where infrastructure and regulations provide little support. They must also understand the tastes of the Indian consumers, who have only recently started treating retail as a form of leisure.

Your Retail Division achieved a sale of ₹ 250.28 crores during the year 2011-12. The Institutional sales segment achieved a sales of 18.75 Crores and sales delivered by General Trade FMCG distribution business of ₹.13.31 crores. For comparable stores in both the years Retail business has grown by 8%. On all inclusive store bases we have grown by 17%. Average bill value has grown

by 14% and also the new stores which are opened this year have delivered more throughput than previous year.

Private Label Strategy is built around providing exceptional value to customers. It was focused on optimising private Label sales mix, which witnessed tremendous customer acceptability across categories like instant food, snacks, beverages, culinary etc. During the year Retail Division has initiated several measures through private label to create new business comprising general trade, parlor etc., During the year the private label products reached to 149 distributors and 20649 Outlets.

Your company entered with the trading & manufacturing (except Bread) of Bakery products. The business shall be nurtured during the financial year. Bakery product Sales remains same over the last financial year with the improvement in Dairy & Retail Channel. The direct sales channel de grew in sales as it discontinued few kiosk models out of IT Parks and Fresh Outlets due to non viability.

Agri Division: The agriculture sector requires consistent monitoring, creating a conducive environment for farmers to increase their productivity and sell their products at competitive prices. There is still a lot of scope for increasing the productivity in India by adopting scientific methods of cultivation and farming.

Agri Division had achieved the turnover of ₹. 33.04 Crores and 31749 MT with respect to Value & Volume. However, there is an improvement in Volume of 18% over the financial year 10-11.

The present fill rate is 69% against the requirement of Retail Business & efforts are being made to deliver 75% supply across regions, Developing new sourcing bases in coordination with other retailers to meet the Retail requirement of off season & non local SKU's, Procurement of SKUs at competitive price through all available channels.

Agri Division has planned for extension of services i.e. Strengthened extension activities to the custom farmers and facilitating farmers to get crop loans, subsidies on power tiller and drip irrigation schemes, weekly training classes for field staff on Pests and disease control, trained the farmers and field staff on Soil treatment & Land Management and the importance of Crop Rotation and water conversation.

SUBSIDIARY COMPANIES

During the year under review the Company has two subsidiary Companies namely M/s. Heritage Foods Retail Limited and M/s. Heritage Conpro Limited. M/s SKIL Raigam Power (India) Limited ceased to be a subsidiary of the Company as per the provision of the Section 4 of the Companies Act, 1956. In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies need not be attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept

open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Clause 32 of the Listing Agreement with Stock Exchanges and in accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such a manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

DIRECTORS

Dr. A. Appa Rao and Dr. V. Naga Raja Naidu Directors retire by rotation and being eligible; offer themselves for reappointment at the ensuing Annual General Meeting.

During the year on the recommendation of Remuneration Committee, the Board of Directors had recommended to the Shareholders for the re-appointment of Smt. Nara Bhuvaneshwari as Vice Chairperson & Managing Director of the Company for a period of three years w.e.f 1st April, 2012. The Shareholders had approved the appointment through postal Ballot, the result of which was declared on 9th May, 2012.

AUDITORS AND AUDITORS' REPORT

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

The Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

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

Cost Auditor: As per the requirement of the provisions of Sec. 209(1)(d) and Section 233B of the Companies Act, 1956 and pursuant to the Companies (Cost Accounting Records) Rules, 2011, your Company carries out an audit of Cost Accounting records relating to Packaged Food Products for the year 2011-12. Subject to the approval of the Central Government, the Company has appointed M/s. Sagar & Associates, Cost Accountants, as Cost Auditor of the Company for the Financial Year 2012-13.

Secretarial Auditor: As a measure of good corporate governance practice, the Board of Directors of the Company appointed Ms.

Savita Jyothi, Practicing Company Secretary, to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2012, is provided in the Annual Report.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Listing Agreements with the Stock Exchanges.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to good corporate citizenship and makes constant efforts to build and nurture long lasting relationships with members of the society in general and the communities around its operating facilities in particular.

The core theme of this company's CSR Policy is giving back to the society from which it draws its resources by extending a helping hand to the needy and the underprivileged. To implement the CSR policy effectively, the company makes need based allocation of funds from its earnings through trust. The trust has chosen Health, Education and Livelihoods as the thrust areas for discharging its Corporate Social Responsibility. Apart from the above thrust areas, your company strives to serve the society through various other measures distribution of clothes and relief materials during natural calamities etc..

Your Company has started supporting small scale Industry Producers, through the Private Labels and encouraged them by marketing the products through Heritage Fresh and Heritage Parlours.

INTERNAL CONTROL SYSTEMS

Your Company has a well-defined and documented internal control system, which is adequately monitored. Checks and 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 system are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring. These are supplemented by internal audit carried out by reputed firms of Chartered Accountants. Your Company has an Audit Committee consisting of four Directors, all of them are independent directors. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically appraised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements, if any for strengthening them. The Company has a robust Management Information System which is an integral part of the control mechanism.

PARTICULARS OF EMPLOYEES

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

DEPOSITORY SYSTEM

As the Shareholders are aware, your Company's Shares are tradable in electronic form and the Company has established connectivity with both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. In view of the advantages offered by the Depository System, the shareholders are requested to avail the facility of dematerialization of the Company's shares.

TRANSFER OF UN-CLAIMED DIVIDENDS

Pursuant to Section 205C (2) of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed dividend amount of ₹ 7,30,198 (Rupees Seven Lakhs Thirty Thousand and One Hundred and Ninety Eight Only) for the year 2003-04 was transferred to the Investor Education and Protection Fund during the year and the unclaimed dividend for the year 2004-05 is due for transfer to the fund.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public during the year.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis on the Industry structure, developments, opportunities, threats and review of operational performance and risk as required under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by the Securities and Exchange Board of India (SEBI). The Company has also implemented several best Corporate Governance practices.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- They have selected such accounting policies and applied them consistently and made judgements 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 2011-12 and of the profit for that period;
- They have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- They have prepared the annual accounts of the company on a going concern basis.

APPRECIATION

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors, farmers, distributors, franchise and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

Your Directors look forward to the future with confidence.

For and on behalf of
HERITAGE FOODS (INDIA) LIMITED

Place: Hyderabad
Date: 30th July, 2012

D. SEETHARAMAIAH
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT:**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY****a. Energy Conservation Measures taken:**

Improvement in energy efficiency is a continuous process at your company and conservation of energy is given a very high priority in all our plants and offices.

b. Additional Investments and Proposals for Reduction of Consumption of Energy

The company will be implementing various measures to automate the process, recovery of energy, which will result in reduction of energy consumption. The company erected De Super Heaters at various plants of the company for conservation of energy and erection works of Ammonia Chillers completed at various plants for the conversation of energy.

c. Impact of the above measures:

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

d. Total Energy Consumption and energy Consumption per unit of production as per Form 'A' attached hereto (Dairy Division only)**FORM A**

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

	2011-12	2010-11
A. POWER AND FUEL CONSUMPTION		
1. Electricity (Dairy)		
a. Purchased		
Units – KWH	22091606	22107880
Total Amount	103314577	97209198
Rate/Unit – ₹.	4.68	4.40
b. Own generation		
Through Diesel generator		
Units – KWH	2792225	1920997
Unit per liter of diesel oil	2.98	2.63
Cost/Unit – ₹.	19.56	17.69
2. Furnace Oil		
Quantity (Ltr)	2934374	2485286
Total cost	127662662	79104956
Average rate – ₹.	43.51	33.35
B. CONSUMPTION PER UNIT OF PRODUCTION STANDARD		
Electricity (KWH/Ltr of milk)	0.18	0.29
Furnace oil (Ltr of milk)	0.22	0.16

TECHNOLOGY ABSORPTION (ENCLOSED IN FORM B)**FORM B**

(Form for disclosure of particulars with respect to absorption)

(₹. in lakhs)

	2011-12	2010-11
Research & Development (R & D)	Nil	Nil
Technology absorption, adaptation & innovation	Nil	Nil
Foreign Exchange Earnings	11.82	215.74
Foreign Exchange Outgo:		
Assets Purchases	Nil	22.40
Term Loan repayment (incl. Interest)	1511.07	1377.09
Software Support	Nil	Nil
Others	1.09	1399.49

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

OVERVIEW OF THE ECONOMY

Despite new risks, the global economic recovery is gaining strength. While growth in emerging economies remain strong, that in the US and European region is slowly gaining momentum. Some of economies of the developed nations are still a concern with the Euro zone being the most vulnerable as rating agencies continue to downgrade the sovereign rating of many of economies in this region. The natural disaster in Japan, sharp increase in oil prices consequent to the turmoil in the Middle East and North Africa is fuelling uncertainty to the pace of global recovery.

The Indian Economy registered improved growth and was amongst the better performers amid emerging market economies. While the area sown under the Rabi crop is higher than last year which augurs well for agricultural production, the index of industrial production continues to be volatile. The other indicators such as latest Purchasing Managers' Index, direct and indirect tax collections, merchandise exports and bank credit suggest that the growth momentum persists. However, continuing uncertainty about energy and commodity prices may vitiate the investment climate, posing a threat to the current growth trajectory. Inflation remains a challenge for the Indian Economy and the key risks are tighter monetary conditions and rising prices eating into the consumer's disposable income.

Despite the challenging environment, the company performed reasonably well and grew its revenues by 27%. Its net earnings were also increased significantly.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Economic Survey states that a holistic approach involving development in agricultural research, offering irrigational and agricultural inputs and effective utilization of technology towards increasing productivity is necessary. It noted that higher agricultural yields are needed both for catering to local food requirements and achieving a sustained growth path. A path of 'inclusive growth' involving both private and government investments should be envisaged. Higher investments augmented with correct policies and strategies are necessary conditions to achieve this sustained growth path.

Out of the total global production of the milk 13% is contributed by India. The dairy Industry is making a significant contribution to the Indian Economy. The development of this sector has the potential to bring down unemployment and the rate of poverty. Though the industry has seen rapid growth in recent years, there is ample scope for introducing newer technologies so that resources are used in fullest extent.

India, houses the largest livestock in the world and the per animal yield has great scope for improvement. The per capita availability of milk is 263 grams/day and with the increasing consumption of dairy products generated by the improvement in disposable income. Thus there is vast potential for growth in the dairy sector.

The Retail landscape in India is changing rapidly and is being considered by large foreign and domestic players. Market liberalization and changing consumer behaviour have sown the seeds of a retail transformation. Indian retailing is growing fast and imparting the consumer preferences across the country. Modern retailing is capable of generating huge employment opportunities and additional workforces in retail support activities. Organised retail which presently account for only 4-6 percent of the total market is likely to increase its share over a period of time. It offers huge potential for growth in coming years. India is becoming most favoured retail destination in the world.

Competition in Dairy, Retail & Agri is expected to intensify as more players, both local and Multinational enter the market supported by significant brand investment. Your Company builds its business strategy taking into account the opportunities for growth, within the competitive and cost scenario.

OPPORTUNITIES

The demand for milk and milk products is increasingly buoyant and there is substantial growth potential for your company. There is a phenomenal scope for innovations in product development, packaging and presentation. The flexibility of product mix is tremendous, with balancing equipment and the Company can keep on adding to its product line. Addition of more value added products may lead to a greater presence and flexibility in the market place along with opportunities in the field of brand building. Your company is already in the forefront of these initiatives which is reflected by the increasing turnover of the company.

Your Company has a professionally-trained, technical human resource pool, built over years to meet the challenges in the dairy industry. The main advantage of Company's strength lies in its efficient and effective supply and cold chain management, which smaller players are lacking. This allows it wide reach and targeted coverage in its markets. Your Company also has talented and committed human resources who work as a team to the attainment of organizational objectives.

Changing demographics (young, higher disposable income, experimental, urbanization, willingness to spend) further fuelled by trends like a greater awareness of health and nutrition, quality of products on one hand and more hedonism (especially the new 'affluent' generation) is rapidly enlarging the opportunity.

New consumption moments, new consumers, new needs and desires are growing your Company's market, e.g. out-of-home consumption, lifestyle changes, etc. Even as new niche markets are developing, it is the aspirational quest that is fueling the growth for relevant and differentiated propositions offered at the right price and value.

THREATS

Perishability of the milk products is a deterrent to capitalize on market demand, Your Company is continuously developing and applying scientific methods to improve the quality of milk processed. Your Company is in the forefront of such initiatives in establishing this infrastructure.

The traditional dairy practices no longer ensure control over milk yield. However, increased awareness of developments like embryo transplant, artificial insemination and properly managed animal husbandry practices, coupled with higher income to rural milk producers should automatically lead to improvement in milk yields.

Logistics of procurement is another major problem in the milk industry. Woes of bad roads and inadequate transportation facility make milk procurement problematic. But with the overall economic improvement in India, these problems would also get solved. Your company is poised to leverage on the improvement, given its economies of scale and with its inherent ability to adopt new technologies, it is confident of carving out its own niche in the market.

Macro-economic as well as industry specific (FMCG and Packaged Food) indications point to a long-term enduring buoyancy and greater competitiveness in the domestic market, while the international geographies are likely to see some short-term disruptions.

Strengths and opportunities are fundamental and weaknesses and threats are transitory. The success of your Company is derived mainly through factors such as the efficient yet economical procurement network, hygienic and cost-effective processing facilities and innovativeness in the market place.

BUSINESS STRATEGY

Your Company's key priorities continue to be to drive revenue through brand relevance, differentiation and to enhance profitability through cost competitiveness. This includes strengthening current brands through product design, delivery and mix and introducing new differentiated higher margin products. To drive this harder, the focus on understanding consumers and meeting their needs will be enhanced to create and sustain higher levels of purchase and consumption. Efforts will be further strengthened by offering

more value to consumers through healthy options at affordable price points as well as through focusing on other relevant consumer benefits.

Your Company will continue to focus on market place execution to drive higher sales at point of purchase, synergizing all levels including distribution, trade marketing, market activation and advertising. Your Company will continue to build the edge in trade channels through width and depth of reach, service quality and customer insight and create best in class customer and people engagement practices for sustained, superlative delivery.

Your Company has implemented several initiatives in all areas of operations to create an efficient and robust supply chain. These will be reinforced further by integrating manufacturing and logistics and industrializing the set of manufacturing practices and technologies the Company has built to date.

SEGMENT INFORMATION

The primary business segment of the Company is Foods comprising (i) dairy products – milk, butter, ghee, dahi, Ice-cream etc (ii) bakery products – biscuits, bread, cakes & rusk, and Retailing and Agri commodities.

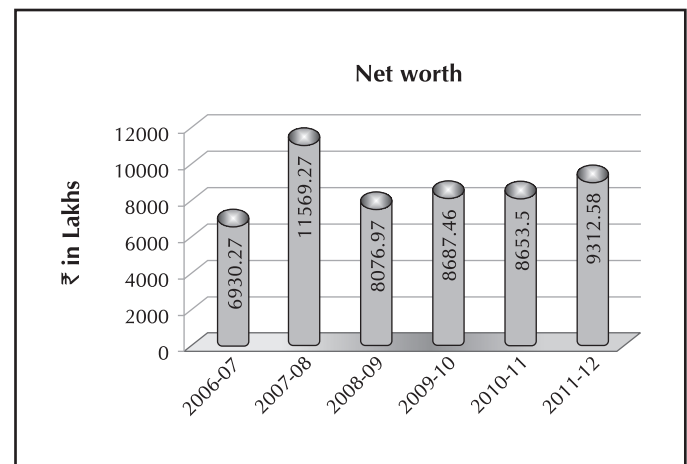
PERFORMANCE TREND

Over the years, your Company has created significant wealth for all its stakeholders.

Value Addition since last five years

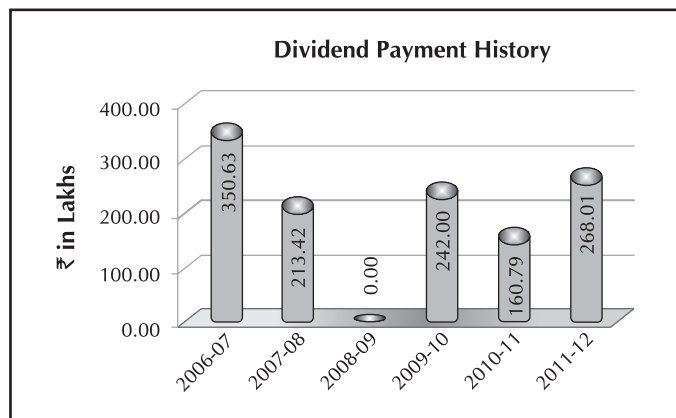
Increase in Net worth:

The current Net worth of the Company for the Financial year 2011-12 is at ₹.9312.58 Lakhs



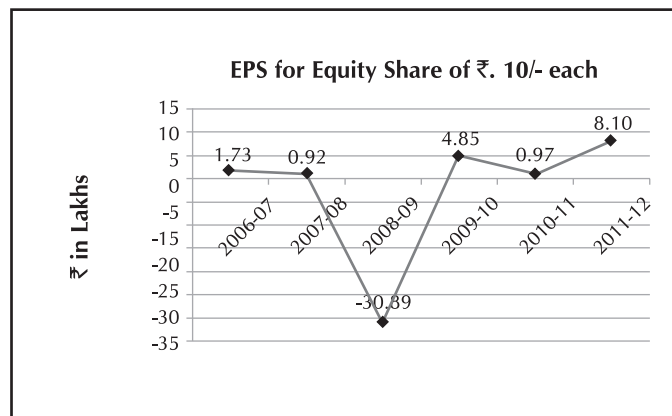
Dividend Payment History

The Company has a track record of dividend payment.



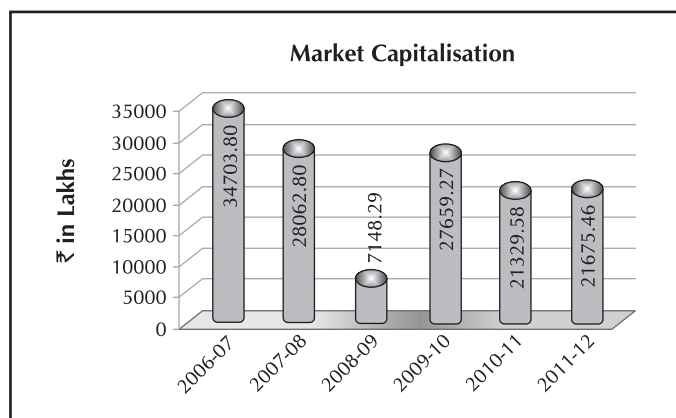
Earnings per Share

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



Market Capitalisation

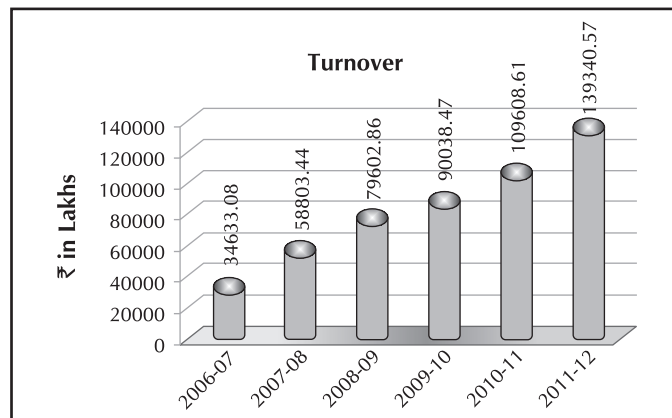
Market capitalization in the financial year 2011-12 ₹.21675 Lakhs.



OPERATIONAL EXCELLENCE

Revenue Trend

Revenues grew to a record high of ₹. 139340.57 Lakhs in 2011-12.



STANDALONE FINANCIAL PERFORMANCE REVIEW

A. FINANCIAL PERFORMANCE

The following information is a Standalone information of your company and it should be read in conjunction with the financial statements and related notes for the Financial Year ended March 31, 2012.

Overview of Standalone Financial Results

Particulars	2011 - 12		2010 - 11	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
Net Sales	137685.10	98.81	108555.56	99.04
Other operating income	1655.47	1.19	1053.04	0.96
Total Revenue	139340.57	100.00	109608.60	100.00
Total Expenditure	134214.25	96.32	106026.79	96.73
Other Income	320.73	0.23	480.66	0.44
Profit before Interest, Depreciation and Tax	5447.05	3.91	4062.48	3.71
Finance Cost	1970.73	1.41	1773.90	1.62
Depreciation & Amortisation	2118.65	1.52	1993.98	1.82
Profit / (Loss) before tax	1357.67	0.97	294.61	0.27
Provision for current taxation(Including taxation of earlier year)	289.20	0.21	62.94	0.06
Provision for deferred taxation	135.04	0.10	119.73	0.11
Profit / (Loss) after tax	933.42	0.67	111.93	0.10

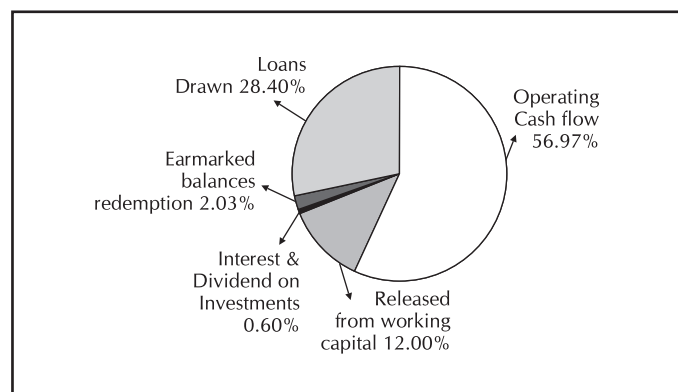
Standalone Segment results:

Particulars	2011 - 12		2010 - 11	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
1. Segment Revenue				
(Incl other operating income)				
a. Dairy	109397.20	76.57	86059.64	75.90
b. Retail	29901.03	20.93	23901.31	21.08
c. Agri	3258.35	2.28	3109.47	2.74
d. Bakery	315.22	0.22	312.96	0.28
Total Segment Revenue	142871.80	100.00	113383.38	100.00
Less: Inter Segment Revenue	3531.23		3774.77	
Net Sales / Income from Operations	139340.57		109608.61	
2. Segment Results				
(Profit (+) / (Loss) (-) before tax and finance costs				
a. Dairy	6066.63	5.55	4662.42	5.42
b. Retail	(2305.24)	(7.71)	(2203.50)	(9.22)
c. Agri	(306.19)	(9.40)	(224.33)	(7.21)
d. Bakery	(128.69)	(40.83)	(167.75)	(53.60)
Total Segment Results	3326.51	2.39	2066.84	1.89
Less: i. Finance Costs	1970.73	1.41	1773.90	1.62
ii. Other un-allocable Expenditure net off	---	-	---	-
Add: iii. Other un-allocable Income	1.88	0.00	1.67	0.00
Total Profit before Tax	1357.67	0.97	294.61	0.27

CASH FLOW ANALYSIS

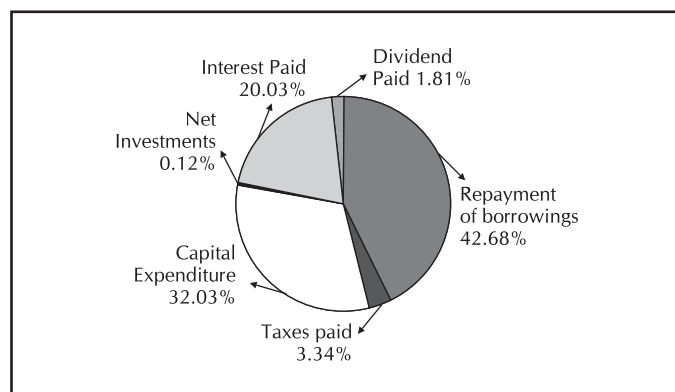
Cash inflows

Particulars	2011 - 12	
	₹ in Lakhs	%
Operating Cashflow	5214.69	56.97
Released from Working capital	1098.27	12.00
Interest & Dividend on Investments	55.14	0.60
Earmarked balances redemption	186.05	2.03
Loans Drawn	2600.00	28.40
Total	9154.16	100.00



Cash Outflows

Particulars	2011 - 12	
	₹ in Lakhs	%
Repayment of borrowings	3797.44	42.68
Taxes paid	297.51	3.34
Capital Expenditure	2849.86	32.03
Net Investments	10.35	0.12
Interest Paid	1782.17	20.03
Dividend Paid	160.80	1.81
Total	8898.13	100.00



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has put in place an adequate system of internal controls commensurate with its size and nature of operations to ensure that the transactions are properly recorded, authorized and the assets are continuously monitored and safeguarded. The internal control system is backed up by well-documented policies, guidelines and procedures and concurrent reviews are carried out by the internal auditors, who submit reports monthly to the Audit Committee of the Board and the Management. The internal audit process is designed, inter alia, to cover all significant areas of the Company's operations such as accounting, finance, inventory, insurance, treasury, safeguarding of assets, IT processes and protection against unauthorized use etc. The Audit Committee reviews significant observations made in the internal audit reports along with actions initiated and reports to the Board periodically.

Your Company has a well-defined internal control system which is being adequately monitored. Checks and 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.

HUMAN RESOURCES

The Company has a structured induction process at all locations and management development programmes to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for all management staff. Technical and safety training programmes are given periodically to workers.

INDUSTRIAL RELATIONSHIP

Industrial relationship during the year under review between the employees at various levels and the management continued to be peaceful.

OUTLOOK

The Company expects sustained growth of both the dairy and retail segments over a medium term horizon, buffeted by some volatility in commodity prices. Simultaneously, the widening of the consumer food basket with growth in disposable income will enhance growth and investment opportunities in existing and adjacent categories thereby opening up new sectors of growth.

In dairy, growth will be achieved through a steady and gradual shift to branded products like dahi and milk and through value-added and differentiated functional products.

In retail, agri & bakery, growth will endure for relevant and differentiated propositions, offered at the right price value. This will direct effort in enhancing differentiation through innovation and simultaneously eliminating costs through the entire value-chain.

Your Company will continue to drive profitable growth in an extremely competitive environment with focus on consumers, customers and cost effectiveness.

Your Company over the years has followed best practices of Corporate Governance. The business objective and that of its management and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. In addition to compliance with regulatory requirements and our Endeavour is to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

BOARD OF DIRECTORS

Composition:

Your Company's policy towards the composition of the Board is to have an appropriate mix of Executive and Non- executive Independent Directors to maintain the independence of the Board and to separate its functions of governance and management. Currently, the company is having a Non-Executive Independent

Chairman and the number of Independent Directors is more than 1/3 rd of the total number of directors on the Board. Presently the Board consists of 7 members, 2 of whom are Executive/Whole-time Directors and 5 are Non -Executive Directors. During the year Sri. K. Kannan, Non-Executive Independent Director completed his tenure and didn't continue thereafter.

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

The names, categories of directors on the Board, their attendance at the Board Meetings during the year 2011-12 and the last Annual General Meeting and also the number of Directorships and Committee memberships held by them in other companies are given below:

Name of the Director	Category	Attendance Particulars		No. of other Directorships ¹	Committee memberships ² (Including Heritage Foods)	
		No. of Board Meetings attended	Attendance at previous AGM on 29-09-2011		Member	Chairman
Sri D Seetharamaiah	Non Executive Independent	6	Yes	7	2	5
Sri N P Ramakrishna	Non Executive Independent	6	Yes	-	-	-
Dr N R Sivaswamy	Non Executive Independent	6	Yes	2	2	-
Dr A Appa Rao	Non Executive Independent	5	Yes	2	2 ³	-
Smt.N Bhuvaneswari	Executive	6	Yes	3	1	-
Dr V Nagaraja Naidu	Non Executive	6	No	2	2	-
Sri. K. Kannan ⁴	Non Executive Independent	1	No	6	7	-
Sri N.Lokesh	Executive	6	Yes	4	-	-

¹ The directorships held by directors as mentioned above, do not include directorships in Private Limited Companies

² In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee of all Public Limited Companies has been considered.

³ During the year Sri. Dr. A. Appa Rao joined in the Audit Committee (member) of the company on 1st February, 2012.

⁴ Ceased as a director with effect from 29th September, 2011.

Board Meetings and Procedures:

During the financial year 2011-12, Six (6) meetings of the Board of Directors were held on 19th May, 2011, 28th July, 2011, 22nd September, 2011, 28th October, 2011, 31st January, 2012 and 27th March 2012. The maximum gap between any two meetings was less than four months. All material information is circulated to the directors before the meeting or placed at the meeting, including information required to be made available to the Board under Clause 49 of the Listing Agreement with Stock Exchanges. The Company has complied with the provisions of Clause 49 of the Listing Agreement and the requirements under the Companies Act, 1956 for holding a Board Meeting. The Company has established the procedures to enable the Board to periodically review compliance report of laws applicable to the Company.

BOARD COMMITTEES

Currently, the Board has four (4) committees i.e. Audit Committee, Remuneration Committee, Share Transfer & Shareholders'/

Investors' Grievance Redressal Committee and Management Committee.

The Chairman of the Board, in consultation with the Company Secretary determines the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the Board for approval.

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

Audit Committee

The Powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, besides other terms as may be referred by the Board of Directors. The Powers include investigating any activity with in terms of reference seeking information from any employee; obtaining outside legal and other professional advice and securing attendance of outsiders with relevant expertise, if considered necessary. The role includes

overseeing of Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; recommending the appointment, re-appointment, if required, replacement or removal of Statutory and Internal auditors; fixation of audit fee and approval of payment for other services; discussing with internal auditors any significant findings and follow-up thereon; reviewing annual and quarterly financial statements with management before submission to the Board for approval; reviewing the adequacy of internal control systems and performance of statutory and internal auditors; and reviewing the Company's financial risk and management policies.

At Present the Audit Committee of the Board comprises of four Non- Executive Independent Directors. Audit Committee met Six (6) times during the year 19th May, 2011, 28th July, 2011, 28th October, 2011, 31st January, 2012, 27th March, 2012 and 28th March, 2012.

The Constitution of the Audit Committee and the attendance of each member of the said committee are as under:

Name	Designation	Category	No. of Meetings attended
Sri D Seetharamaiah	Chairman	Non-Executive Independent Director	6
Dr V Nagaraja Naidu	Member	Non-Executive Director	5
Dr N R Siva Swamy	Member	Non-Executive Independent Director	6
Sri. K. Kannan ¹	Member	Non-Executive Independent Director	1
Dr A Appa Rao ²	Member	Non-Executive Independent Director	1

¹ Ceased as a Member with effect from 29th September, 2011.

² Appointed as a member with effect from 1st February, 2012.

All members of the Audit Committee are financially literate. The Statutory Auditors and the lead Internal Auditors are also invited to the Meetings of the Audit Committee. The President and Vice President – Finance & Accounts are permanent invitees to the Meetings of the Audit Committee. The Company Secretary acts as the secretary to the Audit Committee.

Remuneration Committee

The Remuneration Committee of the Board comprises of three Non-Executive Independent Directors and the Executive Director. The Remuneration Committee has been constituted to recommend / review the remuneration of Managing Directors / Whole Time Directors/Executive Director and Executives two level below the Board based on their performance and expertise. During the year, The Committee met Four (4) times on 19th May, 2011, 31st May, 2011, 22nd September, 2011, and 27th March 2012.

The Constitution of the Remuneration Committee is as under:

Name	Designation	Category
Sri D Seetharamaiah	Chairman	Non-Executive Independent Director
Dr N R Siva Swamy	Member	Non-Executive Independent Director
Dr A Appa Rao	Member	Non-Executive Independent Director
Sri N Lokesh	Member	Executive Director

Details of remunerations paid/payable to directors for the year ended 31st March, 2012 is as under:

(in ₹)

Name	Category	Loans from Company	Sitting Fees (In ₹.)	Salary	Perks	Commission	Total (In ₹.)
Sri D Seetharamaiah	Non Executive Independent Director	NIL	160000	0	0	0	160000
Sri N P Ramakrishna	Non Executive Independent Director	NIL	60000	0	0	0	60000
Dr N R Siva Swamy	Non Executive Independent Director	NIL	110000	0	0	0	110000
Dr A Appa Rao	Non Executive Independent Director	NIL	115000	0	0	0	115000
Dr V Nagaraja Naidu	Non Executive Director	NIL	105000	0	0	0	105000
Sri K.Kannan	Non Executive Independent Director	NIL	15000	0	0	0	15000
Smt N. Bhuvaneswari	Executive Director	NIL	0	4200000	511299	0	4711299
Sri N. Lokesh	Executive Director	NIL	0	4020000	445450	0	4465450

The Company has not granted any stock option to any of its directors and employees. Dr. V. Nagaraja Naidu and Sri N.P Ramakrishna, Non Executive Directors of the Company are holding 29000 and 50000 equity shares of the Company as on 31st March, 2012 respectively.

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

Share Transfer & Shareholder/Investors' Grievance Redressal Committee

The Share transfer and Shareholder/Investors' Grievance Redressal Committee is empowered to perform all the functions of the Board in relation to handling of physical share transfer and Shareholders' Grievances. It primarily focuses on review of:

- Split-up/Sub-division and Consolidation of shares,
- Investor complaints and their redressal;
- Queries received from investors;
- Work done by the Share Transfer Agent;
- Corporate actions related to shareholder issues.
- Any allied matter(s) out of and incidental to these functions and not here in above specifically provided for.

The Share transfer and Shareholder/Investors' Grievance Redressal Committee of the Board comprises of three Non-executive Directors and the Vice Chairperson & Managing Director. The committee met four (4) times during the year 2011-12 on 18th April 2011, 28th July 2011, 28th October 2011 and 31st January 2012.

The Constitution of Share Transfer and Shareholder/Investors' Grievance Redressal Committee and the attendance of each member of the said committee is as under:

Name	Designation	Category	No. of Meeting attended
Sri D Seetharamaiah	Chairman	Non-executive Independent Director	4
Dr V Nagaraja Naidu	Member	Non-executive Director	4
Smt N Bhuvaneswari	Member	Vice Chairperson & Managing Director	4
Dr. A. Appa Rao	Member	Non-executive Independent Director	3

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

Status of the references / complaints received and replied / resolved during the year are given in the following statement:

Nature of Reference/ Complaints	Received (in nos)	Resolved (in nos)	Pending (in nos)
Transfer/Transmission, Change of Address & Dividend	46	46	0
Legal proceedings on Share, Transfer issues and letters from SEBI, Ministry of Corporate Affairs, if any	6	6	0
Others	13	13	0

Management Committee

The role of Management Committee is to authorize whole-time Directors and officers of the Company to deal with day-to-day business operations which are not otherwise required to be placed at the meeting of the Board of Directors under any statute or Regulation/Stipulation of any statutory authority and to review the companies operations from time to time.

The Management Committee of the Board comprises of two Executive and two Non-Executive Independent Directors. The Committee met Six times during the year 2011-12 on 18th April, 2011; 20th June, 2011; 23rd August, 2011; 21st November, 2011; 19th December, 2011 and 24th February 2012.

Code of Conduct

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

The Vice Chairperson & Managing Director of the Company has affirmed that the Directors and Senior Management have given an annual affirmation of compliance with the code of conduct during the year 2011-12

Code for Prevention of Insider Trading Practices

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

CEO & CFO Certification

The Vice-Chairperson & Managing Director and Vice-President-Finance & Accounts have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls of the financial reporting purpose as required under Clause 49 of the Listing Agreement for the year ended 31st March, 2012.

Annual General Meetings

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

Year	Date	Location	Time
2010-11	29-09-11	Auditorium Hall, 2 nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyd-45	11.00 a.m
2009-10	30-07-10	Auditorium Hall, 2 nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyd-45	11.00 a.m
2008-09	29-09-09	Auditorium Hall, 2 nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyd-45	11.00 a.m

- All the special resolutions were passed only on show of hands at the Annual General Meeting held on 29-09-2011 and 29-09-2009.
- The Shareholder of the company passed a resolution through Postal Ballot on 9th May, 2012. No resolutions were passed by the Company's shareholders through postal ballot during the year ended 31st March, 2012.
- At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

Disclosures

During the year 2011-12, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interest of the company at large. Transaction with related parties are disclosed in the notes on accounts forming part of the Annual Report.

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

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

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

- Tenure of Independent Director:** No specific tenure has been prescribed for Independent Directors.
- Remuneration Committee:** Separate Remuneration Committee has constituted.
- Shareholders Rights:** Quarterly/Half Yearly/Annually Financial Statements are published in newspapers and uploaded on Company website www.heritagefoods.co.in
- Audit Qualification:** The Company already has a record of un-qualified financial statements. Auditors have raised no qualification on the financial statements.
- Whistle Blower Policy:** The Company has put in place an un-codified system through which employees and business associates may report unethical business practices at work place without the fear of reprisal. The Company has set up a direct contact initiative under which all employees/business associates have direct access to the Chairman of the Audit Committee.
- Risk Management:** The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures, which are periodically reviewed.

Means of Communication

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

News Releases, Presentations etc: The Quarterly results, Shareholding Patterns, Official News releases, analysis and information to investors, etc., are displayed on the company's website: www.heritagefoods.co.in

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

Annual Report: Annual Report containing inter-alia Audited Annual Accounts, Financial Statements, Directors' Report, Auditors Report, Management Discussion and Analysis, Report on Corporate Governance and other important information is circulated to Members and others entitled thereto.

General Shareholder Information

Annual General Meeting:		
Day, Date and Time Venue	Saturday, 29 th September, 2012 at 11.00 a.m Auditorium Hall, 2 nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises (Formerly NISEIT), Yousufguda, Hyderabad-45	
Financial Calendar (tentative)	Financial Year	April 1, 2012 to March 31, 2013
	1 st Quarter results by	Before 2 nd week of August, 2012
	2 nd Quarter/Half results by	Before 2 nd week of November, 2012
	3 rd Quarter results by	Before 2 nd week of February, 2013
	4 th Quarter & Annual result by	Before last week of May, 2013
	AGM for the year 2012-13	September, 2013
Date of Book Closure	On Wednesday 26 th September, 2012 to Saturday 29 th September, 2012 (both days inclusive).	
Dividend payment date	On 12 th October, 2012, subject to shareholders approval.	

Listing on Stock Exchanges and Stock Code

The Equity Shares of the company are listed on BSE Limited (BSE), Mumbai (Stock code: 519552) and National Stock Exchange of India Limited (NSE), Mumbai (Stock code: HERITGFOOD). The annual listing fees for the year 2012-13 (as applicable) have been paid.

The ISIN Number of your company on both the NSDL and CDSL is INE978A01019

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

Dematerialisation

93.75 % of the Company's paid-up Equity share capital has been dematerialised as on 31st March, 2012. The total holding of shares of promoters / PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

Total Shares in Demat and Physical form as on 31/03/2012

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2438	720137	6.25
2	NSDL	3248	10094139	87.55
3	CDSL	1514	715224	6.20
Total		7200	11529500	100.00

Registrar and Share Transfer Agents (RTA)

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

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 the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

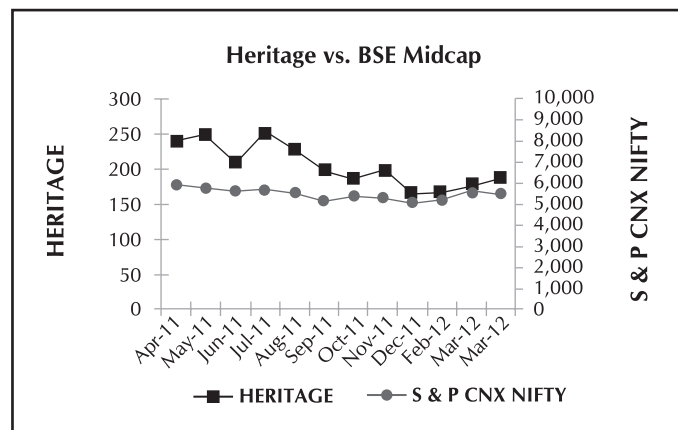
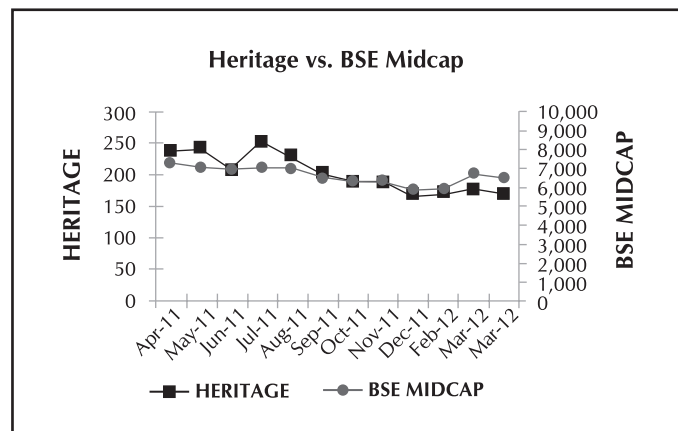
As a measure of good corporate governance practice, the Board of Directors of the Company appointed Ms. Savita Jyothi, Practicing Company Secretary, to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2012, is provided in the Annual Report.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Listing Agreements with the Stock Exchanges.

Market Price Data:**High/Low during each month of the financial year 2011-12.**

Month	NSE		BSE	
	(in ₹ per share)		(in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2011	240.00	175.80	237.00	176.20
May, 2011	249.70	185.00	240.30	187.00
June, 2011	210.00	177.00	208.30	181.40
July, 2011	253.00	176.00	253.00	181.30
August, 2011	229.00	163.00	228.00	162.20
September, 2011	199.00	168.00	200.00	162.00
October, 2011	185.00	162.00	187.00	158.00
November, 2011	201.00	152.00	190.00	146.50
December, 2011	164.90	143.40	165.00	140.00
January, 2012	167.80	150.00	169.00	150.00
February, 2012	176.90	155.00	178.20	162.50
March, 2012	188.00	133.20	170.00	136.00

Performance in comparison to broad based indices – NSE NIFTY and BSE



Distribution of Shareholding as on 31st March 2012

Category No. of Shares		No. of Share- holders	% of Share- holders	No. of Shares	% of Shares
From	To				
1	500	6546	90.92	754286	6.54
501	1000	278	3.86	238398	2.07
1001	2000	133	1.85	214071	1.86
2001	3000	82	1.14	207089	1.80
3001	4000	30	0.42	105728	0.92
4001	5000	38	0.53	184601	1.60
5001	10000	42	0.58	302526	2.62
10001 & Above		51	0.71	9522801	82.60
TOTAL		7200	100.00	11529500	100.00

Categories of Shareholding Pattern as on 31/03/2012

Description	No. of share-holders	No. of Shares held	% total Equity
Clearing Members	8	1727	0.01
Employees	12	2656	0.02
Foreign Institutional Investor	2	1076662	9.34
H U F	109	176408	1.53
Bodies Corporates	192	1790305	15.53
Mutual Funds	7	81263	0.70
Non Resident Indians	106	104371	0.91
Overseas Corporate Bodies	2	5600	0.05
Persons Acting In Concert	12	927434	8.04
Promoters Bodies Corporate	1	494200	4.29
Promoters	2	3848613	33.38
Resident Individuals	6747	3020261	26.20
	7200	11529500	100.00

Address for Correspondence

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

Compliance Certificate from Auditors

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

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

For and on behalf of Board of Directors
M/s. HERITAGE FOODS (INDIA) LIMITED

Place: Hyderabad
Date: 30th July, 2012

N.Bhuvaneswari
Vice Chairperson &
Managing Director

Processing and Packing Stations

Main Dairy Plant

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

Chilling Centers

1. **Atmakuru**
Atmakuru Post, Nellore Dist., AP
2. **Darsi**
Darsi Post, Prakasam Dist., AP
3. **Gantyada**
Gantyada (V&M), Vizianagaram Dist., AP
4. **Guraja**
Mudinepalli Mandal, Krishna Dist., AP
5. **Hindupur**
Cholasamudram (V), Lepakshi (M), Hindupur,
Anantapur Dist. AP
6. **Kandukuru**
Katuturu Grampanchayat, Veletivaripalem(M),
Kandukuru, Prakasam Dist., AP
7. **Kavali**
Gouravaram (V), Kavali (M),
Potti Sree Ramulu, Nellore Dist, AP-524142
8. **Kondepi**
Kondepi Village&Mandal, Prakasam Dist., AP
9. **Kotananduru**
Indugapalli (V), Kotananduru (M),
East Godavari Dist., AP
10. **L.Kota**
C/o Sree Sravani Milk Chilling Center,
L.Kota (V&M), Vizianagaram Dist.
11. **Madanapalli**
Basinikonda Village, Madanapalli Mandal,
Chittoor Dist., AP

12. **Madhira**
Rayapatnam Village, Madhira (M),
Khammam Dist, AP
13. **Muppavaram**
Bytamanjulu Post, J Pungaluru Mandal,
Prakasam Dist., AP
14. **Namakkal**
Navani Vellali Patti Village,
Namakkal Dist., Tamilnadu
15. **Nandyala**
Sambavaram(V), Gosapadu (M), Kurnool Dist., AP
16. **Piler**
Yerraguntla (V), Piler (M), Chittoor Dist., AP
17. **Santhamaguluru**
Puthavaripalem (V), Santhamaguluru (M),
Prakasam Dist., AP
18. **Santhipuram**
Chittoor (Dt), AP.
19. **Somavaram**
Krlampudi Mandalam, Visakhapatanam, AP
20. **Tiruvannamalai**
Somasipadi Pudur,
Tiruvannamalai Dist., Tamilnadu
21. **Uthangarai**
Koorsampatti Village,
Dharmapuri Dist., Tamilnadu

Mini Chilling Centers

1. **Berigai**
Berigai (V) & (P), Krishnagiri (Dt), Tamil Nadu.
2. **Bestavaripeta**
Prakasam Dt, AP.
3. **Chagarlamarri**
Kallugotlapalli (V), Allagadda (M)
Kurnool Dist. AP
4. **Challagundla**,
Nakrikal (M), Guntur Dist, AP 522615
5. **Kalakada**
Kalakada Mandal, Chittoor Dt
6. **Kaligiri**
Basireddypalem (V), Kaligiri (M)
Potti Sree Ramulu Nellore Dist, AP-524224
7. **Kanigiri**
Kanigiri (Md), Prakasam (Dt),
8. **Kodada**
Nalgonda Dist., AP
9. **Kothacheruvu**
Penukonda Road, Kothacheruvu V & M,
Anantapuram Dt – 515133., AP
10. **Nandigama**
Krishna Dist. AP - 521185
11. **Podalakuru**
Nellore Dist. AP-524345
12. **Poosapatirega**
Vizianagaram Dist., AP
13. **Rapthadu**
Rapthadu V&M-515721, Ananthapur (Dt)., AP.
14. **Ravikamatam**
Visakhapatnam Dist. AP
15. **Satyavada**
Undrajavaram (M), West Godavari, AP
16. **Veervalli**
Bapulapadu Mandal, Krishna Dt., AP
17. **Velvadam**
Mylavaram (M), Krishna Dt., AP
18. **Vinukonda**
Guntur (Dt), AP

Bulk Coolers

1. **Alagadapa**
Miryalaguda (M), Nalagoda Dist, AP
2. **Algudewadi**
Phaltan(Tal), Satara District - 415523, Maharashtra.
3. **Banganapalli**,
Yagantipalli (V) & PO, Kurnool, AP-518124
4. **Bijawadi**
Satara (Dt), Maharastra
5. **Bikavolu**
Vulpalli road, Bikkavolu V&M,
East Godavari(Dt), AP
6. **Chinnagammuluru**
Kota Vuratla (M), Vizag Dist.
7. **Dhammapeta**
Dammipeta (V & M),
Khammam(Dt). Pin – 507306, AP.
8. **Dubacharla**
Nachugunta (V), Unguturu (M),
West Godavari Dist. AP
9. **Duttaluru**
Nellore Dist., AP
10. **Gara**
Gara V & M, Srikakulam Dt., AP
11. **Garividi**
Garbam road, near surya pittam, Kondapalli village,
Garividi (M), Vijayanagaram Dt.
12. **Kakkadasam**
Kakkadasam Village & Post,
D.Kotta to Tally Road, Denkanikotta Taluk,
Krishnagiri Dt, TN
13. **Korukonda**
Jambhupatnam road, Korukonda V & M,
East Godavari(Dt)
14. **K Venkatapuram**,
Kandukuru (V), Vemsur (M), Khammam Dt
15. **Lingapalem**
Singagudem (P) West Godavari Dist., AP - 534462
16. **Mahagaon**,
Gadingluj (Taluk), Kolhapur Dt, Maharashtra
17. **Modavalasa**
Denkada (M), Vijayanagaram District.
18. **Mulugu**
Medak Dist, AP-502279
19. **Nagamangalam**
Nagamangalam (V) & (P), Denkanikotta Taluk,
Krishnagiri Dt., TN.
20. **Narsingi**
Chegunta (M), Medak (Dt), AP
21. **P.Gannavaram**
Amalapuram road, Near Gromore fertilizers,
P.Gannavaram V & M, East Godavari(Dt), AP
22. **Ponduru**
Ponduru village, Srikakulam Dt.
23. **Sakharwadi**
Phaltan(Tal), Satara Dt - 415522, Maharashtra.
24. **Samarlakota**
E-1 Industrial Estate, East Godavari Dist.
25. **Sathenapalli**
Industrial Estate, Guntur Dist., AP
26. **Sri Kalahasti**
Peddakannali (V) & Post, Chittoor Dist., AP.
27. **Surawadi**
Phaltan (Tal), Satara District - 415523, Maharashtra.
28. **Vatsavai**
Krishna Dist., AP
29. **Venkatagiri**
Anjaneya Puram(V), Sri Kalahasti(M),
Chittoor Dist., AP.

30. **Vepanapalli**
Thalipalli (V), Krishnagiri (Dist), Tamilnadu
31. **Wyra**
Khammam Dist. AP
32. **T.Narasapuram**
Guruvai Gudem Road, T.Narasapuram
(V & M), West Godavari (Dt), AP.
33. **Tekkali, Tambaram Road,**
Srikakulam-Dt.-532201

Bulk Coolers – Franchisee

1. **Aushapur**
Aushapur (V), Ghatkesar (M),
R.R. District, Pin: 501301. AP.
2. **Ghatkesar**
Ghatkesar (V & M), R.R. District, Pin:501301., AP
3. **Gummadidhala**
Medak District. AP
4. **Juluru**
Julur (V) & (M) Nalgonda (Dt), Pin: 508284, AP.
5. **Kadthal**
Kadthal(V), Amangal(M), Mahaboobnagar (Dt),
Pin: 509358, AP
6. **Kanchanaballa,**
V.Kota Mandal, Chittoor (Dt), AP
7. **Kandukur**
Kandukur (V & M), R.R. District, Pin:501359, AP.
8. **Konganapalli**
Konganapalli (V) & (P), Ramkuppam (M), Chittoor
dist, AP. Pin:517 401
9. **Kothaindlu**
P.B.Natham post, Kuppam (M), Chittoor dist, AP.
10. **Kowdipalli**
Medak (Dt), AP.
11. **Maheswaram**
Maheswaram(V & M), R.R. District
Pin: 501359, AP.
12. **Mansanpalli**
Mansanpally (V), Maheswaram (M),
R.R. District, Pin: 501325, AP.
13. **Masaipeta**
Chegunta (M), Medak (Dt), AP. Pin: 502247
14. **Medchal**
Ranga Reddy Dist, AP-501401, 15.Narspur
Gummadidhala (V), Narsapur Mandal,
Medak District
16. **Pagnapur**
Ibrahimpur (V), Chegunta (M), Medak (Dt), AP.
17. **Patrapalli**
V.Kota (M), Chittoor Dist
18. **Ragolu**
Ragolu village, Srikakulam(M) & Dt. AP.
19. **Sattepalli**
Gudipalli mandal, Chittoor dist,
20. **Saswad**
Phaltan (Taluk), Satara (Dt), Maharashtra.
21. **Toopran**
Medchal (M), Medak Dist: 502334
22. **Narasnapeta, Jammu (V)**
Narasnapeta (M), Srikakulam Dt.-532421.
23. **Doulthabad, Huthnoor (M)**
Medak Dt. - 502296
24. **Jagdempur (V) & (M)**
Medak Dt. 502281.

Milk chilling at Ice Plants

1. **Amalapuram**
Batinavilli, Amalapuram,
East Godavari Dist., AP

2. **Papireddi Patti,**
Alamelu Puram (V), Dharmapuri Dist,
Tamilnadu-636905

Regional Offices

Krishnagiri Regional Office

Heritage Foods (India) Limited, D.No:1/35-4,
Wahab Nagar, Opp.Sandhya College, RajKottah,
Road, Krishnagiri Pin-635 001

Ongole Regional Office

Heritage Foods (India) Limited, D.No: 5-356,
Alluri Seetharamaraju Street,
Opp.Power Office, Kurnool Road,
Ongole, AP Pin: 523 002.

Sangvi Regional Office

Vijayanagar Sangvi, Phaltan Taluk,
Satara District

Tirupati Regional Office

Heritage Foods (India) Limited,
D.No: 8-49, Megana Apartments,
Opp. All India Radio, Tirupati, Pin: 517 501.

Vijayawada Regional Office

Heritage Foods (India) Limited,
Door No: 54-20-6,
Kanaka Durga Gazetted Officers Colony,
Opp. Excise Police Station, Gurunanak Nagar,
Vijayawada – 520 008

Vizag Regional Office

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

Sales Offices

Andhra Pradesh

Bobbili Sales Office

Mettavalasa (V), Bobbili (M), Vizianagaram Dist.

Chittoor Sales Office

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

Hyderabad Sales Office 1

No: C-10, IDA, Uppal, Hyderabad-500039

Hyderabad Sales Office 2

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

Hyderabad Sales Office 4

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

Hyderabad Sales Office 5

Shop No: 192 Cellar, Mamatha Estates,
Allwyn Indhra Reddy Colony,
Besides Subcourt, Miyapur

Hyderabad Sales Office 7

Heritage Foods (India) Limited
C/O. P.M.Madava Rao, H.No 1.4-164/2,
Old Alwal Mangloni Chilaka , Opp to Mediplus
Near Reliance Fresh, Hyd-500010

Rajahmundry Sales Office

D.No: 75-8-12, First Floor, Vimmalamma Hospital
Junction, Gandipuram-2, Rajahmundry.

Tirupati Sales Office

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

Vijayawada Sales Office

No: 54-18/1-2, ITI Road, Prasanthi Nagar,
Vijayawada – 8, Krishna Dist

Visakhapatnam Sales Office

D.No: 50-48-15/2, P&T Colony,
NH-5 Facing, Seethammadhara, Visakhapatnam-13

Karnataka

Bangalore Sales Office 1

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

Bangalore Sales Office 2

Door No: 220, 3 rd Cross, 2nd Floor,
Shivakrupa Complex, Kasturinagar - 560016.

Bangalore Sales Office 3

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

Tamil Nadu

Chennai Sales Office 1

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

Chennai Sales Office 2

Plot No: 219, Ganeshan Street,
Bhuvanewari Nagar Extension, Vellachery,
Chennai – 600042

Chennai Sales Office 3

M/s.Heritage Foods (I) Ltd., No:43,
Mari Ammal Nagar, Kavangarai(East),
Puzhal, Chennai - 66

Chennai Sales Office 4

M/s.Heritage Foods (I) Ltd., No:377/B,
1St Street, Samayapuram, Karambakkam,
Porur, Chennai - 116

Vadamadurai Sales Office

Moorpatti Village, Vadamadurai Post,
Dindigul District – 624802

Maharastra

Mumbai Sales Office

Plot No: 15, Shop No: 5, Punit Plaza,
Sector 30, Near Sanpada Railway Station, Sanpada,
Vashi, Navi Mumbai – 400705

Pune Sales Office

Sai Sadan, Flat No: 16, Survey No.52/10, Behind Gold
Age Ashram, Near Mumbai Katrej Highway, Narhe -
Post, Haveli - TQ, Pune - 411042.

Sangvi Sales Office

Vijayanagar Sangvi, Phaltan Taluk, Satara District

Delhi

Delhi Sales Office

Heritage Foods (India) Limited

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

Addresses of Retail Stores at Hyderabad

- 1 AS Rao Nagar**
Yasmai Arcade P.no. A-6/1, A-6/3, SY no. 500, Kapra, AS Rao Nagar, Hyderabad – 500 062
Carpet Area:3850
- 2 Bachupally**
Ground Floor, Plot no.1
(Northern & Southern Portion), House No.3-1 & 3-1/P, Survey No.20 & 28/1, Miyapur Residential Complex, HUDA Colony, Hyderabad, Carpet Area:4195
- 3 Banjara Hills**
8-2-686/k3/1, P.no. 3,
Kimtee Banjara Heights, Road No.12, Banjara Hills, Hyderabad – 500 034
Carpet Area:4476
- 4 Banjara Hills Road no.2**
Ground Floor, H.No.8-2-120/86/9/A/7 & 8, Road no.2, Banjara Hills, Hyd – 500 034
Carpet Area:1782
- 5 D.D Colony**
Ashoka Satyam Enclave, P.No. 2-2-7/1, Durgabai Deshmukh Colony, Hyderabad – 500 007, Carpet Area:4303
- 6 Film Nagar**
8-2-293/82/F/11, Plot No.11, ShaikPet (V), Film Nagar Co.Op Housing Society Ltd. Golkonda (M), Hyd-34, Carpet Area:8347
- 7 Gacchi Bowli**
Plot No.2, Survey No.91, Ground Floor, Telecom Employees Co-Operative Housing Society Ltd, Gacchi Bowli, Hyderabad – 500 032, Carpet Area:1950
- 8 HMT Nagar (Habsiguda)**
Plot No. A 128, A 129, Bapuji Nagar, Nacharam Road, (Beside Trinetra Super Market), Habsiguda, Hyderabad – 500 004
Carpet Area:2031
- 9 Jubilee Hills Road No. 36**
Gr. Floor, Plot no.1244, Jubilee Hills Colony, Road no.36, Banjara Hills Locality, Hyderabad
Carpet Area:5249
- 10 Kompally**
Sree Vensai Towers varuna Block, Shop no.GF2, Sy. No. 128 (P), Grampanchayath of Kompally, Qutbullapur mandal, R.R. District
Carpet Area:2690
- 11 Kondapur**
"Park View", Plot no.5, Sy.No.6, Kondapur Village, Serilingampally Municipality, R.R. District
Carpet Area:3184
- 12 Kondapur Camelot Layout**
Heritage Fresh Select
Ground Floor, Dr.Raju Center, Botanical Garden Road, Camelot Layout, Kondapur, Hyderabad, Carpet Area:7200
- 13 Madinaguda**
Rajamma Commercial Complex, Sy.No.95, 96, Plot no. 5,6,7,8, Madinaguda, Sherilingampally (M), Hyderabad
Carpet Area:3570

- 14 Malkajigiri**
22-1-1/1, Radha Krishna Nagar, Beside Bank of Maharashtra, Malkajigiri, Hyderabad, Carpet Area:1871
- 15 Manikonda Secretariat Colony**
Ground Floor, Plot No.202& 209
Sri Ram Nagar Colony (Secretariat Colony)
Puppallaguda Village, Rajendra Nagar Mandal, R R District, Hyderabad - 500 089, Carpet Area:4553
- 16 Moti Nagar**
Ground Floor, Plot No.32, Survey No.19 & 20, Babbuguda village, Moosapet Gram Panchayat, Kukatpalli Municipality, R R District.
Carpet Area:2773
- 17 Miyapur (New)**
"Sri Kalki Mansion", Flat no. G1, G2, G3, Plot no.10 & 13, Survey No.221, Madeenaguda Village, Serilingampally Mandal, R R District, Carpet Area:4751
- 18 Nagole**
1 to 6, Survey No. 128, Part and 129/2, Nagole (Village), LB Nagar Municipality, Hyderabad – 500 035, Carpet Area:2021
- 19 Nizampet**
Sy.No.57, MCK Block, No.2, Hyder nagar Village (Nizampet Rd), Kukatpally municipal sub Division, GHMC, Bala nagar Mandal, Hyd-500 072
Carpet Area:1936
- 20 Nizampet Village**
Ground Floor, Shop No.G1/A, G1/B, G2, G3/A & G3/B, Plot No.34,35,36 & 37, Balaji Nagar, Nizampet Village, Hyderabad
Carpet Area:13066
- 21 PadmaRao Nagar**
Plot no 15, H.no. 6-1-289/9, Opp. Swarajya Printing Press, Secunderabad – 500 025, Carpet Area:1675
- 22 Pragati Nagar**
Ground Floor, Plot No.159, 160,161, 178,179 & 180, Pragati Nagar, Opp: JNTU, Kukatpally, Quthbullapur, Hyderabad – 500 090, Carpet Area:7050
- 23 Red Hills**
11-6-872/1 to 6,872/A&B, 872/A/1, Lakdikapool, Hyderabad – 500 026
Carpet Area:2236
- 24 Santhosh Nagar**
Gilbert Plaza, 12-1-210/4, Near 1S-7, Hyderabad – 500 028, Carpet Area:2161
- 25 Sindhi Colony**
H-no. 1-8-142 & 143, Prendergasth Road, Secunderabad – 500 003, Carpet Area:2940
- 26 Srinagar Colony**
Door No.8-3-986 & 986/1, Plot No.124, Srinagar Colony, Hyd, Carpet Area:2091
- 27 Tirmalagiri**
Ground Floor, Plot No.84, Durga Vihar Colony, Tirumalagiri, Hyderabad – 500 015, Carpet Area:2301
- 28 Vanasthalipuram**
Plot No. 1 & 2, Sy. No. 53 & 54, Saheb Nagar Khund, Vanasthalipuram, R R District, Carpet Area:2304

- 29 Vengalrao Nagar**
Plot No. 63/A, Municipal No. 8-3-191/67, Vengalrao Nagar, Hyd-500038, Carpet Area:1724
- 30 Vivekananda Nagar Colony**
Plot no.2, Sy.No.116/A/P, MCK Block No.22, (Leading Road to Allwyn colony), Kukatpally Village & Municipality, Balanagar Mandal, R.R. District, Carpet Area:1440
- 31 West Marredpally**
H.no. 10-2-98 & 99, Tejaswini Arcade, Plot No. 78, Secunderabad – 500 080
Carpet Area:2872
- 32 Yousufguda**
Ground Floor, H.No.8-3-224/4/1, Plot No.4, Yellareddyguda, Hyd-80. Carpet Area:3258

Addresses of Retail Stores at Chennai

- 1 Adambakkam**
New No. 17, Old No. 16A, Secretariat Colony, Main Road, Adambakkam, Chennai-600088, Carpet Area: 1610
- 2 Adayar**
Ground floor, Old no.6/1, New No.17/1, Indira Nagar, 1st Avenue, Adyar, Chennai-20.
Carpet Area:1739
- 3 Ayanavaram**
No. 9/5, VP Colony South Street (Next to ESI Hospital), Ayanavaram, Chennai – 600 023, Carpet Area:1315
- 4 Choolaimedu**
Ground floor, Commercial Shop, Greaat Pearl Apartments, No. 174, Choolaimedu High Road, Chennai-94
Carpet Area:1985
- 5 Gopalapuram**
No.17&19, Conron smith road, Gopalapuram, Chennai – 600 086
Carpet Area:3141
- 6 KB Dasan Road**
New Door No.32, (Old -43), Kavingnar Bharathi Dasan Road, Teynampet, Chennai – 600 018
Carpet Area:1943
- 7 Kolathur**
Door No. 2, Plot No.2, Velavan Nagar, Paper Mills Road (next to SAI Mahal), Kolathur, Chennai-99, Carpet Area:2025
- 8 Kotturpuram**
No.1, 3rd Main Road, Kottur Garden, Kotturpuram, Chennai – 600 085
Carpet Area:1893
- 9 Madipakkam**
Baggyam Ceilo, No.1 & 2, Bazaar Road, Baliah Garden, Madipakkam, village Chennai – 600 091, Carpet Area:1910
- 10 Madipakkam (New Store)**
No.9, Madipakkam Main Road, Balaiah Garden, Madipakkam, Chennai – 600 061, Carpet Area:5190
- 11 Mogalivakkam**
Plot no.10 & 11, Mugalivakkam Main Rd, Sriram Nagar, Porur, Chennai – 600 016
Carpet Area:1309

12 Mogapiyyar West

No. PC-1, 80 Feet Road (Poison Biotech),
Mogappair west, Chennai – 600 037
Carpet Area:3093

13 Mylapore

Rabiya Building, Old 187/1, New 238,
Rayapeta High Road, Mylapur, Chennai.
Carpet Area:1738

14 Nanganallur (New Store);

Old No.37, New No.23, First Main Road,
Nanganallur, Chennai – 600 061,
Carpet Area:3452

15 Pallikaranai

Plot No.36, Natwest Venkatramana
Apartments, Kamokoti Nagar main Rd.
(Opp. road to Balaji Dental College),
Pallikaranai, Chennai – 601 100,
Carpet Area:1994

16 Perungudi

Plot No.60, 2nd Main Road,
Thirumalai Nagar Annexe, Perungudi,
Chennai – 600 096, Carpet Area:1643

17 Shenoy Nagar

No.1/2, 7th Cross Street, Tulasi Apartments,
Pulla Reddy Avenue Road, Shenoy Nagar (west),
Chennai-600 030, Carpet Area:1909

18 T. Nagar

19/3, Bajullah Road, T. Nagar,
Chennai-600017, Carpet Area:1807

19. Tambaram East

457/152, Velachery Main Road
(Opp. To Air Force station Road,
Next to UCO Bank), East Tambaram,
Chennai – 600 059, Carpet Area:2730

20 Tambaram West

No.2, Venkatesan Street, Tambaram West,
Chennai – 600 045, Carpet Area:1932

21 TTK Road (Alwarpet)

No.26, TT Krishnamachari Road,
Alwarpet, Chennai 600 018, Carpet Area:1933

22 Valasaravakkam

Green's Riviera, Door no.75,
Dr. Radhakrishnan Road, Valasaravakkam,
Chennai-600 087, Carpet Area:2199

23 Venkatnarayana Road

16/5, Venkatanarayana Road,
T. Nagar, Chennai-600017, Carpet Area:2204

Addresses of Retail Stores at Bangalore

1 Banashankari 2nd Stage

Corporation No.1036, 14th C Main,
BSK IIInd Stage, Bangalore – 560 050
Carpet Ara:2647

2 Basaveshwara Nagar

Ist Floor, Chamundi Towers,
Coporation No.104, LIC Colony,
WOC Road, Sri Siddiah Puranik Marg,
Bhimajyothi Co-operative Housing Society
Basaveshwara Nagar, Bangalore - 560 079
Carpet Area:5177

3. BTM Layout

37-1, 16th main Road, Opposite to lake,
Nayanappasetty pallya, BTM Layout,
Bangalore, Carpet Area:4346

4. Coffee Board Colony

Site No 3, Village Khata No650, Sy
No.10/1,12/1,Kemapaura Village, Yelahanka
Hobli, Bangalore, Carpet Area: 2015

5. Indira Nagar

Sai Shakti , Municipal No.2207, HAL III
Stage,Ward No.74, 80 Feet Road, Kodihalli,
Bangalore,Carpet Area:2681

6. Jayanagar 5th Block

Ground Floor, BBMP Khatha No.68.
Ward No.58. 10th Main Road, 36th Creoss,
5th Block. Jayanagar, Bangalore-560041.
Carpet Area:1523

7 Koramangala

Ground Floor on 383, T.V.R Pride,
16th Main Road, 3rd Block, Koramangala
Extension, Bangalore – 560034,Carpet Area:2007

8. Malleshwaram

Corporation No.92, 3rd Main Road,
Margosa Road, Bangalore – 560 003
Carpet Area:3595

9 Rammurthy Nagar

No.7, Khata No.81/89/1, Kowdenahalli,
Rammurthynagar Hobli, Bangalore South
Taluk,Bangalore, Carpet Area:1942

10 Uttarahalli (NEW)

No.007, Beneka Towers,
Subramanyapura Main Road,
Chikalasandra, Padmanaba Nagar,
Bangalore – 61, Carpet Area:7000

11 Vijaya Bank Colony

Site No.441, Vijaya Bank Employees Housing
Co-Operative Society Limited Layout,Situated at
Bilekahali, Begur Hobli, Bangalore South Taluk,
Bangalore, Carpet Area:1800

12 Yelahanka

Corporation No.325, HIG 1st Stage,
Sector A, Yelahanka, Bangalore - 560 064
Carpet Area:2885

Addresses of Distribution Centers

1. Hyderabad DC

Heritage Foods (India) Limited
Plot no: 9/4, Block No.3.,Opp-Nandi Foods,
IDA,Uppal Evedence Technology. Hyd-500 039.

2. Chennai DC (FMCG and F&V)

Heritage Foods (India) Limited., Survey
No.16/4,Parivakkam Road, Sennurkupam
Village,Poonamalli Taluq, Chennai-600056

3. Bangalore DC (FMCG, F&V and Staples)

Heritage Foods (India) Ltd,
Distribution Center, Survey no: 178/2,
Hullahally, C K Palya, Sakalavasa Post,
B.G. Road, Bangalore -83.

4. Annojiguda DC (Ware House)

Survey No.22/A, Near KPRIT College
NTPC Road, Opp:Singapore City Township
Annojiguda Village, Ghatkesar Mandal
R.R. Dist, Pin: 500088

Addresses of Regional Offices

1. Bangalore RO

3rd Floor, BTM Layout 37/1, 16th Main Road,
opposite to lake, Narayanappasetty Pallaya,
BTM Layout Bangalore-560076

2. Chennai RO

No.26., 1st Floor, TTK Road, Opp:Raj Park Hotel,
Alwerpet, Chennai-600018

Integrated Pack Houses:

1. Mulugu

Masjid Adavi Village, Mulugu Mandal,
Medak Dist. AP-502279

2. Mattam

Mattam Village, Shanthipuram,Chittoor Dist.
517423

3. Uppal (Bakery)

C-10, IDA, Uppal, Hyderabad-500039

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
HERITAGE FOODS (INDIA) LIMITED
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Heritage Foods (India) Limited, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are pending against the company for a period exceeding one month as per records maintained by the company which are presented to the Share Transfer & Share Holders/Investor' Grievance Committee.

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

For Raju & Prasad
CHARTERED ACCOUNTANTS

S.Ranganathan
PARTNER

Membership No: 22738

Place: Hyderabad
Date: 29th May, 2012

CEO AND CFO CERTIFICATION

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

We, N. Bhuvaneswari, Vice-Chairperson and Managing Director and A. Prabhakara Naidu, Vice-President (Finance & Accounts) of Heritage Foods (India) Limited certify that

- a. We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2012 and to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of

the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- d. We have indicated to the auditors and the Audit Committee
 - i. Significant changes in internal controls during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - iii. That there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system

N Bhuvaneswari
Vice - Chairperson &
Managing Director

Place: Hyderabad
Date: 29th May, 2012

A. Prabhakara Naidu
Vice President - F&A

To

The Members,

M/s. HERITAGE FOODS (INDIA) LIMITED

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

Based on my verification of the **M/s. HERITAGE FOODS (INDIA) LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31/03/2012 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. HERITAGE FOODS (INDIA) LIMITED** for the financial year ended on 31/03/2012 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under ;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 & 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (vi) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange, Mumbai.

Based on my examination and verification of the books, papers, minute books, forms and returns filed and other records produced to me and according to information and explanations given to me by the Company, I report that the Company has in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made thereunder, the

Memorandum and Articles of Association of the Company and also applicable provisions of the aforesaid laws, standards, guidelines, agreements, etc.

I report that, during the year under review:

1. The status of the Company is Listed Public Company.
2. The Company has two subsidiary companies i.e Heritage Foods Retail limited and Heritage Conpro Limited. M/s SKIL Raigam Power (India) Limited ceased to be a subsidiary of the Company as per the provision of the Section 4 of the Companies Act, 1956. The company has not been a Government company.
3. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Sri. K. Kannan a Director of the company not opted for re-appointment in the Annual General Meeting held on 29th September, 2011, hence he was ceased to be a Director with effect from 29-09-2011.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried.
4. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, independence and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
5. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.
6. The company has not advanced loans, given guarantees and provided securities amounting to directors and/or persons or firms or companies in which directors were interested, and has complied with the provisions of the Companies Act, 1956.
7. The Company has not made loans and investments; or given guarantees or provided securities to other business entities other than Subsidiary Companies and has complied with the provisions of the Companies Act, 1956 and any other statutes as may be applicable.
8. The amount borrowed by the Company from bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.
9. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s) / financial institution(s).
10. The Company has created & modified charges on the assets of the company and complied with the applicable laws.
11. All registrations under the various state and local laws as applicable to the company are valid as on the date of report.

12. The Company has declared and paid dividends to its shareholders as per the provisions of the Companies Act, 1956 and other relevant statutes.
13. The Company has credited and paid to the Investor Education and Protection Fund within the stipulated time, all the unpaid dividends as required to be so credited to the Fund.
14. The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.
15. The Company, being a listed entity has complied with the provisions of the Listing Agreement.
16. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

I further report that:

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

For Savita Jyoti Associates
Company Secretaries

Place: Hyderabad
Date: 10/05/2012

Savita Jyoti
Member Ship No.F 3738
CP No.: 1796

To
The Members of
HERITAGE FOODS (INDIA) LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of **M/s. HERITAGE FOODS (INDIA) LIMITED**, as at 31st March, 2012 and also the statement of Profit and Loss for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditors' Report) Order 2004, issued by the Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion the Company as required by law has kept proper books of account so far as it appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the units not visited by us.
 - iii. The Balance Sheet and statements of Profit and Loss dealt with by this report are in agreement with the books of account maintained.
 - iv. In our opinion the Balance sheet, statement of Profit and Loss and the cash flow statement comply with the accounting standards referred to in Sec.211 (3C) of the Companies Act.1956.
 - v. On the basis of written representation given to us, no director of the Company, as at 31st March 2012 and taken on record by the Board of Directors we report that none of the Directors as on 31st March, 2012 is disqualified from being appointed as a director under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of Balance Sheet, of the state of affairs of the Company, as at 31st March, 2012.
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- c. in the case of Cash Flow statement, of the cash flows for the year ended on that date.

Place: Hyderabad
Date: 29th May, 2012

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

S.Ranganathan
Partner
Membership No: 22738

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management during the year and discrepancies noticed on such verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets.
- c) No substantial part of fixed assets has been disposed off during the year.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined in Section 370(1-B) of the Companies Act, 1956. Consequently, Clauses (iii)(b), (iii)(c) and (iii)(d) are not applicable.
- e) The company had taken unsecured loan from a company, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹. 1 Crore and the year-end balance of loan is ₹. 1 Crore.
- f) In our opinion, the rate of interest and other terms and conditions on which loan taken from the above company are not, prima facie, prejudicial to the interest of the company.
- g) As per the agreed terms, no repayment of loan was required during the F.Y 2011-12. The company has been regular in the payment of interest.

- iv) In our opinion and according to the information and explanation given to us, Considering the size of the company and nature of business of various divisions of the company with regard to purchase of inventory and fixed assets and with regard to sale of goods and services, the internal control system commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted deposits from the public governed by Section 58A and 58AA of the Companies Act, 1956 for the year under reference.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has prescribed maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956, in respect of its products manufactured during the year. We are of the opinion that, prima facie, the prescribed accounts and records are properly prepared and maintained. We have not, however, carried out detailed examination of the same.
- ix) a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities including Provident Fund, Investor Education and Protections Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and Other Statutory dues applicable to it. There are no undisputed statutory dues outstanding for more than six months as on 31.03.2012.
- b) According to the information and explanations given to us following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st March, 2012:

Name of the statute	Nature of the dispute	Amount (₹.in lakhs)	Period to which the amounts relate (F.Y)	Forum where the disputes is pending
The A.P.G.S.T Act, 1957	General sales tax	7.41	1999-00 to 2004-05	Writ Petition filed with A.P.H.C (15493, 15497).
The A.P.GST ACT, 1957	General sales tax	95.11	2001-02	Writ petition filed with Tribunal (1267/2007 2001-02)
The C.S.T ACT	General sales tax	37.34	2002-03	A.P.S.T.A.T (952/2008 2002-03)
The C.S.T ACT	FILING OF C Forms	1.42	1998-99	A.P.S.T.A.T. (1266/2007 1998-99)
AP VAT ACT	ITC	127.06	2007-08	A.P.S.T.A.T (419/2011 2007-08)
Central Excise Tariff Act, 1985	Exemption Claim vide Tariff No. 21069099	3.99	2011-12	Central Excise Tariff Act, 1985 (V/19/15/14/2012/ADJN/533A)

- x) The Company does not have any accumulated losses as at the end of the financial year under reference and the company has not incurred cash loss in the financial year under reference and in the financial year immediately proceeding such financial year.
- xi) The Company has not defaulted in the repayment of its dues to financial institutions or banks.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Investments have been held by the company in its own name.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans taken by the Company were applied for the purpose for which they were taken.
- xvii) In our opinion and according to explanations and information given to us, funds raised on short-term basis have not been used for long term investment.
- xviii) According to the information and explanation given to us, during the year the Company has not made any preferential allotment of equity shares/warrants to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures
- xx) The Company, during the year, has not raised money by public issues.
- xxi) According to explanations and information given to us no material frauds on or by the Company has been noticed during the year.

Place: Hyderabad
Date: 29th May 2012

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

S.Ranganathan
PARTNER
Membership No: 22738

(₹.in lakhs)

Particulars	Note No	As at March 31,2012	As at March 31,2011
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	1152.95	1152.95
b. Reserves and Surplus	3	8159.63	7500.55
Sub-Total Shareholders' Funds		9312.58	8653.50
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	6978.77	7742.32
b. Deferred tax liabilities (Net)	5	1815.16	1680.12
c. Other Long term liabilities	6	665.06	547.13
d. Long term provisions	7	74.74	76.44
Sub-Total Non-Current Liabilities		9533.73	10046.01
3. CURRENT LIABILITIES			
a. Short-term borrowings	8	7058.44	7681.81
b. Trade payables	9	6523.85	3846.48
c. Other current liabilities	9	7552.29	7024.16
d. Short-term provisions	10	927.78	531.20
Sub-Total Current Liabilities		22062.36	19083.65
TOTAL EQUITY AND LIABILITIES		40908.67	37783.15
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	11	22772.30	21844.03
ii) Intangible assets	11	254.04	328.13
iii) Capital work-in-progress	11	892.38	951.78
b. Non-current investments	12	111.99	101.64
c. Long term loans and advances	13	1811.59	1806.91
d. Other non-current assets	14	104.42	115.03
Sub-Total Non-Current Assets		25946.71	25147.52
2. CURRENT ASSETS			
a. Inventories	15	9344.95	6606.79
b. Trade receivables	16	1120.27	1443.86
c. Cash and Bank balances	17	2999.02	2929.04
d. Short-term loans and advances	13	1497.72	1655.95
Sub-Total Current Assets		14961.96	12635.63
TOTAL ASSETS		40908.67	37783.15
Significant Accounting Policies and Notes on Accounts	(1 to 44)		

As per our report attached

For Raju & PrasadChartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

S Ranganathan

Partner

Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

(₹.in lakhs)

Particulars	Note No	Year Ended March 31,2012	Year Ended March 31,2011
1. Revenue from operations (Gross)	18	139378.87	109618.22
Less : Excise Duty		38.30	9.61
Revenue from operations (Net)		139340.57	109608.61
2. Other Income	19	320.73	480.66
3. TOTAL REVENUE (1 + 2)		139661.30	110089.27
4. EXPENSES:			
a. Cost of materials consumed	20	93736.97	69605.26
b. Purchase of Stock-in-Trade	21	22931.04	17201.94
c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(4761.96)	372.36
d. Power and fuel		3085.69	2349.19
e. Employee benefits expense	23	6916.28	5956.76
f. Finance costs	24	1970.73	1773.90
g. Depreciation and amortization expense	25	2118.65	1993.98
h. Other expenses	26	12306.23	10541.28
TOTAL EXPENSES		138303.63	109794.67
5. Profit before exceptional and extraordinary items and tax (3-4)		1357.67	294.61
6. Exceptional Items		0.00	0.00
7. Profit before extraordinary items and tax (5 -6)		1357.67	294.61
8. Extraordinary Items		0.00	0.00
9. Profit before tax (7 - 8)		1357.67	294.61
10. Tax expense:			
a. Current tax		290.00	62.94
b. Prior period tax		(0.80)	0.00
c. Deferred tax		135.04	119.73
11. Profit for the year (9-10)		933.42	111.93
12. Earning per equity share of ₹.10/-each:			
a. Before Extraordinary items			
i. Basic		8.10	0.97
ii. Diluted		8.10	0.97
b. After Extraordinary items			
i. Basic		8.10	0.97
ii. Diluted		8.10	0.97
Significant Accounting Policies and Notes on Accounts	(1 to 44)		

As per our report attached

For Raju & Prasad

Chartered Accountants

(Firm No. 003475S)

For and on behalf of the Board

S Ranganathan

Partner

Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

(pursuant to clause 32 of Listing Agreement)

(₹.in lakhs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax	1357.67	294.61
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	2118.65	1993.98
(Profit) / loss on sale or write off Fixed Assets	12.57	14.19
Loss on Impairment of Assets	5.11	0.42
Profit on sale of Investments		
Interest expense	1782.17	1596.57
Subsidy transferred to P&L	(6.34)	(10.10)
Interest income	(53.27)	(38.44)
Dividend received	(1.88)	(1.67)
Operating Profit before Working Capital Changes	5214.69	3849.55
Movements in working capital :		
Increase / (decrease) in trade payables	2677.36	123.07
Increase / (decrease) in long term provisions	(1.69)	10.65
Increase / (decrease) in short term provisions	62.40	50.16
Increase / (decrease) in other current liabilities	338.66	(198.92)
Increase / (decrease) in other long term liabilities	117.92	396.40
Decrease/ (increase) in trade receivables	323.58	(236.23)
Decrease/ (increase) in inventories	(2738.17)	1023.78
Decrease / (increase) in long term loans and advances	(85.93)	(222.36)
Decrease / (increase) in short term loans and advances	393.52	447.48
Decrease / (increase) in other non-current assets	10.61	(25.17)
Cash Generated from /(used in) operations	6312.96	5218.41
Direct taxes paid (net of refunds)	(297.51)	(49.40)
Net Cash flow from /(used) in Operating activities (A)	6015.45	5169.01
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets, CWIP and capital advances	(2895.61)	(3066.77)
Proceeds from sale of Fixed Assets	45.75	82.96
Purchase of non-current investments	(0.35)	(0.49)
Investment in Subsidiaries	(10.00)	(9.10)
(Investment) in / redemption of bank deposits having original maturity more than three months	183.01	(121.92)
State Subsidy received		25.00
Interest received	53.27	38.44
Dividend received	1.88	1.67
Net Cash used in Investing Activities (B)	(2622.06)	(3050.21)

(₹.in lakhs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	2600.00	1352.69
Repayment of long-term borrowings	(3174.07)	(2985.84)
Proceeds from short-term borrowings (net)	(623.36)	1786.59
Interest paid	(1782.17)	(1596.57)
Unclaimed dividend paid	3.04	4.12
Dividend paid (including dividend tax)	(160.80)	(242.00)
Net Cash flow from /(Used) in Financing Activities (C)	(3137.36)	(1681.01)
Net increase /(decrease) in cash and cash equivalents (A + B + c)	256.04	437.80
Cash and Cash equivalents at the beginning of the year	2615.86	2178.06
Cash and Cash equivalents at the end of the year	2871.90	2615.86
Components of cash and cash equivalents		
Cash on hand	296.30	228.07
Cheques / drafts on hand	84.87	0.05
Balances with banks on current account	2490.73	2387.75
Total cash and cash equivalents	2871.90	2615.86
Significant accounting policies and notes on accounts (1 to 44)		

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

For and on behalf of the Board

S Ranganathan
Partner
Membership No.22738

N.Bhuvaneswari
Vice Chairperson & Managing Director

N. Lokesh
Executive Director

Date : May 29, 2012
Place : Hyderabad

A.Prabhakara Naidu
Vice President - Finance & Accounts

Umakanta Barik
Company Secretary

Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

1.1. Basis of Preparation of financial statements

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

1.2 Changes in Accounting Policies

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

During the financial year ended March 31, 2012, financial statements have been presented as per the revised Schedule VI notified under the Companies Act, 1956. The Company has re-classified the previous year figures in accordance with the revised Schedule VI requirements.

1.3 Use of estimates

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

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

1.4 Revenue Recognition

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

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

Revenue from sales of products: Revenue from sale of products is recognized when all the significant risks and rewards of ownership of products have been passed to the buyer, usually on delivery of the products. The revenue

from sale of products is inclusive of Excise duty and net of discounts, value added taxes and sales tax.

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

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

1.5 Fixed Assets

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

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

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

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

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

1.6 Depreciation and Amortization

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

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

1.7 Borrowing Cost

Borrowing cost directly attributable to the acquisition,

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

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

1.8 Impairment of Fixed assets

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

1.9 Investments

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

1.10 Government Grants

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

1.11 Employee Retirement Benefits

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

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

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

1.12 Foreign Exchange transactions:

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

1.13 Leases

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

1.14 Inventories

Inventories are valued as under

Particulars	Valuation	Method
Raw Materials	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
Finished Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
Stores, Spares and Consumables	at cost	Cost has been ascertained on FIFO basis
Work- in-progress	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
Tradable Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on moving weighted average basis

1.15 Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS-22) on "Accounting for Taxes on Income". Income tax expenses comprises current tax (i.e., amount of tax for the period determined in accordance with the Income Tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liability/ assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized. Taxes on distributed

profits payable in accordance with the Guidance note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specific period.

1.16 Cash flow statement

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

1.17 Cash and Cash Equivalents

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

1.18 Earnings per Share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

1.19 Segment Reporting

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

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

1.20 Provisions

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

1.21 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

SHAREHOLDERS' FUNDS

Note 2 : Share Capital

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Authorised Share Capital		
i) Equity Share Capital		
1,80,00,000 Equity Shares of ₹.10/- each (Previous year : 1,80,00,000 Equity Shares of ₹.10/- each)	1800.00	1800.00
ii) Convertible cumulative Preference Share Capital		
20,00,000 Preference Shares of ₹.10/- each (Previous Year 20,00,000 Convertible cumulative Preference Shares of ₹.10/- each)	200.00	200.00
Total	2000.00	2000.00
b) Issued,Subscribed and Paidup Share Capital :		
Equity Share Capital		
1,15,29,500 Equity Shares of ₹.10/- each (Previous year 1,15,29,500 Equity Shares of ₹.10/- each)	1152.95	1152.95

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

Particulars	March 31,2012		March 31,2011	
	Number of Shares	Amount (₹.in lakhs)	Number of Shares	Amount (₹.in lakhs)
Shares Outstanding at the beginning of the year	11529500	1152.95	11529500	1152.95
Shares issued during the year	0	0.00	0	0.00
Shares bought back during the year	0	0.00	0	0.00
Shares outstanding at the end of the year	11529500	1152.95	11529500	1152.95

d) Rights, preferences and restrictions attached to equity shares

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

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

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

Name of Shareholder	March 31,2012		March 31,2011	
	No.of Shares held	% of holding	No.of Shares held	% of holding
Equity Shares of ₹.10/- each fully paid				
1. Nara Bhuvaneshwari	2665413	23.12	2665413	23.12
2. Nirvana Holdings Private Limited	1286421	11.16	1286421	11.16
3. Nara Lokesh	1183200	10.26	1183200	10.26
4. Kotak India Focus Fund	1029356	8.93	1029356	8.93
5. V Sudha Sarada	795674	6.90	795674	6.90

Note 3: Reserves and Surplus

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Capital Redemption Reserve		
Opening Balance	81.00	81.00
Add: Current year transfer	0.00	0.00
Less: Written back in current year	0.00	0.00
Closing Balance	81.00	81.00
b) Securities Premium Reserve		
Opening Balance	4659.75	4659.75
Add: Securities premium credited on share issue	0.00	0.00
Less: Premium utilized	0.00	0.00
Closing Balance	4659.75	4659.75
c) Deferred Government Grants		
Opening Balance	86.68	71.77
Add: Subsidy Received during the year	0.00	25.00
Less: Transfer to Profit and Loss statement	6.34	10.10
Closing Balance	80.33	86.68
d) Warrants Money Appropriated		
Opening Balance	318.69	318.69
Add: Current year transfer	0.00	0.00
Less: Written back in current year	0.00	0.00
Closing Balance	318.69	318.69
e) General Reserve		
Opening Balance	2150.71	2135.71
Add: Transfer from Surplus	350.00	15.00
Closing Balance	2500.71	2150.71
f) Surplus / (Deficit)		
Opening Balance	203.72	267.59
Add: Net Profit after tax transferred from Statement of Profit and Loss	933.42	111.93
Amount available for appropriations	1137.15	379.52
Appropriations :		
Transferred to General Reserve	350.00	15.00
Proposed Dividend amount per share ₹.2.00 (Previous Year :₹.1.20 per share)	230.59	138.35
Tax on Proposed Dividend	37.41	22.44
Closing Balance	519.15	203.72
Total	8159.63	7500.55

NON-CURRENT LIABILITIES

Note 4: Long-Term Borrowings

(₹.in lakhs)

Particulars	Non-Current portion		Current Maturities	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
a) Term Loans				
i) From Banks (secured)				
- Indian rupee loans	5435.82	5255.48	2319.67	2146.07
- Foreign currency loans	514.00	1542.00	1028.00	1028.00
b) Deferred Payment liabilities				
Sales tax deferment (secured)	928.95	944.84	15.89	0.00
c) Loans and Advances from related parties				
Loan (unsecured)	100.00	0.00	0.00	0.00
Total	6978.77	7742.32	3363.55	3174.07

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

Term Loan from Banks (Secured) includes :**a) Bank of Baroda :**

- i) Foreign Currency Term Loan(FCTL) of ₹.6285.99 lakhs (outstanding as on March 31,2012 :₹.1542 lakhs (Previous year: ₹.2570 lakhs)) from the Bank carries the interest @ 200 bps over 6 months US\$ LIBOR (Previous year: 200 bps over 6 months US\$ LIBOR). The loan is repayable in 24 quarterly installments commencing from December 2007. The loan is secured by first Pari Pasu charge on all present and future fixed assets of the Company, second pari pasu charge on current assets of the Company.
- ii) Foreign Currency Non-Resident (B) Loan (FCNRB) of ₹.3206 lakhs (outstanding as on March 31,2012 :₹.798.84 lakhs (Previous Year (rupee loan): ₹.1334 lakhs))from the Bank carries the interest @ 625 bps over 6 months US\$ LIBOR (Previous year: 625 bps over 6 months US\$ LIBOR). The loan is repayable in 24 quarterly installments commencing from December 2007. The loan is secured by first Pari Pasu charge on all present and future fixed assets of the Company, second pari pasu charge on current assets of the Company.
- iii) Rupee Term Loan of ₹.1435 lakhs (outstanding as on March 31,2012 :₹.704.03 lakhs (Previous year: ₹.991.03 lakhs) from the Bank carries the interest @ base rate plus 4% (Previous year: base rate plus 4%). The loan is repayable in 20 quarterly installments commencing from May 2009 . The loan is secured by first Pari Pasu charge on all present and future fixed assets of the Company, second pari pasu charge on current assets of the Company.

b) Andhra Bank :

- i) Rupee term loan of ₹.2500 lakhs (outstanding as on March 31,2012 :₹.850.15 lakhs (Previous year: ₹.1271.52 lakhs)) carries the interest @ BMPLR minus 1 plus 0.25 for Dairy and Agri divisions (Previous year :interest @ BMPLR minus 1 plus 0.25) @ BMPLR for Retail division (Previous year : @BMPLR). Loan is repayable in 24 quarterly installments commencing from April, 2008. The loan is secured by first Pari Pasu charge on entire fixed assets (present and future) of the Company along with consortium bankers.

c) ICICI Bank

- i) Rupee term loan of ₹.3000 lakhs (outstanding as on March 31,2012 :₹.1439.96 lakhs (Previous year:₹.2080 lakhs))carries the interest @ 1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy, if any (Previous year :interest @ 1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy, if any). Loan is repayable in 21 quarterly installments commencing from April,2009. The loan is secured by first Pari Pasu charge on fixed assets of the Company and Second charge on current assets of the Company.
- ii) Rupee term loan of ₹.500 lakhs (outstanding as on March 31,2012 :₹.325 lakhs (Previous year:₹.425 lakhs)) carries the interest @ 8 % per annum (Previous year: 8% per annum). Loan is repayable in 20 quarterly installments commencing from August 2010. The loan is secured by first charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company.
- iii) Rupee term loan of ₹.1300 lakhs (outstanding as on March 31,2012 :₹.1137.50 lakhs (Previous year:₹.1300 lakhs))carries the fixed rate interest @ 9.5% per annum for five years and after five years the interest rate shall be 3.20% per annum above the IBASE (Previous year: interest @ 9.5% per annum for five years and after five years the interest rate shall be 3.20% per annum above the IBASE). Loan is repayable in 24 quarterly installments commencing from August, 2010. The loan is secured by first paripasu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of the Company, along with other term lenders.
- iv) Rupee term loan of ₹.2500 lakhs (sanctioned with FCNR(B) sub-limit of ₹.2500 lakhs) (outstanding as on March 31,2012 :₹.2500 lakhs (Previous year:₹.Nil)) carries the rate of interest a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: Nil) b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year: Nil) . Loan is repayable in 16 quarterly installments commencing from December, 2012. The loan is secured by first paripasu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company, along with other term lenders.

Deferred Payment Liabilities

Deferred Payment Liabilities represents sales tax collected under defferment scheme of State Government of Andhra Pradesh and is being repaid as per the sales tax defferment scheme. The Company availed scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14 /10th year without interest and is secured by fixed assets of the respective dairy plants.

Loans and advances from related parties

The loan carries interest @ 9% and is repayable in September, 2016 (with a role over for every 360 days).

Note 5: Deferred Tax Liability (Net)

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	1804.31	1666.85
Add: Deferred Tax Liability during the year on account of :		
Depreciation	154.74	137.47
Closing Deferred Tax Liability	1959.06	1804.31
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	124.20	106.46
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave	19.70	17.74
Closing Deferred Tax Asset	143.89	124.20
Net Deferred Tax Liability there on	1815.16	1680.12

Note 6: Other Long-Term Liabilities

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Other payables:		
Security Deposits	665.06	547.13
Total	665.06	547.13

Note 7: Long-Term Provisions

(₹.in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
Provision for employee benefits				
Unavailed Leave	74.74	76.44	368.76	306.36
Other Provisions				
Proposed Dividend	0.00	0.00	230.59	138.35
Provision for tax on dividend	0.00	0.00	37.41	22.44
Provision for Income Tax	0.00	0.00	291.02	64.04
Total	74.74	76.44	927.78	531.20

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

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Working Capital Loan from banks (secured)	6058.44	6181.81
b) Loan Repayable on demand:		
Short Term Loans from banks (secured)	1000.00	1500.00
Total	7058.44	7681.81

Working Capital Loans from Banks :

The working capital loan disbursements are based on the terms of consortium lead banker i.e., Bank of Baroda. The working capital loans are secured by first pari pasu charge on current assets of the Company by way of hypothecation of raw materials, work-in-progress,

finished goods, packing materials, spares, stores, with Andhra Bank and ICICI Bank Ltd., Extension of first pari passu charge on the fixed assets of the Company to secure the working capital limits of Bank of Baroda, Andhra Bank and on second charge basis to secure the working capital limits of ICICI Bank Ltd., The total working capital limits of ₹.7500 lakhs (includes FCNR(B) sub-limit from ICICI Bank Ltd., of ₹.3000 lakhs) are shared between Bank of Baroda 40%, Andhra Bank 20%, and ICICI Bank 40%. The rate of interest on working capital loan is base rate plus 2.50% for Bank of Baroda, for Andhra Bank : Base rate plus 2.75% and for ICICI Bank: IBASE plus plus spread plus applicable interest tax or other statutory levy, if any. Outstanding as on March 31, 2012 ₹.6058.44 lakhs (Previous year: ₹.6181.81 lakhs)

Short Term Loans from Banks

1. The short term working capital loan of ₹.1000 lakhs from Axis Bank Limited carries interest rate @ base rate plus 1.5% repayable after 180 days from the date of disbursement and is secured by second charge by way of extension of equitable mortgage on the commercial land of Vice Chairperson & Managing Director of the Company and personal guarantee given by Vice Chairperson & Managing Director of the Company.
2. The Company has overdraft facility of ₹. 100 lakhs from Kotak Mahindra Bank carries interest @ 12.50% which is secured by exclusive mortgage of property belonging to spouse of Executive Director of the Company and by personal guarantees of Vice Chairperson & Managing Director, Executive Director and spouse of Executive Director.

Note 9: Trade Payables and Other Current Liabilities

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Trade Payables (Including acceptances)	6523.85	3846.48
Other Current Liabilities		
Current maturities of long-term borrowings (Ref Note 4)	3347.67	3174.07
Interest Accrued but not due on borrowings	31.03	51.81
Interest accrued and due on borrowings	11.95	7.46
Unpaid Dividends	39.29	42.34
Other Payables :		
Employee Related payables	664.10	481.15
Advance from Customers	449.95	373.54
Outstanding expenses	2429.77	2404.14
Statutory Payables	258.14	214.40
Security Deposits	304.51	275.26
Deferred sales tax liability (Ref Note 4)	15.89	0.00
Total	7552.29	7024.16

Note 10: Short Term Provisions

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Provision for employee benefits		
Unavailed Leave	368.76	306.36
Other Provisions :		
Proposed Dividend	230.59	138.35
Provision for tax on proposed dividend	37.41	22.44
Provision for Income Tax	291.02	64.04
Total	927.78	531.20

NON-CURRENT ASSETS
Note.11 Fixed Assets

Particulars	Gross Block			Accumulated Depreciation / Amortization					Net Block	
	Balance as at 01.04.2011	*Additions / other adjustments during the year	Deductions / Retirement during the year	Balance as at 31.03.2012	Balance as at 01.04.2011	Depreciation charge for the year	Deductions / adjustments during the year	Impairment loss	Balance as at 31.03.2012	Balance as at 31.03.2011
a. Tangible Assets										
Land	1502.64	15.00	2.25	1515.39	0.00	0.00	0.00	0.00	1515.39	1502.64
Buildings	8227.73	444.42	0.77	8671.38	1377.14	291.09	(1.33)	0.00	7001.82	6850.59
Improvements to leasehold property	1357.19	204.09	60.01	1501.27	445.01	154.28	25.04	0.00	927.03	912.18
Plant and Machinery	16202.84	1879.88	105.91	17976.81	5708.09	1153.72	97.01	5.11	11206.90	10494.75
Furniture and Fixtures	1277.85	234.93	8.30	1504.48	280.63	96.07	3.09	0.00	1130.87	997.22
Office Equipment	1918.79	178.14	5.34	2091.58	972.21	265.05	1.99	0.00	856.31	946.58
Vehicles	210.82	16.39	13.12	214.09	70.74	20.95	11.58	0.00	133.98	140.07
Total - a	30697.86	2972.87	195.71	33475.02	8853.83	1981.16	137.38	5.11	22772.30	21844.03
b. Intangible Assets										
Computer Software	1051.84	63.41		1115.24	723.70	137.49	0.00	0.00	254.04	328.13
Total - b	1051.84	63.41	0.00	1115.24	723.70	137.49	0.00	0.00	254.04	328.13
Total (a + b)	31749.70	3036.27	195.71	34590.26	9577.54	2118.65	137.38	5.11	23026.34	22172.16
Previous year	29423.82	2740.12	414.24	31749.70	7900.23	1993.98	316.67	0.00	22172.16	
c. Capital Work-in-progress									892.38	951.78

* Borrowing cost as per AS-16 : During the year, borrowing cost on loans obtained from Banks of ₹.95.94 lakhs has been capitalized to Plant and machinery, ₹. 15.45 lakhs to Buildings and ₹.3.51 lakhs to improvements to leasehold property and it is included in other adjustments

Disclosure pursuant to Note.1(iv) and (viii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	₹.in lakhs	
	2011-2012	2010-2011
Asset details:		
Balance as at April 01, 2011	0.42	0.00
Impairment loss	5.11	0.42
Balance as at March 31, 2012	5.53	0.42

Note 12 :Non-current Investments

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Other Investments at cost		
Investment in Equity Instruments		
a) Subsidiaries	24.10	79.10
b) Associates	65.00	0.00
Investment in Government securities	1.76	1.41
Other non-current investments	21.13	21.13
Total	111.99	101.64

(₹.in lakhs)

Particulars	Book Value		Market value	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Aggregate of quoted investments	1.13	1.13	3.19	3.87
Aggregate of un-quoted investments	110.86	100.51		
Total	111.99	101.64		

Details of Other Investments

(₹.in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31,2012	As at March 31,2011
Investment in Subsidiaries:			
Heritage Foods Retail Limited	Unquoted	16.50	11.50
165000 Equity Shares of ₹.10/-each fully paid up (Previous year: 115000 Equity Shares of ₹. 10/- each fully paid up)			
Skil Raigam Power (India) Limited	Unquoted	0.00	65.00
650000 Equity Shares of ₹.10/-each fully paid up (Previous year: 650000 Equity Shares of ₹. 10/- each fully paid up)			
Heritage Conpro Limited	Unquoted	7.60	2.60
76000 Equity Shares of ₹.10/- each fully paid up (Previous year: 26000 Equity Shares of ₹.10/- each fully paid up)			
Total		24.10	79.10
Investment in Associates :			
Skil Raigam Power (India) Limited	Unquoted	65.00	0.00
650000 Equity Shares of ₹.10/-each fully paid up (Previous year: 650000 Equity Shares of ₹. 10/- each fully paid up)			
Total		65.00	0.00
Investment in Government securities			
National Savings Certificates	Unquoted	1.76	1.41
Total		1.76	1.41

Details of Other Investments

(₹.in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31,2012	As at March 31,2011
Other investments in :			
Andhra Bank 363 Equity Shares of ₹.10/- each at a premium of ₹.80/- each fully paid up (Previous year:363 Equity shares of ₹.10/- each at a premium of ₹. 80/- each fully paid up)	Quoted	0.33	0.33
Bank of Baroda 348 Equity shares of ₹.10/- each at a premium of ₹.220/- each fully paid up (Previous year:348 Equity shares of ₹.10/- each at a premium of ₹.220/- each fully paid up)	Quoted	0.80	0.80
Heritage Finlease Limited 200000 Equity shares of ₹.10/- each fully paid up (Previous year: 200000 Equity Shares of ₹.10/- each fully paid up)	Unquoted	20.00	20.00
Total		21.13	21.13
Total		111.99	101.64

Note: 13 Loans and Advances

(₹.in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
a) Capital Advances				
Unsecured , considered good	164.92	246.18		
b) Security Deposits				
Unsecured , considered good	1417.82	1368.05	243.53	186.93
Doubtful	0.00	0.00	6.40	0.00
	1417.82	1368.05	249.93	186.93
Less: Provision for doubtful security deposit	0.00	0.00	6.40	0.00
Total	1417.82	1368.05	243.53	186.93
c) Advances recoverable in cash or kind				
Doubtful	79.59	58.47	742.78	1076.05
	14.13	7.06	13.80	15.08
	93.71	65.54	756.58	1091.12
Less: Provision for doubtful advances	14.13	7.06	13.80	15.08
Total	79.59	58.47	742.78	1076.05
d) Other loans and advances				
Unsecured , considered good				
Advance income tax and TDS receivable	0.00	0.00	392.10	156.80
Prepaid expenses	1.04	0.00	58.70	66.59
Loans and advances to employees	21.15	7.14	55.69	62.84
Balances with Statutory / Government Authorities	127.07	127.07	4.92	106.74
Total	149.26	134.21	511.41	392.97
Total (a + b + c + d)	1811.59	1806.91	1497.72	1655.95

Loans and advances due by directors or other officers etc.

(₹.in lakhs)

Particulars	Non - Current		Current	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
Loans and advances to employees include dues from Other officers of the Company	18.04	5.41	11.96	15.34

Note: 14 Other non-current assets

(₹.in lakhs)

Particulars	Non - Current	
	As at March 31,2012	As at March 31,2011
A) Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 17)	100.46	110.92
Total -A	100.46	110.92
B) Others :		
Interest accrued on margin money and other deposits	3.96	4.12
Total - B	3.96	4.12
Total (A + B)	104.42	115.03

Note 15 : Inventories

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Raw Materials (Includes in-transit of ₹. Nil (Previous Year: ₹.349.37 lakhs)	472.03	2297.40
Work-in-Progress	18.76	16.36
Finished Goods	5832.98	1572.79
Stock-in-Trade (Includes in-transit of ₹. 48.01 lakhs (Previous Year of ₹. Nil)	2304.75	1805.37
Packing Material	496.11	670.71
Stores and spares	220.34	244.16
Total	9344.95	6606.79

Details of Inventory

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
A. Inventory : Raw Materials		
a) Dairy		
Skimmed milk powder	409.96	2191.78
Other materials	56.57	99.09
Total	466.53	2290.86
b) Bakery		
Bakery raw materials	5.50	6.53
Total	5.50	6.53
Total (a + b)	472.03	2297.40
B. Inventory: Work-in-Progress		
a) Dairy : Cream	15.05	15.99
b) Bakery-in-process material	3.70	0.37
Total	18.76	16.36

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
C. Inventory: Finished Goods		
a) Dairy		
Milk	702.59	458.07
Value Added Products	265.96	257.10
Fat Products	2937.54	785.49
Skimmed milk powder	1837.39	30.98
Total	5743.48	1531.64
b) Agri		
Fruits and vegetables	89.50	39.10
Total	89.50	39.10
c) Bakery		
Bakery products	0.00	2.05
Total	0.00	2.05
Total (a + b + c)	5832.98	1572.79
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	95.37	84.21
Total	95.37	84.21
b) Retail		
FMCG - Food	1071.50	493.04
FMCG - Non-food	1023.78	716.88
Fruits and vegetables	64.27	508.66
Total	2159.56	1718.59
c) Agri		
Fruits	48.01	0.00
Others	1.81	0.73
Total	49.82	0.73
d) Bakery		
FMCG - Food	0.00	1.84
Total	0.00	1.84
Total (a + b + c + d)	2304.75	1805.37

Note: 16 Trade Receivables

(₹.in lakhs)

Particulars	Current	
	As at March 31,2012	As at March 31,2011
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	77.17	143.61
b) Unsecured, considered doubtful	93.11	42.26
Total (a + b)	170.28	185.87
Less : Provision for bad and doubtful receivables	93.11	42.26
Total - A	77.17	143.61
B. Other trade receivables		
Unsecured, considered good	1043.10	1300.25
Grand total (A + B)	1120.27	1443.86

Note: 17 Cash and Bank Balances

(₹.in lakhs)

Particulars	Non - Current		Current	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			2490.73	2387.75
Deposits with original maturity of less than three months			0.00	0.00
b) Cheques, drafts on hand			84.87	0.05
c) Cash on hand			296.30	228.07
Total			2871.90	2615.86
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	0.00	0.00	39.29	42.34
- Other deposits	79.25	79.25	0.00	200.28
b) Margin money deposit	25.17	35.78	87.70	70.46
c) Deposits with original maturity for more than 12 months	0.00	0.00	0.13	0.10
Total	104.42	115.03	127.12	313.17
Grand Total	104.42	115.03	2999.02	2929.04

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

Note : 18 Revenue from operations

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Revenue from operations :		
a) Sale of Products		
i) Finished goods		
Domestic Sales	107431.96	84553.48
Export Sales	47.48	216.88
Total	107479.44	84770.37
ii) Traded goods		
Domestic Sales	29576.08	23561.33
Export Sales	137.43	0.00
Total	29713.50	23561.33
Domestic Sales	137008.03	108114.81
Export Sales	184.91	216.88
Total - a (i + ii)	137192.94	108331.70
b) Sale of services		
Job work	530.47	233.48
c) Other operating revenues		
Scrap Sales	70.84	64.69
Others	1584.63	988.36
Total -c	1655.47	1053.04
Revenue from operations (gross) (a + b + c)	139378.87	109618.22
Less: Excise duty	38.30	9.61
Revenue from operations (net)	139340.57	109608.61

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
A. Details of products sold		
a) Finished goods sold		
Milk	79669.08	63932.28
Value Added Products	14404.87	9311.13
Fat Products	11563.87	9589.37
Skimmed milk powder	165.09	584.19
Fruits and Vegetables	1480.18	1099.19
Bakery products	196.34	254.22
Total	107479.44	84770.37
b) Traded goods sold		
FMCG - Food	18017.06	13413.31
FMCG - Non-Food	5658.20	4500.21
Fruits and Vegetables	4553.08	4725.63
Others	1485.17	922.18
Total	29713.50	23561.33
Total	137192.94	108331.70

Note: 19 Other Income

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
a) Interest Income on :		
Bank Deposits	36.71	12.85
Others	16.56	25.60
b) Dividend Income on :		
Long-term investments	1.88	1.67
c) Subsidy transferred from Deferred Govt.grants	6.34	10.10
d) Lease rental income	105.10	155.89
e) Provisions no longer required	82.47	167.11
f) Foreign Exchange fluctuation (net)	2.48	0.00
g) Other non-operating income	69.19	107.45
	320.73	480.66

Note : 20 Cost of materials consumed

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
a) Raw material :		
Inventory at the beginning of the year	2297.40	2923.79
Add: Purchases	88199.45	65652.94
	90496.84	68576.73
Less: Inventory at the end of the year	472.03	2297.40
Raw Material consumed (a)	90024.82	66279.33
b) Packing material :		
Inventory at the beginning of the year	670.71	597.04
Add: Purchases	3537.55	3399.60
	4208.26	3996.64
Less: Inventory at the end of the year	496.11	670.71
Packing Material Consumed (b)	3712.15	3325.93
Cost of materials consumed (a + b)	93736.97	69605.26

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Details of Raw materials consumed		
a) Dairy		
Raw Milk	80398.41	56601.14
Skimmed Milk Powder	6012.07	6620.85
Other Raw materials	891.74	398.14
Total	87302.22	63620.13
b) Agri		
Fruits and Vegetables	2588.35	2537.10
Total	2588.35	2537.10
c) Bakery		
Bakery raw materials	134.25	122.11
Total	134.25	122.11
Total (a + b + c)	90024.82	66279.33

Note : 21 Purchase of Stock-in-Trade

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
FMCG - Food	13930.09	10351.43
FMCG - Non-Food	5181.56	3920.85
Fruits and Vegetables	2413.83	2186.89
Others	1405.57	742.77
Total	22931.04	17201.94

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

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
A) Inventory at the end of the year :		
Work-in-progress	18.76	16.36
Finished goods	5832.98	1572.79
Stock-in-Trade	2304.75	1805.37
Total - A	8156.48	3394.52
B) Inventory at the beginning of the year :		
Work-in-progress	16.36	14.12
Finished goods	1572.79	2307.18
Stock-in-Trade	1805.37	1445.58
Total - B	3394.52	3766.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4761.96)	372.36

Note : 23 Employee benefit expense

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Salaries, wages, bonus and allowances	6308.56	5400.97
Contribution to Provident and other funds	356.20	316.26
Contribution to gratuity fund	70.70	86.13
Staff Welfare Expenses	180.82	153.39
Total	6916.28	5956.76

Note: 24 Finance costs

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Interest Expense	1782.17	1596.57
Other borrowing cost	188.49	177.33
Applicable loss on foreign currency transaction and translation	0.07	0.00
Total	1970.73	1773.90

Note: 25 Depreciaton and amortization expense

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Depreciation on tangible assets	1981.16	1802.83
Amortization of Intangible assets	137.49	191.14
Total	2118.65	1993.98

Note: 26 Other expenses

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Consumption of Stores ,spares and consumables	1087.42	992.18
Rent	1785.00	1575.37
Bank Charges	232.48	170.76
Insurance	69.93	63.55
Travelling and conveyance	321.10	287.43
Communication cost	221.42	239.31
Safety and Security	335.96	262.36
Printing and Stationery	93.78	84.73
Office Maintenance	68.01	67.35
House Keeping Expenses	106.52	91.31
Books and periodicals	1.67	1.84
Electricity Charges	591.14	556.89
Rates and taxes	166.54	156.05
Repairs and maintenance		
Buildings	53.10	54.94
Machinery	164.12	129.74
Others	345.86	225.19
Legal and Professional Charges	341.82	301.15
Payment to Auditors :		
As Auditor:		
Audit Fee	12.13	9.71
Tax Audit fee	1.38	1.10
Limited Review	2.48	1.82
Corporate Governance	0.55	0.61
In other capacity :		
Taxation matters	2.59	1.54
Certification fee	0.89	1.69
Reimbursement of expenses	2.93	2.77
Advertisement expenses	174.09	157.97
Selling and Distribution expenses	738.81	743.15
Warehouse and logistics	235.20	183.15
Loss on commodity trading	108.49	0.00

Note: 26 Other expenses

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Freight outwards	4660.56	3970.44
Directors' sitting fees	5.65	5.10
Provision for bad and doubtful advances	40.30	8.10
Bad Debts written off	0.55	67.31
Provision for doubtful debts	81.07	18.46
Loss on sale of fixed assets (net)	12.57	14.19
Impairment loss on fixed assets	5.11	0.42
Recruitment and Training expenses	30.32	32.01
Contribution to Heritage Farmers Welfare Trust	65.41	0.14
Foreign Exchange Fluctuation (Net)	0.00	4.81
Prior Period items *	121.43	39.36
Miscellaneous expenses	17.83	17.29
Total	12306.23	10541.28
*Prior period items:		
Debits relating to earlier years	148.07	60.28
Credits relating to earlier years	26.64	20.92
Total	121.43	39.36

Note: 27 Contingent liabilities and commitments (to the extent not provided for)

(₹.in lakhs)

	As at March 31,2012	As at March 31,2011
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	367.68	342.28
Sales Tax	141.29	165.46
The Andhra Pradesh VAT Act *	127.07	114.00
Excise duty	3.99	Nil
b) Others	16.50	24.43
ii. Other money for which the company is contingently liable		Nil
'C' forms under collection	64.22	79.18
B. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	489.11	825.42
ii. Other commitments :		
- Export obligation upto the year 2021-22 against import of capital goods under EPCG scheme	3956.58	4315.58

Counter guarantees given by the Company in respect of Bank guarantees of ₹. 433.32 lakhs (Previous year: ₹.363.13 lakhs) are not treated as contingent liability.

Note: 28 Investor Education and Protection Fund

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Unclaimed Dividend		
Opening Balance	42.34	46.46
Less Claims during the year	0.07	1.98
Less: Transfer to IEPF	7.83	9.40
Add: Current year's unclaimed dividend	4.86	7.25
Closing Balance	39.29	42.34

There is no amount outstanding to be credited to the Investor Education and Protection Fund

Note: 29 As per the Accounting Standards AS-15 -"Employee Benefits" the disclosures of the Employee benefits as defined in the Accounting Standard are given below

Defined Contribution Plan :

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Employers Contribution to Provident Fund	283.32	247.95

Defined Benefit Plan :

Gratuity (Funded) : As per Actuarial Report dated 24.04.2012

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
1. Assumption		
Discount Rate	8.70%	8.00%
Salary Escalation	5.00%	5.00%
Rate of Return on Plan Assets	9.25%	9.50%
Expected Average remaining working lives of employees (years)	29 yrs	29 yrs
2. Table showing change in present value of obligations		
Present value of obligations as at beginning of the year	199.14	109.56
Acquisition adjustments	-	-
Interest cost	15.93	8.77
Current Service Cost	56.12	56.93
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(16.05)	(10.10)
Actuarial (gain)/ loss on obligations	15.86	33.98
Present value of obligations as at end of year	271.00	199.14
3. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of the year	191.37	150.21
Acquisition adjustments	-	-
Expected return on plan assets	17.21	13.79
Contributions	87.67	37.71
Benefits paid	(16.05)	(10.10)
Actuarial gain / (loss) on plan assets	-	(0.24)
Fair value of plan assets at end of year	280.21	191.37
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of the year	191.37	150.21
Acquisition adjustments	-	-
Actual return on plan assets	17.21	13.55
Contributions	87.67	37.71
Benefits paid	(16.05)	(10.10)

Particulars	As at March 31,2012	As at March 31,2011
Fair value of plan assets at the end of the year	280.21	191.37
Funded Status	9.20	(7.77)
Excess of Actual over estimated return on plan assets	-	(0.24)
5. Acturial Gain / Loss recognised		
Acturial (gain)/ loss on obligations	(15.86)	(33.98)
Acturial (gain)/ loss for the year -plan assets	-	(0.24)
Total (gain) / loss for the year	15.86	34.22
Acturial (gain)/ loss recognised in the year	15.86	34.22
6. The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of the year	271.00	199.14
Fair value of plan assets as at the end of the year	280.21	191.37
Funded Status	9.20	(7.77)
Net asset/ (liability) recognised in balance sheet	9.20	(7.77)
7. Expenses Recognised i3n the statement of profit and loss		
Current Service Cost	56.12	56.93
Past Service Cost	-	-
Interest cost	15.93	8.77
Expected return on plan assets	(17.21)	(13.79)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Acturial (gain) / loss recognised in the year	15.86	34.22
Expenses recognised in statement of profit and loss	70.70	86.13

Defined Benefit Plan :

Leave Encashment & Sick Leave(Unfunded):

As per Acturial Report dated 17.04.2012

(₹.in lakhs)

Particulars	Leave Encashment		Sick Leave	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
1 Assumptions				
Discount Rate	8%	8%	8.70%	8%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	0%	0%	0%	0%
Expected Average remaining working lives of employees (years)	29 yrs	29 yrs	25 Yrs	30 Yrs
2. Reconciliation of Defined benefit obligation				
Particulars				
Present Value of Obligation as at the beginning of the year	332.33	286.03	50.46	0.00
Acquisition adjustment	-	-	-	-
Interest Cost	23.76	22.88	4.04	2.88
Past Service Cost	-	-	-	-
Current Service Cost	48.73	46.30	11.98	14.50
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(79.93)	(70.84)	(8.58)	(4.69)
Actuarial (gain)/ loss on obligations	53.35	47.96	4.54	1.82
Present Value of Obligation as at the end of the year	381.06	332.33	62.44	50.46
3. Acturial Gain / Loss Recognised				
Particulars				
Actuarial (gain)/loss for the year – Obligation	(53.35)	(47.96)	(4.54)	(1.82)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-

Particulars	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
Total (gain) / loss for the year	53.35	47.96	4.54	1.82
Actuarial (gain) / loss recognized in the year	53.35	47.96	4.54	1.82
Unrecognized actuarial (gains) / losses at the end of the year	-	-	-	-
4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss				
Particulars				
Present Value of Obligation as at the end of the year	381.06	332.33	62.44	50.46
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(381.06)	(332.33)	(62.44)	(50.46)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(381.06)	(332.33)	(62.44)	(50.46)
5. Expenses Recognized in the statement of Profit & Loss				
Particulars				
Current Service Cost	48.73	46.30	11.98	14.50
Past Service Cost	-	-	-	-
Interest Cost	26.59	22.88	4.04	2.88
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	53.35	47.96	4.54	1.82
Expenses Recognized in the statement of Profit & Loss	128.66	117.14	20.55	19.20

Note: 30 Segment reporting for the year ended March 31, 2012

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
1. Segment Revenue		
a. Dairy	109397.20	86059.64
b. Retail	29901.03	23901.31
c. Agri	3258.35	3109.47
d. Bakery	315.22	312.96
Total Segment Revenue	142871.80	113383.38
Less: Inter Segment Revenue	3531.23	3774.77
Net Sales / Income from Operations	139340.57	109608.61
2. Segment Results		
Profit / (Loss) before finance costs and tax		
a. Dairy	6066.63	4662.42
b. Retail	(2305.24)	(2203.50)
c. Agri	(306.19)	(224.33)
d. Bakery	(128.69)	(167.75)
Total Segment Results	3326.51	2066.84
Less: i Finance costs	1970.73	1773.90
Add/ (Less): Net Unallocable Income / (Expenditure)	1.88	1.67
Profit / (Loss) before Tax	1357.67	294.61

Note: 30 Segment reporting for the year ended March 31, 2012

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Less:		
a. Current tax	290.00	62.94
b. Prior period tax	(0.80)	0.00
c. Deferred tax	135.04	119.73
Net Profit / (Loss)	933.42	111.93
3. Total Capital Employed		
(Segment Assets - Segment Liabilities)		
a. Dairy	14202.59	14588.69
b. Retail	6071.70	5880.81
c. Agri	3671.62	3699.56
d. Bakery	1166.17	1220.97
Total Segment Capital Employed	25112.08	25390.03
Add: Unallocated Assets	952.88	924.00
Less: Unallocated Liabilities	573.02	452.43
Total Capital Employed	25491.95	25861.60
4. Capital Expenditure incurred during the year		
a. Dairy	1980.17	2106.76
b. Retail	961.42	522.67
c. Agri	53.00	90.56
d. Bakery	12.81	20.13
Total Segment Capital Expenditure	3007.39	2740.12
Add: Unallocated Capital Expenditure	28.88	0.00
Total Capital Expenditure	3036.27	2740.12
5. Depreciation/Amortisation/Impairment for the year		
Segment Depreciation		
a. Dairy	1254.33	1127.94
b. Retail	609.72	599.80
c. Agri	201.03	212.35
d. Bakery	53.58	53.88
Total Segment Depreciation/Amortisation/Impairment	2118.65	1993.98
Add: Unallocated Depreciation	0.00	0.00
Total Depreciation	2118.65	1993.98
6. Significant Non Cash Expenditure (excluding depreciation, amortisation and impairment)	274.02	162.90

Note: 31 Related party disclosures as per AS-18 :

Name of the related party	N Bhuvaneshwari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited
Particulars								
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Key Management Personnel (Executive Director)	Relative of Key Management Personnel (Vice President - Business Development)	Two Key Management Personnel of Heritage Foods (India) Ltd are Directors of Heritage Finlease Ltd	Subsidiary	Subsidiary	Associate	Two Key Management Personnel of Heritage Foods (India) Ltd are Directors of Nirvana Holdings Private Limited
Description of the nature of transactions	a) Receiving of Services b) Rental agreement	Receiving of Services	Receiving of Services	Investment	Investment	Investment	Investment	Loan taken by the Company
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹.42.00 lakhs b) PF contribution of ₹.3.02 lakhs c) Perks ₹.5.11 lakhs d) Office rent of ₹.31.29 lakhs paid by Company	a) Managerial Remuneration of ₹.40.20 lakhs b) PF contribution of ₹.2.41 lakhs c) Perks ₹.4.45 lakhs	a) Salary 0.56 lakhs b) PF contribution of ₹.0.03 lakhs	a) Share Capital ₹.20 lakhs b) Dividend Received ₹.1.80 lakhs	a) Share Capital ₹.16.50 lakhs	a) Share Capital ₹.7.60 lakhs	a) Share Capital ₹.65 lakhs	₹.100 lakhs received from Nirvana Holdings Private Limited towards unsecured loan
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL

Note: 31 Related party disclosures as per AS-18 :

Name of the related party	N Bhuvaneshwari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited
Guarantees and collaterals	Given personal guarantee for the short term working capital loan of ₹.1000 lakhs availed by the Company from Axis Bank and the loan is also secured by second charge by way of equitable mortgage on the commercial land of Vice Chairperson & Managing Director of the Company	Given personal guarantee for the overdraft facility of ₹.100 lakhs availed by the Company from Kotak Mahindra Bank	Given personal guarantee for the overdraft facility of ₹.100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Vice-President Business Development					
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 32 Lease

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Data Processing Equipments taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet is as under:		
- for a period not later than one year	39.44	43.03
- for a period later than one year and not later than five years	---	39.44
- for a period later than five years	---	---
Total operating lease expenses debited to statement of profit and loss is 1757.36 lakhs (Previous year : ₹. 1526.79 lakhs)		
Total sub-lease payments received /(receivable) credited to statement of profit and loss is 40.42 lakhs (Previous year : ₹.68.91 lakhs)		

Note: 33 Earning per share (EPS)

	Year Ended March 31,2012	Year Ended March 31,2011
a) Calculation of weighted average number of equity shares of ₹.10/-each :		
Number of Equity Shares outstanding at the beginning of the year	11529500	11529500
Number of Equity shares outstanding at the end of the year	11529500	11529500
Weighted average number of equity shares outstanding during the year	11529500	11529500
b) Net Profit / (Loss) after tax	933.42	111.93
c) Basic and diluted Earnings per share of ₹.10 each (₹.)	8.10	0.97

Note: 34

M/s SKIL Raigaim Power (India) Limited, a subsidiary of the Company ceased to be subsidiary on March 27, 2012 and it continues to be an associate as on March 31, 2012.

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

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

(₹.in lakhs)

Principle amount outstanding as at 31/3/2012	Interest amount outstanding as at 31/3/2012	interest paid by the company in terms of section 16 of the Act, 2006 and the amount of the payment made beyond the appointed day during the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remain- ing unpaid asat 31/3/2012.	Interest remaining due until scuh date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
35.09	0.92	Nil	0.92	0.92	Nil

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Note: 36 Value of Imports calculated on CIF basis in respect of :		
Capital Goods	---	22.40
Total	0.00	22.40
Note: 37 Expenditure in Foreign Currency on account of :		
a) Interest	236.35	210.77
b) Foreign travel	1.09	---
Total	237.45	210.77

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Note: 38 Earnings in Foreign Currency :		
Export of goods calculated on FOB basis	11.82	215.74
Total	11.82	215.74

Note: 39 Remittance in Foreign Currency on account of dividends :

(₹.in lakhs)

	2010 - 11	2009 - 10
a) Year to which the dividend relate	Nil	Nil
b) Amount remitted in Foreign Currency	Nil	Nil
c) Number of non-resident shareholders to whom remittances were made	NA	NA
d) Number of shares on which remittances were made	NA	NA

Note: 40 Disclosures in respect of derivative instruments :**a) Derivative instruments outstanding at at the balance sheet date**

Particulars	March 31, 2012		March 31, 2011	
	USD (in millions)	INR(in lakhs)	USD (in millions)	INR(in lakhs)
i) Forward :				
FCNR(B) - Principal	8.06	4160.90	Nil	Nil
FCNR(B) - Interest	0.22	117.44	Nil	Nil
ii) Option :				
FCTL - Principal	3.86	1522.73	6.43	2537.88
FCTL - Interest	4.50	1776.51	7.07	2791.66
iii) Swap :				
FCTL - Interest	4.50	2300.47	7.07	3155.64

- b) The derivative instruments have been acquired for hedging purposes
- c) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2012		March 31, 2011	
	Euro (in millions)	INR (in lakhs)	Euro (in millions)	INR (in lakhs)
Trade receivables	0.21	143.13	Nil	Nil

Note: 41 Confirmation of balances for Trade Receivables / Payables, Loans and advances and others have been received from many parties. Wherever conformation of balances have not been received, they are subject to adjustment and reconciliation, if any.

Note: 42 There are no extra ordinary items during the year 2011 - 12.

Note: 43 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notificaiton under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per revised Schedule VI and in or form as near as thereto. Accordingly, the previous year figures have also been reclassified to conform to the current year's classification.

Note: 44 The amounts in the financial statements are presented in Indian Rupees in lakhs

As per our report attached

For Raju & Prasad

Chartered Accountants
(Firm No. 003475S)

For and on behalf of the Board

S Ranganathan

Partner

Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

Auditors' Report On Consolidated Financial Statements

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

We have audited the attached Consolidated Balance Sheet of **M/s. HERITAGE FOODS (INDIA) LIMITED** and its subsidiary as at March 31, 2012 and the consolidated statements of Profit and Loss and the consolidated Cash Flow Statement for the year then ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free from material misstatements. An audit includes assessing the accounting principle used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

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

- a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
- b) In the case of the consolidated statement of Profit and Loss of the profit for the year ended on that date; and
- c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Hyderabad
Date: 29th May, 2012

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

S.Ranganathan
Partner
Membership No: 22738

		(₹.in lakhs)	
Particulars	Note No	As at March 31, 2012	As at March 31, 2011
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	1152.95	1152.95
b. Reserves and Surplus	3	8124.12	7479.23
Sub-Total Shareholders' funds		9277.07	8632.18
2. MINORITY INTEREST		5.84	6.76
3. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	6978.77	7742.32
b. Deferred tax liabilities (Net)	5	1815.16	1680.12
c. Other Long term liabilities	6	665.06	547.13
d. Long term provisions	7	74.74	76.44
Sub-Total Non-Current Liabilities		9533.73	10046.01
4. CURRENT LIABILITIES			
a. Short-term borrowings	8	7058.44	7681.81
b. Trade payables	9	6523.85	3846.48
c. Other current liabilities	9	7628.01	7058.00
d. Short-term provisions	10	927.78	531.20
Sub-Total Current Liabilities		22138.08	19117.49
TOTAL EQUITY AND LIABILITIES		40954.72	37802.44
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	11	22772.30	21844.03
ii) Intangible assets	11	254.04	328.13
iii) Capital work-in-progress	11	923.51	951.78
b. Non-current investments	12	15.65	22.54
c. Long term loans and advances	13	1909.75	1837.39
d. Other non-current assets	14	104.42	115.03
Sub-Total Non-Current Assets		25979.67	25098.91
2. CURRENT ASSETS			
a. Inventories	15	9344.95	6606.79
b. Trade receivables	16	1120.27	1443.86
c. Cash and Bank balances	17	3012.11	2933.16
d. Short-term loans and advances	13	1497.72	1719.73
Sub-Total Current Assets		14975.05	12703.53
Total Assets		40954.72	37802.44
Significant Accounting Policies and Notes on Accounts		(1 to 46)	

As per our report attached

For Raju & Prasad

 Chartered Accountants
 (Firm No. 003475S)

For and on behalf of the Board

S Ranganathan

 Partner
 Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

(₹ in lakhs)

Particulars	Note No	Year Ended March 31, 2012	Year Ended March 31, 2011
1. Revenue from operations (Gross)	18	139378.87	109618.22
Less : Excise Duty		38.30	9.61
Revenue from operations (Net)		139340.57	109608.61
2. Other Income	19	320.73	480.66
3. TOTAL REVENUE (1 + 2)		139661.30	110089.27
4. EXPENSES:			
a. Cost of materials consumed	20	93736.97	69605.26
b. Purchase of Stock-in-Trade	21	22931.04	17201.94
c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(4761.96)	372.36
d. Power and fuel		3085.69	2349.19
e. Employee benefits expense	23	6916.28	5956.76
f. Finance costs	24	1970.73	1773.90
g. Depreciation and amortization expense	25	2118.65	1993.98
h. Other expenses	26	12321.09	10543.40
TOTAL EXPENSES		138318.50	109796.79
5. Profit before exceptional and extraordinary items and tax (3-4)		1342.80	292.48
6. Exceptional Items		0.00	0.00
7. Profit before extraordinary items and tax (5 -6)		1342.80	292.48
8. Extraordinary Items		0.00	0.00
9. Profit before tax (7 - 8)		1342.80	292.48
10. Tax expense:			
a. Current tax		290.00	62.94
b. Prior period tax		(0.80)	0.00
c. Deferred tax		135.04	119.73
11. Profit for the year (9-10) before minority interest and share of profit/(loss) of associates		918.56	109.81
Less: Minority interest		(0.92)	(0.74)
Less: Share of profit / (loss) of associates		(0.25)	0.00
Profit for the year after minority interest and share of profit/(loss) of associates		919.22	110.54
12. Earning per equity share of ₹.10/-each:			
a. Before Extraordinary items			
i. Basic		7.97	0.96
ii. Diluted		7.97	0.96
b. After Extraordinary items			
i. Basic		7.97	0.96
ii. Diluted		7.97	0.96
Significant Accounting Policies and Notes on Accounts	(1 to 46)		

As per our report attached

For Raju & Prasad

Chartered Accountants

(Firm No. 003475S)

For and on behalf of the Board

S Ranganathan

Partner

Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

(pursuant to clause 32 of Listing Agreement)

(₹.in lakhs)

PARTICULARS	Year Ended 31.03.2012 Consolidated	Year Ended 31.03.2011 Consolidated
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax	1342.80	292.48
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	2118.65	1993.98
(Profit) / loss on sale or write off Fixed Assets	12.57	14.19
Loss on Impairment of Assets	5.11	0.42
Diminution in value of investments	6.98	0.00
Interest expense	1782.17	1596.57
Subsidy transferred to P&L	(6.34)	(10.10)
Interest income	(53.27)	(38.44)
Dividend received	(1.88)	(1.67)
Operating Profit before Working Capital Changes	5206.81	3847.42
Movements in working capital :		
Increase / (decrease) in trade payables	2677.36	123.07
Increase / (decrease) in long term provisions	(1.69)	10.65
Increase / (decrease) in short term provisions	62.40	50.16
Increase / (decrease) in other current liabilities	380.53	(179.68)
Increase / (decrease) in other long term liabilities	117.92	396.40
Decrease/ (increase) in trade receivables	323.58	(236.23)
Decrease/ (increase) in inventories	(2738.17)	1023.78
Decrease / (increase) in long term loans and advances	(153.61)	(247.08)
Decrease / (increase) in short term loans and advances	457.31	447.48
Decrease / (increase) in other non-current assets	10.61	(25.17)
Cash Generated from /(used in) operations	6343.07	5210.80
Direct taxes paid (net of refunds)	(297.51)	(49.40)
Net Cash flow from /(used) in Operating activities (A)	6045.56	5161.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	(2926.75)	(3066.77)
Proceeds from sale of Fixed Assets	45.75	82.96
Purchase of non-current investments	(0.35)	(0.49)
Investment in Subsidiaries	0.00	0.00
(Investment) in / redemption of bank deposits having original maturity more than three months	183.01	(121.92)
State Subsidy received	0.00	25.00
Interest received	53.27	38.44
Dividend received	1.88	1.67
Net Cash used in Investing Activities (B)	(2643.19)	(3041.11)

(pursuant to clause 32 of Listing Agreement)

(₹.in lakhs)

PARTICULARS	Year Ended 31.03.2012 Consolidated	Year Ended 31.03.2011 Consolidated
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares	0.00	2.44
Proceeds from long-term borrowings	2600.00	1352.69
Repayment of long-term borrowings	(3174.07)	(2985.84)
Proceeds from short-term borrowings (net)	(623.36)	1786.59
Interest paid	(1782.17)	(1596.57)
Unclaimed dividend paid	3.04	4.12
Dividend paid (including dividend tax)	(160.80)	(242.00)
Net Cash flow from /(Used) in Financing Activities (C)	(3137.36)	(1678.57)
Net increase /(decrease) in cash and cash equivalents (A + B + c)	265.01	441.73
Cash and Cash equivalents at the beginning of the year	2619.98	2178.26
Cash and Cash equivalents at the end of the year	2884.99	2619.98
Components of cash and cash equivalents		
Cash on hand	296.42	228.11
Cheques / drafts on hand	84.87	0.05
Balances with banks on current account	2503.70	2391.83
Total cash and cash equivalents	2884.99	2619.98
Significant accounting policies and notes on accounts (1 to 46)		

As per our report attached

For and on behalf of the Board

For Raju & Prasad

Chartered Accountants
(Firm No. 003475S)

S Ranganathan

Partner
Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

1.1 Basis of Preparation of financial statements

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

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

- The Financial Statements of the Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
- Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from such transactions are also eliminated unless cost cannot be recovered.
- Minority Interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholder's of the Company.
- Minority Interest's share of net assets of consolidated subsidiaries as on March 31, 2012 is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

The Subsidiaries considered in the Consolidated Financial Statements are:

Company Name	Country of Incorporation	%voting power held as at March 31, 2012	%voting power held as at March 31, 2011
Heritage Foods Retail Limited	India	99.64%	99.48%
SKIL Raigam Power (India) Limited	India	92.86% (upto March 26, 2012) 44.83% (as on March 31, 2012)	92.86%
Heritage Conpro Limited	India	75.70%	51.59%

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

1.4 Changes in Accounting Policies

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

During the financial year ended March 31, 2012, financial statements have been presented as per the revised Schedule VI notified under the Companies Act, 1956. The Company has re-classified the previous year figures in accordance with the revised Schedule VI requirements.

1.5 Use of estimates

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

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

0.6 Revenue Recognition

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

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

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

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

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

0.7 Fixed Assets

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

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

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

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

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

1.8 Depreciation and Amortization

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

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

1.9 Borrowing Cost

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

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

1.10 Impairment of Fixed assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value and the resultant

impairment loss is charged to profit and loss account in the year in which impairment is identified. Impairment loss of earlier years is reversed in the event of the estimated recoverable amount is higher.

1.11 Investments

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

1.12 Government Grants

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

1.13 Employee Retirement Benefits

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

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

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

1.14 Foreign Exchange transactions :

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

1.15 Leases

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

1.16 Inventories : Inventories are valued as under

Particulars	Valuation	Method
Raw Materials	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
Finished Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
Stores, Spares and Consumables	at cost	Cost has been ascertained on FIFO basis
Work-in-progress	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
Tradable Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on moving weighted average basis

1.17 Taxes on Income

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

1.18 Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" and presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any

deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.19 Cash and Cash Equivalents

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

1.20 Earnings Per Share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

1.21 Segment Reporting

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

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

1.22 Provisions

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

1.23 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

SHAREHOLDERS' FUNDS

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Authorised Share Capital		
i) Equity Share Capital		
1,80,00,000 Equity Shares of ₹10/- each	1800.00	1800.00
(Previous year : 1,80,00,000 Equity Shares of ₹.10/- each)		
ii) Convertible cumulative Preference Share Capital		
20,00,000 Preference Shares of ₹10/- each	200.00	200.00
(Previous Year 20,00,000 Convertible cumulative Preference Shares of ₹10/- each)		
Total	2000.00	2000.00
b) Issued,Subscribed and Paidup Share Capital :		
Equity Share Capital		
1,15,29,500 Equity Shares of ₹10/- each	1152.95	1152.95
(Previous year 1,15,29,500 Equity Shares of ₹10/- each)		

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

Particulars	March 31,2012		March 31,2011	
	Number of Shares	Amount (₹.in lakhs)	Number of Shares	Amount (₹.in lakhs)
Shares Outstanding at the beginning of the year	11529500	1152.95	11529500	1152.95
Shares issued during the year	0	0.00	0	0.00
Shares bought back during the year	0	0.00	0	0.00
Shares outstanding at the end of the year	11529500	1152.95	11529500	1152.95

d) Rights, preferences and restrictions attached to equity shares

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

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

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

Name of Shareholder	March 31,2012		March 31,2011	
	No.of Shares held	% of holding	No.of Shares held	% of holding
Equity Shares of ₹.10/- each fully paid				
1. Nara Bhuvaneswari	2665413	23.12	2665413	23.12
2. Nirvana Holdings Private Limited	1286421	11.16	1286421	11.16
3. Nara Lokesh	1183200	10.26	1183200	10.26
4. Kotak India Focus Fund	1029356	8.93	1029356	8.93
5. V Sudha Sarada	795674	6.90	795674	6.90

Note 3: Reserves and Surplus

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Capital Redemption Reserve		
Opening Balance	81.00	81.00
Add: Current year transfer	0.00	0.00
Less: Written back in current year	0.00	0.00
Closing Balance	81.00	81.00
b) Securities Premium Reserve		
Opening Balance	4659.75	4659.75
Add: Securities premium credited on share issue	0.00	0.00
Less: Premium utilized	0.00	0.00
Closing Balance	4659.75	4659.75
c) Deferred Government Grants		
Opening Balance	86.68	71.77
Add: Subsidy Received during the year	0.00	25.00
Less: Transfer to Profit and Loss statement	6.34	10.10
Closing Balance	80.33	86.68
d) Warrants Money Appropriated		
Opening Balance	318.69	318.69
Add: Current year transfer	0.00	0.00
Less: Written back in current year	0.00	0.00
Closing Balance	318.69	318.69
e) General Reserve		
Opening Balance	2150.71	2135.71
Add: Transfer from Surplus	350.00	15.00
Closing Balance	2500.71	2150.71
f) Surplus / (Deficit)		
Opening Balance	182.41	247.66
Add: Net Profit after tax transferred from Statement of Profit and Loss	919.22	110.54
Amount available for appropriations	1101.63	358.21
Appropriations :		
Transferred to General Reserve	350.00	15.00
Proposed Dividend amount per share ₹.2.00 (Previous Year :₹.1.20 per share)	230.59	138.35
Tax on Proposed Dividend	37.41	22.44
Closing Balance	483.64	182.41
Total	8124.12	7479.23

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

(₹.in lakhs)

Particulars	Non-Current portion		Current Maturities	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
a) Term Loans				
i) From Banks (secured)				
- Indian rupee loans	5435.82	5255.48	2319.67	2146.07
- Foreign currency loans	514.00	1542.00	1028.00	1028.00
b) Deferred Payment liabilities				
Sales tax deferment (secured)	928.95	944.84	15.89	0.00
c) Loans and Advances from related parties				
Loan (unsecured)	100.00	0.00	0.00	0.00
Total	6978.77	7742.32	3363.55	3174.07

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

Term Loan from Banks (Secured) includes :**a) Bank of Baroda :**

- i) Foreign Currency Term Loan(FCTL) of ₹.6285.99 lakhs (outstanding as on March 31,2012 :₹.1542 lakhs (Previous year: ₹.2570 lakhs)) from the Bank carries the interest @ 200 bps over 6 months US\$ LIBOR (Previous year: 200 bps over 6 months US\$ LIBOR). The loan is repayable in 24 quarterly installments commencing from December 2007. The loan is secured by first Pari Pasu charge on all present and future fixed assets of the Company, second pari pasu charge on current assets of the Company.
- ii) Foreign Currency Non-Resident (B) Loan (FCNRB) of ₹.3206 lakhs (outstanding as on March 31,2012 :₹.798.84 lakhs (Previous Year (rupee loan): ₹.1334 lakhs))from the Bank carries the interest @ 625 bps over 6 months US\$ LIBOR (Previous year: 625 bps over 6 months US\$ LIBOR). The loan is repayable in 24 quarterly installments commencing from December 2007. The loan is secured by first Pari Pasu charge on all present and future fixed assets of the Company, second pari pasu charge on current assets of the Company.
- iii) Rupee Term Loan of ₹.1435 lakhs (outstanding as on March 31,2012 :₹.704.03 lakhs (Previous year: ₹.991.03 lakhs) from the Bank carries the interest @ base rate plus 4% (Previous year: base rate plus 4%). The loan is repayable in 20 quarterly installments commencing from May 2009 . The loan is secured by first Pari Pasu charge on all present and future fixed assets of the Company, second pari pasu charge on current assets of the Company.

b) Andhra Bank :

- i) Rupee term loan of ₹.2500 lakhs (outstanding as on March 31,2012 :₹.850.15 lakhs (Previous year: ₹.1271.52 lakhs)) carries the interest @ BMPLR minus 1 plus 0.25 for Dairy and Agri divisions (Previous year :interest @ BMPLR minus 1 plus 0.25) @ BMPLR for Retail division (Previous year : @BMPLR). Loan is repayable in 24 quarterly installments commencing from April, 2008. The loan is secured by first Pari Pasu charge on entire fixed assets (present and future) of the Company along with consortium bankers.

c) ICICI Bank

- i) Rupee term loan of ₹.3000 lakhs (outstanding as on March 31,2012 :₹.1439.96 lakhs (Previous year:₹.2080 lakhs))carries the interest @ 1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy, if any (Previous year :interest @ 1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy, if any). Loan is repayable in 21 quarterly installments commencing from April,2009. The loan is secured by first Pari Pasu charge on fixed assets of the Company and Second charge on current assets of the Company.
- ii) Rupee term loan of ₹.500 lakhs (outstanding as on March 31,2012 :₹.325 lakhs (Previous year:₹.425 lakhs)) carries the interest @ 8 % per annum (Previous year: 8% per annum). Loan is repayable in 20 quarterly installments commencing from August 2010. The loan is secured by first charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company.
- iii) Rupee term loan of ₹.1300 lakhs (outstanding as on March 31,2012 :₹.1137.50 lakhs (Previous year:₹.1300 lakhs))carries the fixed rate interest @ 9.5% per annum for five years and after five years the interest rate shall be 3.20% per annum above the IBASE (Previous year: interest @ 9.5% per annum for five years and after five years the interest rate shall be 3.20% per annum above the IBASE). Loan is repayable in 24 quarterly installments commencing from August, 2010. The loan is secured by first paripasu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of the Company, along with other term lenders.
- iv) Rupee term loan of ₹.2500 lakhs (sanctioned with FCNR(B) sub-limit of ₹.2500 lakhs) (outstanding as on March 31,2012 :₹.2500 lakhs (Previous year:₹.Nil)) carries the rate of interest a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: Nil) b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year: Nil) . Loan is repayable in 16 quarterly installments commencing from December, 2012. The loan is secured by first paripasu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company, along with other term lenders.

Deferred Payment Liabilities

Deferred Payment Liabilities represents sales tax collected under defferment scheme of State Government of Andhra Pradesh and is being repaid as per the sales tax defferment scheme. The Company availed scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14 /10th year without interest and is secured by fixed assets of the respective dairy plants.

Loans and advances from related parties

The loan carries interest @ 9% and is repayable in September, 2016 (with a role over for every 360 days).

Note 5: Deferred Tax Liability (Net)

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	1804.31	1666.85
Add: Deferred Tax Liability during the year on account of :		
Depreciation	154.74	137.47
Closing Deferred Tax Liability	1959.06	1804.31
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	124.20	106.46
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave	19.70	17.74
Closing Deferred Tax Asset	143.89	124.20
Net Deferred Tax Liability there on	1815.16	1680.12

Note 6: Other Long-Term Liabilities

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Other payables:		
Security Deposits	665.06	547.13
Total	665.06	547.13

Note 7: Long-Term Provisions

(₹.in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
Provision for employee benefits				
Unavailed Leave	74.74	76.44	368.76	306.36
Other Provisions				
Proposed Dividend	0.00	0.00	230.59	138.35
Provision for tax on dividend	0.00	0.00	37.41	22.44
Provision for Income Tax	0.00	0.00	291.02	64.04
Total	74.74	76.44	927.78	531.20

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

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
a) Working Capital Loan from banks (secured)	6058.44	6181.81
b) Loan Repayable on demand:		
Short Term Loans from banks (secured)	1000.00	1500.00
Total	7058.44	7681.81

Working Capital Loans from Banks :

The working capital loan disbursements are based on the terms of consortium lead banker i.e., Bank of Baroda. The working capital loans are secured by first pari pasu charge on current assets of the Company by way of hypothecation of raw materials, work-in-progress, finished goods, packing materials, spares, stores, with Andhra Bank and ICICI Bank Ltd., Extension of first pari pasu charge on the fixed assets of the Company to secure the working capital limits of Bank of Baroda, Andhra Bank and on second charge basis to secure the working capital limits of ICICI Bank Ltd., The total working capital limits of ₹.7500 lakhs (includes FCNR(B) sub-limit from ICICI Bank Ltd., of ₹.3000 lakhs) are shared between Bank of Baroda 40%, Andhra Bank 20%, and ICICI Bank 40%. The rate of interest on working capital loan is base rate plus 2.50% for Bank of Baroda, for Andhra Bank : Base rate plus 2.75% and for ICICI Bank: IBASE plus plus spread plus applicable interest tax or other statutory levy, if any. Outstanding as on March 31, 2012 ₹.6058.44 lakhs (Previous year: ₹.6181.81 lakhs)

Short Term Loans from Banks

1. The short term working capital loan of ₹.1000 lakhs from Axis Bank Limited carries interest rate @ base rate plus 1.5% repayable after 180 days from the date of disbursement and is secured by second charge by way of extension of equitable mortgage on the commercial land of Vice Chairperson & Managing Director of the Company and personal guarantee given by Vice Chairperson & Managing Director of the Company.
2. The Company has overdraft facility of ₹. 100 lakhs from Kotak Mahindra Bank carries interest @ 12.50% which is secured by exclusive mortgage of property belonging to spouse of Executive Director of the Company and by personal guarantees of Vice Chairperson & Managing Director, Executive Director and spouse of Executive Director.

Note 9: Trade Payables and Other Current Liabilities

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Trade Payables (Including acceptances)	6523.85	3846.48
Other Current Liabilities		
Current maturities of long-term borrowings (Ref Note 4)	3347.67	3174.07
Interest Accrued but not due on borrowings	31.03	51.81
Interest accrued and due on borrowings	11.95	7.46
Unpaid Dividends	39.29	42.34
Other Payables :		
Employee Related payables	664.10	481.15
Advance from Customers	449.95	373.54
Outstanding expenses	2504.02	2437.98
Statutory Payables	259.60	214.40
Security Deposits	304.51	275.26
Deferred sales tax liability (Ref Note 4)	15.89	0.00
Total	7628.01	7058.00

Note 10: Short Term Provisions

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Provision for employee benefits		
Unavailed Leave	368.76	306.36
Other Provisions :		
Proposed Dividend	230.59	138.35
Provision for tax on proposed dividend	37.41	22.44
Provision for Income Tax	291.02	64.04
Total	927.78	531.20

NON-CURRENT ASSETS

Note.11 Fixed Assets

Note.11 Fixed Assets											₹ in lakhs
Particulars	Gross Block			Accumulated Depreciation / Amortization					Net Block		
	Balance as at 01.04.2011	*Additions / other adjustments during the year	Deductions / Retirement during the year	Balance as at 31.03.2012	Balance as at 01.04.2011	Deprecia- tion charge for the year	Deductions / adjustments dur- ing the year	Impairment loss	Balance as at 31.03.2012	Balance as at 31.03.2011	
a. Tangible Assets											
Land	1502.64	15.00	2.25	1515.39	0.00	0.00	0.00	0.00	1515.39	1502.64	
Buildings	8227.73	444.42	0.77	8671.38	1377.14	291.09	(1.33)	0.00	7001.82	6850.59	
Improvements to leasehold property	1357.19	204.09	60.01	1501.27	445.01	154.28	25.04	0.00	927.03	912.18	
Plant and Machinery	16202.84	1879.88	105.91	17976.81	5708.09	1153.72	97.01	5.11	11206.90	10494.75	
Furniture and Fixtures	1277.85	234.93	8.30	1504.48	280.63	96.07	3.09	0.00	1130.87	997.22	
Office Equipment	1918.79	178.14	5.34	2091.58	972.21	265.05	1.99	0.00	856.31	946.58	
Vehicles	210.82	16.39	13.12	214.09	70.74	20.95	11.58	0.00	133.98	140.07	
Total - a	30697.86	2972.87	195.71	33475.02	8853.83	1981.16	137.38	5.11	22772.30	21844.03	
b. Intangible Assets											
Computer Software	1051.84	63.41	0.00	1115.24	723.70	137.49	0.00	0.00	254.04	328.13	
Total -b	1051.84	63.41	0.00	1115.24	723.70	137.49	0.00	0.00	254.04	328.13	
Total (a + b)	31749.70	3036.27	195.71	34590.26	9577.54	2118.65	137.38	5.11	23026.34	22172.16	
Previous year	29423.82	2740.12	414.24	31749.70	7900.23	1993.98	316.67	0.00	22172.16		
c. Capital Work-in-progress									923.51	951.78	

* **Borrowing cost as per AS-16** : During the year, borrowing cost on loans obtained from Banks of ₹.95.94 lakhs has been capitalized to Plant and machinery, ₹. 15.45 lakhs to Buildings and ₹.3.51 lakhs to improvements to leasehold property and it is included in other adjustments

Disclosure pursuant to Note.1(iv) and J(iii) of Part I of Schedule VI to the Companies Act, 1956

(₹.in lakhs)

Particulars	2011-2012	2010-2011
Asset details:		
Balance as at April 01, 2011	0.42	0.00
Impairment loss	5.11	0.42
Balance as at March 31, 2012	5.53	0.42

Note 12 :Non-current Investments

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Other Investments at cost		
i) Investment in Equity Instruments		
a) Subsidiaries (Ref Note no.34)	(65.00)	0.00
b) Associates	65.00	0.00
Less: Diminution in value of investmens	6.98	0.00
Cost of investment in Associate	58.02	0.00
Less: Share of loss from 27.03.2012 to 31.03.2012	0.25	0.00
Total - i(b)	57.76	0.00
ii) Investment in Government securities	1.76	1.41
iii) Other non-current investments	21.13	21.13
Total (i(a) + i(b) + (ii) + (iii))	15.65	22.54

(₹.in lakhs)

Particulars	Book Value		Market value	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Aggregate of quoted investments	1.13	1.13	3.19	3.87
Aggregate of un-quoted investments	79.53	21.41	–	–
Total	80.65	22.54		

Details of Other Investments

(₹.in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31,2012	As at March 31,2011
Investment in Equity shares of Associates :			
Skil Raigam Power (India) Limited	Unquoted	58.02	0.00
Less: Share of loss from 27.03.2012 to 31.03.2012		0.25	0.00
Carrying value		57.76	0.00
Investment in Government securities			
National Savings Certificates	Unquoted	1.76	1.41
Total		1.76	1.41
Other non-current investments in :			
Andhra Bank	Quoted	0.33	0.33
363 Equity Shares of ₹.10/- each at a premium of ₹.80/- each fully paid up (Previous year:363 Equity shares of ₹.10/- each at a premium of ₹. 80/-each fully paid up)			
Bank of Baroda	Quoted	0.80	0.80
348 Equity shares of ₹.10/- each at a premium of ₹.220/- each fully paid up (Previous year:348 Equity shares of ₹.10/- each at a premium of ₹.220/- each fully paid up)			
Heritage Finlease Limited	Unquoted	20.00	20.00
200000 Equity shares of ₹.10/- each fully paid up (Previous year: 200000 Equity Shares of ₹.10/- each fully paid up)			
Total		21.13	21.13

Note: 13 Loans and Advances

(₹.in lakhs)

Particulars	Non - Current		Current	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
a) Capital Advances				
Unsecured , considered good	164.92	246.18		
b) Security Deposits				
Unsecured , considered good	1417.82	1368.05	243.53	186.93
Doubtful	0.00	0.00	6.40	0.00
	1417.82	1368.05	249.93	186.93
Less: Provision for doubtful security deposit	0.00	0.00	6.40	0.00
Total	1417.82	1368.05	243.53	186.93
c) Advances recoverable in cash or kind				
Doubtful	177.75	88.96	742.78	1139.83
	14.13	7.06	13.80	15.08
	191.87	96.02	756.58	1154.91
Less: Provision for doubtful advances	14.13	7.06	13.80	15.08
Total	177.75	88.96	742.78	1139.83
d) Other loans and advances				
Unsecured , considered good				
Advance income tax and TDS receivable	0.00	0.00	392.10	156.80
Prepaid expenses	1.04	0.00	58.70	66.59
Loans and advances to employees	21.15	7.14	55.69	62.84
Balances with Statutory / Government Authorities	127.07	127.07	4.92	106.74
Total	149.26	134.21	511.41	392.97
Total (a + b + c + d)	1909.75	1837.39	1497.72	1719.73

Loans and advances due by directors or other officers etc.

(₹.in lakhs)

Particulars	Non - Current		Current	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
Loans and advances to employees include dues from Other officers of the Company	18.04	5.41	11.96	15.34

Note: 14 Other non-current assets

(₹.in lakhs)

Particulars	Non - Current	
	As at March 31,2012	As at March 31,2011
A) Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 17)	100.46	110.92
Total -A	100.46	110.92
B) Others :		
Interest accrued on margin money and other deposits	3.96	4.12
Total - B	3.96	4.12
Total (A + B)	104.42	115.03

Note 15 : Inventories

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Raw Materials (Includes in-transit of ₹. Nil (Previous Year: ₹.349.37 lakhs)	472.03	2297.40
Work-in-Progress	18.76	16.36
Finished Goods	5832.98	1572.79
Stock-in-Trade (Includes in-transit of ₹. 48.01 lakhs (Previous Year of ₹. Nil)	2304.75	1805.37
Packing Material	496.11	670.71
Stores and spares	220.34	244.16
Total	9344.95	6606.79

Details of Inventory		(₹.in lakhs)	
	Particulars	As at March 31,2012	As at March 31,2011
A. Inventory : Raw Materials			
a) Dairy			
	Skimmed milk powder	409.96	2191.78
	Other materials	56.57	99.09
	Total	466.53	2290.86
b) Bakery			
	Bakery raw materials	5.50	6.53
	Total	5.50	6.53
	Total (a + b)	472.03	2297.40
B. Inventory: Work-in-Progress			
a) Dairy : Cream		15.05	15.99
b) Bakery-in-process material		3.70	0.37
	Total	18.76	16.36
C. Inventory: Finished Goods			
a) Dairy			
	Milk	702.59	458.07
	Value Added Products	265.96	257.10
	Fat Products	2937.54	785.49
	Skimmed milk powder	1837.39	30.98
	Total	5743.48	1531.64
b) Agri			
	Fruits and vegetables	89.50	39.10
	Total	89.50	39.10
c) Bakery			
	Bakery products	0.00	2.05
	Total	0.00	2.05
	Total (a + b + c)	5832.98	1572.79
D. Inventory: Stock-in-Trade			
a) Dairy			
	Tradable goods	95.37	84.21
	Total	95.37	84.21
b) Retail			
	FMCG - Food	1071.50	493.04
	FMCG - Non-food	1023.78	716.88
	Fruits and vegetables	64.27	508.66
	Total	2159.56	1718.59
c) Agri			
	Fruits	48.01	0.00
	Others	1.81	0.73
	Total	49.82	0.73
d) Bakery			
	FMCG - Food	0.00	1.84
	Total	0.00	1.84
	Total (a + b + c + d)	2304.75	1805.37

Note: 16 Trade Receivables

(₹.in lakhs)

Particulars	Current	
	As at March 31,2012	As at March 31,2011
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	77.17	143.61
b) Unsecured, considered doubtful	93.11	42.26
Total (a + b)	170.28	185.87
Less : Provision for bad and doubtful receivables	93.11	42.26
Total - A	77.17	143.61
B. Other trade receivables		
Unsecured, considered good	1043.10	1300.25
Grand total (A + B)	1120.27	1443.86

Note: 17 Cash and Bank Balances

(₹.in lakhs)

Particulars	Non - Current		Current	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			2503.70	2391.83
Deposits with original maturity of less than three months			0.00	0.00
b) Cheques, drafts on hand			84.87	0.05
c) Cash on hand			296.42	228.11
Total			2884.99	2619.98
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	0.00	0.00	39.29	42.34
- Other deposits	79.25	79.25	0.00	200.28
b) Margin money deposit	25.17	35.78	87.70	70.46
c) Deposits with original maturity for more than 12 months	0.00	0.00	0.13	0.10
Total	104.42	115.03	127.12	313.17
Grand Total	104.42	115.03	3012.11	2933.16

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

Note : 18 Revenue from operations

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue from operations :		
a) Sale of Products		
i) Finished goods		
Domestic Sales	107431.96	84553.48
Export Sales	47.48	216.88
Total	107479.44	84770.37
ii) Traded goods		
Domestic Sales	29576.08	23561.33
Export Sales	137.43	0.00
Total	29713.50	23561.33
Domestic Sales	137008.03	108114.81
Export Sales	184.91	216.88
Total - a (i + ii)	137192.94	108331.70

Note : 18 Revenue from operations

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
b) Sale of services		
Job work	530.47	233.48
c) Other operating revenues		
Scrap Sales	70.84	64.69
Others	1584.63	988.36
Total -c	1655.47	1053.04
Revenue from operations (gross) (a + b + c)	139378.87	109618.22
Less: Excise duty	38.30	9.61
Revenue from operations (net)	139340.57	109608.61
A. Details of products sold		
a) Finished goods sold		
Milk	79669.08	63932.28
Value Added Products	14404.87	9311.13
Fat Products	11563.87	9589.37
Skimmed milk powder	165.09	584.19
Fruits and Vegetables	1480.18	1099.19
Bakery products	196.34	254.22
Total	107479.44	84770.37
b) Traded goods sold		
FMCG - Food	18017.06	13413.31
FMCG - Non-Food	5658.20	4500.21
Fruits and Vegetables	4553.08	4725.63
Others	1485.17	922.18
Total	29713.50	23561.33
Total	137192.94	108331.70

Note: 19 Other Income

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
a) Interest Income on :		
Bank Deposits	36.71	12.85
Others	16.56	25.60
b) Dividend Income on :		
Long-term investments	1.88	1.67
c) Subsidy transferred from Deferred Govt.grants	6.34	10.10
d) Lease rental income	105.10	155.89
e) Provisions no longer required	82.47	167.11
f) Foreign Exchange fluctuation (net)	2.48	0.00
g) Other non-operating income	69.19	107.45
	320.73	480.66

Note : 20 Cost of materials consumed

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
a) Raw material :		
Inventory at the beginning of the year	2297.40	2923.79
Add: Purchases	88199.45	65652.94
	90496.84	68576.73
Less: Inventory at the end of the year	472.03	2297.40
Raw Material consumed (a)	90024.82	66279.33

Note : 20 Cost of materials consumed

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
b) Packing material :		
Inventory at the beginning of the year	670.71	597.04
Add: Purchases	3537.55	3399.60
	4208.26	3996.64
Less: Inventory at the end of the year	496.11	670.71
Packing Material Consumed (b)	3712.15	3325.93
Cost of materials consumed (a + b)	93736.97	69605.26
Details of Raw materials consumed		
Heritage Foods (India) Limited ("the Company"):		
a) Dairy		
Raw Milk	80398.41	56601.14
Skimmed Milk Powder	6012.07	6620.85
Other Raw materials	891.74	398.14
Total	87302.22	63620.13
b) Agri		
Fruits and Vegetables	2588.35	2537.10
c) Bakery		
Bakery raw materials	134.25	122.11
Total (a + b + c)	90024.82	66279.33

Note : 21 Purchase of Stock-in-Trade

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
FMCG - Food	13930.09	10351.43
FMCG - Non-Food	5181.56	3920.85
Fruits and Vegetables	2413.83	2186.89
Others	1405.57	742.77
Total	22931.04	17201.94

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

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
A) Inventory at the end of the year :		
Work-in-progress	18.76	16.36
Finished goods	5832.98	1572.79
Stock-in-Trade	2304.75	1805.37
Total - A	8156.48	3394.52
B) Inventory at the beginning of the year :		
Work-in-progress	16.36	14.12
Finished goods	1572.79	2307.18
Stock-in-Trade	1805.37	1445.58
Total - B	3394.52	3766.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4761.96)	372.36

Note : 23 Employee benefit expense

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Salaries, wages, bonus and allowances	6308.56	5400.97
Contribution to Provident and other funds	356.20	316.26
Contribution to gratuity fund	70.70	86.13
Staff Welfare Expenses	180.82	153.39
Total	6916.28	5956.76

Note: 24 Finance costs

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Interest Expense	1782.17	1596.57
Other borrowing cost	188.49	177.33
Applicable loss on foreign currency transaction and translation	0.07	0.00
Total	1970.73	1773.90

Note: 25 Depreciaton and amortization expense

(₹.in lakhs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Depreciation on tangible assets	1981.16	1802.83
Amortization of Intangible assets	137.49	191.14
Total	2118.65	1993.98

Note: 26 Other expenses

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Consumption of Stores ,spares and consumables	1087.42	992.18
Rent	1785.00	1575.37
Bank Charges	232.48	170.76
Insurance	69.93	63.55
Travelling and conveyance	321.99	287.45
Communication cost	221.42	239.31
Safety and Security	335.96	262.36
Printing and Stationery	94.21	84.81
Office Maintenance	68.01	67.35
House Keeping Expenses	106.52	91.31
Books and periodicals	1.67	1.84
Electricity Charges	591.14	556.89
Rates and taxes	166.76	156.09
Repairs and maintenance		
Buildings	53.10	54.94
Machinery	164.12	129.74
Others	345.86	225.19
Legal and Professional Charges	347.80	302.80
Payment to Auditors :		
As Auditor:		
Audit Fee	12.36	9.98
Tax Audit fee	1.38	1.10
Limited Review	2.48	1.82
Corporate Governance	0.55	0.61

Note: 26 Other expenses

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
In other capacity :		
Taxation matters	2.59	1.54
Certification fee	0.89	1.69
Reimbursement of expenses	2.99	2.77
Advertisement expenses	174.09	157.97
Selling and Distribution expenses	738.81	743.15
Warehouse and logistics	235.20	183.15
Loss on commodity trading	108.49	0.00
Freight outwards	4660.56	3970.44
Directors' sitting fees	5.65	5.10
Provision for bad and doubtful advances	40.30	8.10
Bad Debts written off	0.55	67.31
Provision for doubtful debts	81.07	18.46
Loss on sale of fixed assets (net)	12.57	14.19
Impairment loss on fixed assets	5.11	0.42
Recruitment and Training expenses	30.32	32.01
Contribution to Heritage Farmers Welfare Trust	65.41	0.14
Foreign Exchange Fluctuation (Net)	0.00	4.81
Prior Period items *	121.43	39.41
Miscellaneous expenses	17.92	17.30
Diminution in value of investments	6.98	0.00
Total	12321.09	10543.40
*Prior period items:		
Debits relating to earlier years	148.07	60.33
Credits relating to earlier years	26.64	20.92
Total	121.43	39.41

Note: 27 Contingent liabilities and commitments (to the extent not provided for)

(₹.in lakhs)

	As at March 31,2012	As at March 31,2011
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	367.68	342.28
Sales Tax	141.29	165.46
The Andhra Pradesh VAT Act *	127.07	114.00
Excise duty	3.99	Nil
b) Others	16.50	24.43
ii. Other money for which the company is contingently liable		
'C' forms under collection	64.22	79.18
B. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	489.11	825.42
ii. Other commitments :		
- Export obligation upto the year 2021-22 against import of capital goods under EPCG scheme	3956.58	4315.58

Counter guarantees given by the Company in respect of Bank guarantees of ₹. 433.32 lakhs (Previous year: ₹.363.13 lakhs) are not treated as contingent liability.

Note: 28 Investor Education and Protection Fund

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Unclaimed Dividend		
Opening Balance	42.34	46.46
Less Claims during the year	0.07	1.98
Less: Transfer to IEPF	7.83	9.40
Add: Current year's unclaimed dividend	4.86	7.25
Closing Balance	39.29	42.34

There is no amount outstanding to be credited to the Investor Education and Protection Fund

Note: 29 As per the Accounting Standards AS-15 -"Employee Benefits" the disclosures of the Employee benefits as defined in the Accounting Standard are given below

Defined Contribution Plan :

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Employers Contribution to Provident Fund	283.32	247.95

Defined Benefit Plan :**Gratuity (Funded) :**

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
1. Assumption		
Discount Rate	8.70%	8.00%
Salary Escalation	5.00%	5.00%
Rate of Return on Plan Assets	9.25%	9.50%
Expected Average remaining working lives of employees (years)	29 yrs	29 yrs
2. Table showing change in present value of obligations		
Present value of obligations as at beginning of year	199.14	109.56
Acquisition adjustments	-	-
Interest cost	15.93	8.77
Current Service Cost	56.12	56.93
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefit Paid	(16.05)	(10.10)
Actuarial (gain)/ loss on obligations	15.86	33.98
Present value of obligations as at end of year	271.00	199.14
3. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	191.37	150.21
Acquisition adjustments	-	-
Expected return on plan assets	17.21	13.79
Contributions	87.67	37.71
Benefits paid	(16.05)	(10.10)
Actuarial gain / (loss) on plan assets	-	(0.24)
Fair value of plan assets at end of year	280.21	191.37
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	191.37	150.21
Acquisition adjustments	-	-
Actual return on plan assets	17.21	13.55
Contributions	87.67	37.71
Benefits paid	(16.05)	(10.10)
Fair value of plan assets at the end of year	280.21	191.37

Gratuity (Funded) :

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Funded Status	9.20	(7.77)
Excess of Actual over estimated return on plan assets	-	(0.24)
5. Actuarial Gain / Loss recognised		
Actuarial (gain)/ loss on obligations	(15.86)	(33.98)
Actuarial (gain)/ loss for the year -plan assets	-	(0.24)
Total (gain) / loss for the year	15.86	34.22
Actuarial (gain)/ loss recognised in the year	15.86	34.22
6. The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	271.00	199.14
Fair value of plan assets as at the end of the year	280.21	191.37
Funded Status	9.20	(7.77)
Net asset/ (liability) recognised in balance sheet	9.20	(7.77)
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	56.12	56.93
Past Service Cost	-	-
Interest cost	15.93	8.77
Expected return on plan assets	(17.21)	(13.79)
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / loss recognised in the year	15.86	34.22
Expenses recognised in statement of profit and loss	70.70	86.13

Defined Benefit Plan :

Leave Encashment & Sick Leave(Unfunded):

As per Actuarial Report dated 17.04.2012

(₹.in lakhs)

Particulars	Leave Encashment		Sick Leave	
	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
1 Assumptions				
Discount Rate	8%	8%	8.70%	8%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	0%	0%	0%	0%
Expected Average remaining working lives of employees (years)	29 yrs	29 yrs	25 Yrs	30 Yrs
2. Reconciliation of Defined benefit obligation				
Present Value of Obligation as at the beginning of the year	332.33	286.03	50.46	0.00
Acquisition adjustment	-	-	-	-
Interest Cost	23.76	22.88	4.04	2.88
Past Service Cost	-	-	-	-
Current Service Cost	48.73	46.30	11.98	14.50
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(79.93)	(70.84)	(8.58)	(4.69)
Actuarial (gain)/ loss on obligations	53.35	47.96	4.54	1.82
Present Value of Obligation as at the end of the year	381.06	332.33	62.44	50.46
3. Actuarial Gain / Loss Recognised				
Actuarial (gain)/loss for the year – Obligation	(53.35)	(47.96)	(4.54)	(1.82)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-

Particulars	As at March 31,2012	As at March 31,2011	As at March 31,2012	As at March 31,2011
Total (gain) / loss for the year	53.35	47.96	4.54	1.82
Actuarial (gain) / loss recognized in the year	53.35	47.96	4.54	1.82
Unrecognized actuarial (gains) / losses at the end of year	-	-	-	-
4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss				
Present Value of Obligation as at the end of the year	381.06	332.33	62.44	50.46
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(381.06)	(332.33)	(62.44)	(50.46)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(381.06)	(332.33)	(62.44)	(50.46)
5. Expenses Recognized in the statement of Profit & Loss				
Current Service Cost	48.73	46.30	11.98	14.50
Past Service Cost	-	-	-	-
Interest Cost	26.59	22.88	4.04	2.88
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	53.35	47.96	4.54	1.82
Expenses Recognized in the statement of Profit & Loss	128.66	117.14	20.55	19.20

Note: 30 Segment reporting for the year ended March 31, 2012

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
1. Segment Revenue		
i. Heritage Foods (India) Limited :		
a. Dairy	109397.20	86059.64
b. Retail	29901.03	23901.31
c. Agri	3258.35	3109.47
d. Bakery	315.22	312.96
ii. HFRL	0.00	0.00
iii. Power SPV	0.00	0.00
iv. Heritage Conpro Limited	0.00	0.00
Total Segment Revenue	142871.80	113383.38
Less: Inter Segment Revenue	3531.23	3774.77
Net Sales / Income from Operations	139340.57	109608.61
2. Segment Results		
Profit / (Loss) before finance costs and tax		
i. Heritage Foods (India) Limited :		
a. Dairy	6066.63	4662.42
b. Retail	(2305.24)	(2203.50)
c. Agri	(306.19)	(224.33)
d. Bakery	(128.69)	(167.75)
ii. HFRL	(0.66)	(0.33)
iii. Power SPV	(6.53)	(0.43)
iv. Heritage Conpro Limited	(0.69)	(1.37)
Total Segment Results	3318.63	2064.71
Less: i. Finance costs	1970.73	1773.90
Add/ (Less): Net Unallocable Income / (Expenditure)	(5.11)	1.67
Profit / (Loss) before Tax	1342.80	292.48

Particulars	As at March 31,2012	As at March 31,2011
Less:		
a. Current tax	290.00	62.94
b. Prior period tax	(0.80)	0.00
c. Deferred tax	135.04	119.73
Net Profit / (Loss)	918.56	109.81
3. Total Capital Employed (Segment Assets - Segment Liabilities)		
i. Heritage Foods (India) Limited :		
a. Dairy	14202.59	14588.69
b. Retail	6071.70	5880.81
c. Agri	3671.62	3699.56
d. Bakery	1166.17	1220.97
ii. HFRL	(0.34)	(0.21)
iii. Power SPV	23.11	60.70
iv. Heritage Conpro Limited	(0.34)	(0.06)
Total Segment Capital Employed	25134.52	25450.46
Add: Unallocated Assets	952.88	924.00
Less: Unallocated Liabilities	573.02	452.43
Total Capital Employed	25514.39	25922.03
4. Capital Expenditure incurred during the year		
i. Heritage Foods (India) Limited :		
a. Dairy	1980.17	2106.76
b. Retail	961.42	522.67
c. Agri	53.00	90.56
d. Bakery	12.81	20.13
ii. HFRL	---	---
iii. Power SPV	---	---
iv. Heritage Conpro Limited	---	---
Total Segment Capital Expenditure	3007.39	2740.12
Add: Unallocated Capital Expenditure	28.88	0.00
Total Capital Expenditure	3036.27	2740.12
5. Depreciation/Amortisation/Impairment for the year Segment Depreciation		
i. Heritage Foods (India) Limited :		
a. Dairy	1254.33	1127.94
b. Retail	609.72	599.80
c. Agri	201.03	212.35
d. Bakery	53.58	53.88
ii. HFRL	---	---
iii. Power SPV	---	---
iv. Heritage Conpro Limited	---	---
Total Segment Depreciation/Amortisation/Impairment	2118.65	1993.98
Add: Unallocated Depreciation	0.00	0.00
Total Depreciation	2118.65	1993.98
6. Significant Non Cash Expenditure (excluding depreciation, amortisation and impairment)	274.02	162.90

Note: 31 Related party disclosures as per AS-18 :

Name of the related party	N Bhuvaneshwari	N Lokesh	N Brahmani	Heritage Finance Limited	Sai Krishnodaya Industries Pvt Ltd	Sainath Estates Pvt Ltd	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited
Particulars								
Description of the Relationship between the parties	Key Management Personnel (Vice Chairman & Managing Director)	Key Management Personnel (Executive Director)	Relative of Key Management Personnel (Vice President - Business Development)	A Key Management Personnel of Heritage Foods (India) Ltd is a Director of Heritage Finance Ltd	A Key Management personnel of SKIL Raigam Power (India) Ltd is a Director of Sai Krishnodaya Industries Pvt Ltd	A Key Management personnel of SKIL Raigam Power (India) Ltd is a Director of Sainath Estates Pvt Ltd	Associate	Two Key Management Personnel of Heritage Foods (India) Ltd are Directors of Nirvana Holdings Private Limited
Description of the nature of transactions	a) Receiving of Services b) Rental agreement	Receiving of Services	Receiving of Services	Investment	Inter company transactions	Inter company transactions	Investment	Loan taken by the Company
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹.42.00 lakhs b) PF contribution of ₹.3.02 lakhs c) Perks ₹.5.11 lakhs d) Office rent of ₹.31.29 lakhs paid by Company	a) Managerial Remuneration of ₹.40.20 lakhs b) PF contribution of ₹.2.41 lakhs c) Perks ₹.4.45 lakhs	a) Salary 0.56 lakhs b) PF contribution of ₹.0.03 lakhs	a) Share Capital ₹.20 lakhs b) Dividend Received ₹.1.80 lakhs	Advance of ₹. 104.36 lakhs is taken from Sai Krishnodaya Industries Pvt Ltd by SKIL Raigam Power (India) Ltd	Nil	a) Share Capital ₹.65 lakhs	₹.100 lakhs received from Nirvana Holdings Private Limited towards unsecured loan
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL

Guarantees and collaterals	Given personal guarantee for the short term working capital loan of ₹.1000 lakhs availed by the Company from Axis Bank and the loan is also secured by second charge by way of equitable mortgage on the commercial land of Vice Chairperson & Managing Director of the Company	Given personal guarantee for the overdraft facility of ₹.100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Vice-President Business Development				
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL	Advance of ₹.40.16 lakhs is received by Raigam Power (India) Ltd from Sai Krishnodaya Industries Pvt Ltd	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	Advance of ₹.33.40 lakhs is received by SKIL Raigam Power (India) Ltd from Sainath Estates Pvt Ltd	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL		NIL

Note: 32 Lease

(₹.in lakhs)

Particulars	As at March 31,2012	As at March 31,2011
Data Processing Equipments taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet is as under:		
- for a period not later than one year	39.44	43.03
- for a period later than one year and not later than five years	---	39.44
- for a period later than five years	---	---

Total operating lease expenses debited to statement of profit and loss is 1757.36 lakhs (Previous year : ₹. 1526.79 lakhs)

Total sub-lease payments received /(receivable) credited to statement of profit and loss is 40.42 lakhs (Previous year : ₹.68.91 lakhs)

Note: 33 Earning per share (EPS)

	Year Ended March 31,2012	Year Ended March 31,2011
a) Calculation of weighted average number of equity shares of ₹.10/-each :		
Number of Equity Shares outstanding at the beginning of the year	11529500	11529500
Number of Equity shares outstanding at the end of the year	11529500	11529500
Weighted average number of equity shares outstanding during the year	11529500	11529500
b) Net Profit / (Loss) after tax	919.22	110.54
c) Basic and diluted Earnings per share of ₹.10 each (₹.)	7.97	0.96

Note: 34 M/s SKIL Raigaim Power (India) Limited, a subsidiary of the Company ceased to be subsidiary on March 27, 2012 and it continues to be an associate as on March 31, 2012.

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

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

Principle amount out-standing as at 31/3/2012	Interest amount out-standing as at 31/3/2012	interest paid by the company in terms of section 16 of the Act, 2006 and the amount of the payment made beyond the appointed day during the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remaining unpaid asat 31/3/2012.	Interest remaining due until such date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
35.09	0.92	Nil	0.92	0.92	Nil

Note: 36 Value of Imports calculated on CIF basis in respect of :

(₹.in lakhs)

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
Capital Goods	---	22.40
Total	---	22.40

Note: 37 Expenditure in Foreign Currency on account of :

Particulars	Year Ended March 31,2012	Year Ended March 31,2011
a) Interest	236.35	210.77
b) Foreign travel	1.09	---
Total	237.45	210.77

Note: 38 Earnings in Foreign Currency :

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Export of goods calculated on FOB basis	11.82	215.74
Total	11.82	215.74

Note: 39 Remittance in Foreign Currency on account of dividends :

	2010 - 11	2009 - 10
a) Year to which the dividend relate		
b) Amount remitted in Foreign Currency	Nil	Nil
c) Number of non-resident shareholders to whom remittances were made	NA	NA
d) Number of shares on which remittances were made	NA	NA

Note: 40 Disclosures in respect of derivative instruments :

a) Derivative instruments outstanding at the balance sheet date

Particulars	March 31, 2012		March 31, 2011	
	USD (in millions)	INR (in lakhs)	USD (in millions)	INR (in lakhs)
i) Forward :				
FCNR(B) - Principal	8.06	4160.90	Nil	Nil
FCNR(B) - Interest	0.22	117.44	Nil	Nil
ii) Option :				
FCTL - Principal	3.86	1522.73	6.43	2537.88
FCTL - Interest	4.50	1776.51	7.07	2791.66
iii) Swap :				
FCTL - Interest	4.50	2300.47	7.07	3155.64

b) The derivative instruments have been acquired for hedging purposes

c) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2012		March 31, 2011	
	Euro (in millions)	INR (in lakhs)	Euro (in millions)	INR (in lakhs)
Trade receivables	0.21	143.13	Nil	Nil

Note: 41 Statement pursuant to Section 212 of the Companies Act, 1956 related to subsidiary companies

(₹.in lakhs)

SI No.	Name of the Subsidiary	Heritage Foods Retail Limited		SKIL Raigam Power (India) Limited		Heritage Conpro Limited	
1.	Financial period of the Subsidiary	01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011	01.04.2011 to 26.03.2012	01.04.2010 to 31.03.2011	01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011
2.	Shares of the subsidiary held by the Company on the above date						
	(a) Number	165000	115000	650000	650000	76000	26000
	Face Value	Equity Shares of ₹.10/- each	Equity Shares of ₹.10/- each	Equity Shares of ₹.10/- each	Equity Shares of ₹.10/- each	Equity Shares of ₹.10/- each	Equity Shares of ₹.10/- each
	(b) Extent of Holding	99.64%	99.48%	92.86%	92.86%	75.70%	51.59%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial period so far as it concerns the members of the company:						
	(a) dealt with or provided for in the accounts of the Company	(0.66)	(0.33)	(6.06)	(0.40)	(0.52)	(0.71)
	(b) not dealt with or provided for in the accounts of the Company	NIL	NIL	NIL	NIL	NIL	NIL
4.	Net Aggregate amount of profits/(losses) of the subsidiary for the previous financial years since it became a subsidiary so far as it concerns the members of the company:						
	(a) dealt with or provided for in the accounts of the Company	(12.28)	(11.62)	(15.59)	(9.06)	(2.06)	(1.37)
	(b) not dealt with or provided for in the accounts of the Company	NIL	NIL	NIL	NIL	NIL	NIL

42. Pursuant to the exemption granted by the Ministry of Corporate Affairs, Government of India, the parent company is publishing the consolidated and standalone Financial statements of Heritage Foods (India) Limited and its subsidiaries. The Financial statements and auditors' report of the Individual subsidiaries are available for inspection by the share holders at the registered office. However, the details of subsidiaries in terms of General circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, is as under:

(₹.in lakhs)

Sl No.	Name of the Subsidiary = = > Particulars	Heritage Foods Retail Limited	SKIL Raigam Power (India) Limited	Heritage Conpro Limited
			(Upto March 26, 2012)	
1	Share Capital	16.56	70.00	10.04
2	Reserves and Surplus	(12.28)	(15.59)	(2.06)
3	Total Assets	4.61	129.46	8.31
4	Total Liabilities(Excluding 1&2)	0.34	75.05	0.34
5	Details of Investments	-	-	-
6	Turnover and Other Income	-	-	-
7	Profit / (Loss) Before Taxation	(0.66)	(6.53)	(0.69)
8	Provision for Taxation	-	-	-
9	Profit / (Loss) after Taxation	(0.66)	(6.53)	(0.69)
10	Proposed Dividend	-	-	-

Note: 43 Confirmation of balances for Trade Receivables / Payables, Loans and advances and others have been received from many parties. Wherever confirmation of balances have not been received, they are subject to adjustment and reconciliation, if any.

Note: 44 There are no extra ordinary items during the year 2011 - 12.

Note: 45 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per revised Schedule VI and in or form as near as thereto. Accordingly, the previous year figures have also been reclassified to conform to the current year's classification.

Note: 46 The amounts in the financial statements are presented in Indian Rupees in lakhs

As per our report attached

For and on behalf of the Board

For Raju & Prasad

Chartered Accountants

(Firm No. 003475S)

S Ranganathan

Partner

Membership No.22738

N.Bhuvaneswari

Vice Chairperson & Managing Director

N. Lokesh

Executive Director

Date : May 29, 2012

Place : Hyderabad

A.Prabhakara Naidu

Vice President - Finance & Accounts

Umakanta Barik

Company Secretary

To:
M/s. Karvy Computershare Private Limited
Unit: Heritage Foods (India) Limited,
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad – 500 081.

Dear Sir/ Madam,

RE: Green Initiative in Corporate Governance

I agree to receive all communication from the Company in electronic mode. Please register my e-mail ID in your records for sending communication through e-mail.

Folio No. :

DP ID :

Client ID :

PAN :

Name of 1st Registered Holder :

Name of Joint Holder (s) :

.....

.....

Registered Address :

E-mail ID :

Date:

.....

Signature of the First Holder

Important Notes:

- 1) On registration, all the communication will be sent to the e-mail ID registered in Folio/DP ID & Client ID.
- 2) The form is also available on the website of the company www.heritagefoods.co.in
- 3) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email id given above is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned e-mail ID.

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Heritage Foods (India) Limited

Regd.Office: 6-3-541/C, Panjagutta, Hyderabad - 500 082

ATTENDANCE SLIP

(Please fill this attendance slip and hand it over at the entrance of the Meeting Hall)

DP ID*

Folio Number

Client ID*

Name (in BLOCK letters) :

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the **20th Annual General Meeting of the Company to be held at National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45** on Saturday, the 29th September 2012 at 11.00 a.m.

.....
Signature of the Shareholder /Authorized Representative/Proxy **

* Applicable for investors holding shares in electronic form

** **Strike out whichever is not applicable**

No Gifts
will be
given



Heritage Foods (India) Limited

Regd.Office: 6-3-541/C, Panjagutta, Hyderabad - 500 082

PROXY FORM

DP ID*

Folio Number

Client ID*

I/we _____ resident(s) of _____ being a member/members of Heritage Foods (India) Limited, hereby appoint Ms./Mr. _____ of _____ or failing her/him Ms./Mr. _____ of _____ as my/our proxy to attend and vote for me/us and on my/our behalf for or against any resolution at the 20th Annual General Meeting of the Company to be held on Saturday, the 29th September 2012 at 11.00 a.m. and at any adjournment thereof.

Affix a
Revenue
Stamp

Signed this _____ day of _____, 2012.

Signature of the First/ Sole holder

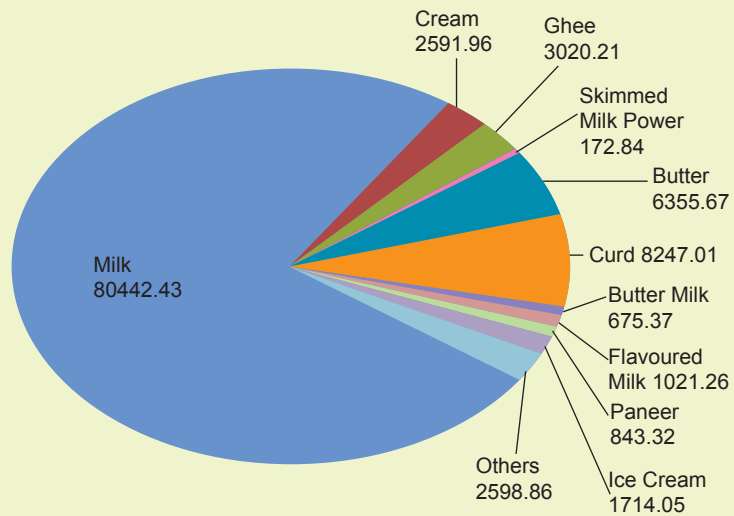
* Applicable for investors holding shares in electronic form

Note: A Proxy need not be a member. The Proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than **48 HOURS** before the commencement of the meeting.

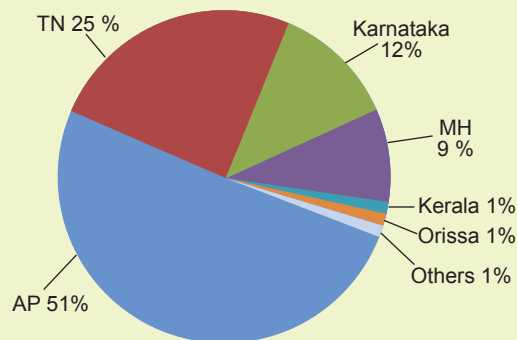
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Dairy Division at a glance for the Financial Year 2011- 12

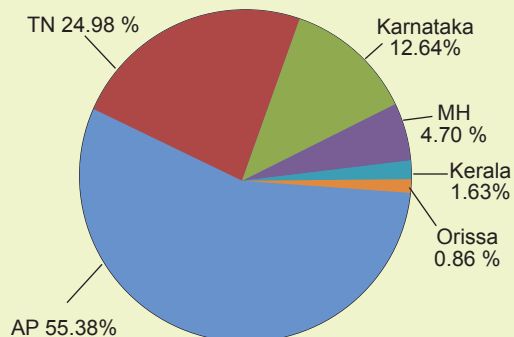
Product wise Dairy Turnover (₹. in Lakhs)



Market wise share of Revenue



Market wise share of Milk



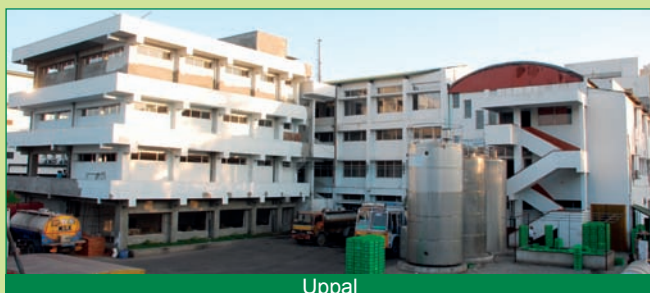
Packing Stations of Dairy Division



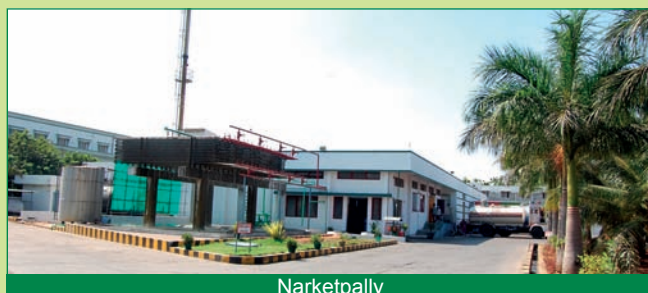
Gokul



Chittoor



Uppal



Narketpally



Bangalore



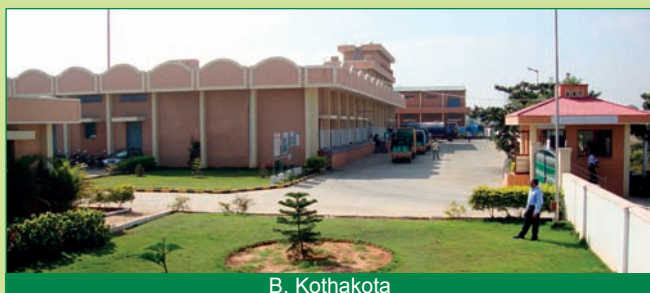
Bayyavaram



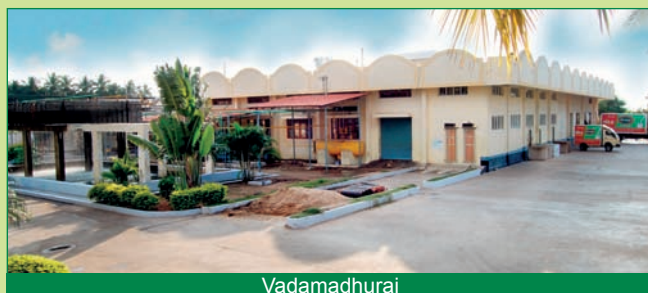
Pamaru



Battiprolu



B. Kothakota



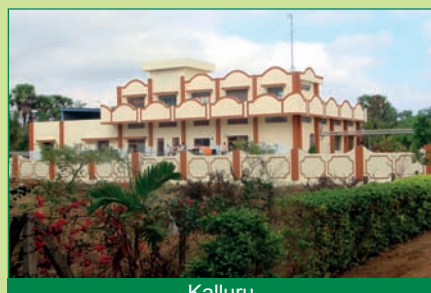
Vadamadhurai



Bobbili



Sangvi



Kalluru

[illegible]



Bring Home Health & Happiness

Milk • Toned • Double • Cow • Full Cream • Slim Milk	Curd • Curd Pouch • Toned Curd • Full Cream • Curd Bulk	Butter Milk • Butter Milk Pouch • Jeera Butter Milk • Garlic Butter Milk	Flavoured Milk 	UHT Milk (Tetra Pack) • Toned Milk • Slim Milk
Dairy Whitener / Skimmed Milk Power • Skimmed Milk Powder • Dairy Whitener	Lassi • Sweet • Mango • Strawberry	Paneer 	Butter 	Cheese
Ghee • Buffalo Ghee • Cow Ghee	Sweets • Doodh Peda • Milk Cake • Malai laddu • Soanpadi • Sunundalu	Ice Creams • Cups • Cones • Balls • Family Pack	Pickle Ketchup Jam 	Chilli Sauce • Green Chilli • Red Chilli
Savories Eggs • Allu Bhujia • Bhujia Sev • Taste Nuts • Eggs	Honey Water Tea 	Sugar Atta Rice 	Fryums • Rice Papad • Wheat Rings • Onion Rings	Incense Sticks & Liquid Hand wash • Hand Wash Floral • Lime • Agarbathi Lavender • Sandalwood
Fruits & Vegetables 	Bread 	Cookies • Osmania • Coconut • Butter • TuttiFruit	Pulses • Channa Dal • Moong Dal • Tur Dal • Urad Dal	
Spice Dry Fruits • Dhaniya • Jeera • Mustard • Almond • Badam • Cashew • Kismish	Spices (powder) • Dhaniya • Chilli • Turmeric	Other Products : • Face Tissue • Maize Flakes • Special Curd Chillies • Rice Muruku • Sabduna Vadiam • Alu Chips • Garlic Rings • Sago Flakes • Sago Coins • Sago Papad • Salt Rings • Japan Carkers • Fry Puffs • Bomby Pepper Papad • Baby Papad • Tomato Vadiam Soya Chunks • Soya Granules • Rice Chutta Fry • Salto Rings We also Accept special Orders For supplies Contact Heritage Parlour Franchisee.. TOLL FREE NO. : 1-800-425-2931		

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Ph : 040-23391221 / 222 Fax : 040-30685458, 23318090

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