Heritage™
HEALTH AND HAPPINESS

25 YEARS OF HERITAGE

Ref: SECT: STOC: 46 – 17

26th July, 2017

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

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

Dear Sir / Madam,

Sub: Annual Report for the Financial Year 2016 - 17

Ref: Stock Code: 519552/HERITGFOOD

Please find a copy of 25th Annual Report for the Financial Year 2016 – 17 along with Form–A of our Company of the 25th Annual General Meeting scheduled to be held on 23rd August, 2017 at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad-500045. The said Annual Report is also place on the website of the Company at www.heritagefoods.in for the benefit the Investors.

This is for your information and record.

Thanking you,

Yours Faithfully,

For HERITAGE FOODS LTD

UMAKANTA BARIK
Company Secretary
M No: FCS-6317

Heritage™ HEALTH AND HAPPINESS

Encl: 1) Annual Report for the year 2016-17
2) Form - A

Heritage
HEALTH AND HAPPINESS

Heritage Foods Limited
25TH ANNUAL REPORT 2016-17

FUTURE IN PROGRESS

ACROSS THE PAGES

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FINANCIAL STATEMENTS

103 STANDALONE FINANCIALS

150 CONSOLIDATED FINANCIALS

A lot happens in a quarter of a century. New ideas evolve. Big strides are taken. Firm commitments are formed. Strategic changes are made. Performance levels are escalated.

But most of all, a renewed sense of purpose is born – when you finally stand at the milestone of 25 years & look back at all that you've achieved.

For us, these 25 years have been a journey to remember. We have made a mark in a highly competitive industry. From running several verticals, we have brought our focus down to one core vertical – dairy. And now, with a new zest to succeed in our hearts, we are striving ahead with plans of tripling our revenues in the next five years and becoming the preferred national dairy player.

STANDING AT 25 GLORIOUS YEARS, WE GLANCE BACK WITH GRATITUDE AND PRIDE FOR THE SUCCESS WE'VE HAD.

AND LOOK AHEAD WITH ENTHUSIASM AND COMMITMENT TOWARDS BUILDING A FUTURE-READY ENTERPRISE!

HERITAGE AT A GLANCE

We are one of the India's fastest growing dairy companies.

Incorporated in 1992, Heritage was formed with two core fundamentals – One, to remunerate dairy farmers with fair prices; two, to provide fresh and healthy products to the customers with an enduring relationship. A wide network of farmers for procurement of milk, state-of-the-art infrastructure for processing and expansive retail touch points led us towards emerging as among the fastest growing dairy companies in India.

Our customers and products

15+ LAKHS
Households serviced daily

22
Different products offered

277
SKUs

- Lakhs of households cherish the freshness and healthy products of Heritage Foods
- With a variety of products on the offering across the value-chain of dairy

Near you, always

1,670
Franchise-operated exclusive Heritage Parlours

6,578
Distributors and agents

1,18,500
Outlets across India selling Heritage products

- A wide distribution of Heritage Foods products
- Present across 10 states in India
- Already covered more than 100 cities/towns as on March 31, 2017

Our presence

Headquartered

In Hyderabad

15

Processing plants

Our partners

3+ LAKHS

Farmers associated with us for direct milk procurement

18.9 LAKHS LITRES PER DAY

Milk handling capacity during FY 16-17

Our stakeholders

39.90 %

Promoter stake as on March 31, 2017

₹2,49,714 LAKHS

Market capitalization as on March 31, 2017

Our people

2,420

Team size across our offices and plants

5,000+

People provided indirect employment

Vision

- Delighting Every Home with Fresh and Healthy Products and Empowering the Farmer

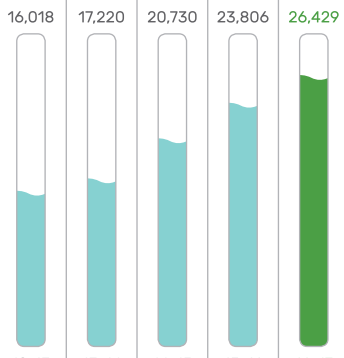
Mission

- To be a Nationally Recognized Brand for Healthy and Fresh products with a revenue of ₹ 6,000 Crore (USD 1 Billion) by 2022
- We anticipate, understand and respond to our Customers' needs by creating high quality products and making them available through innovative and convenient channels
- We embrace the right technology to delight our Customers
- We are a strong supporter of balancing Economic, Social and Environmental aspects to create a better tomorrow
- We are devoted to empowering the farmer community through our unique 'Relationship Farming' Model
- We aim to be the employer of choice by nurturing Entrepreneurship and Promoting empowerment, alongside transparent and open communication

ACCELERATING FINANCIAL PERFORMANCE

Revenue

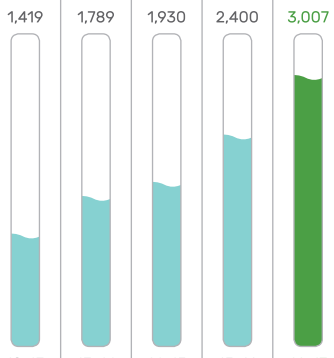
(₹ in million)



13.34%
4-year CAGR

Net Worth

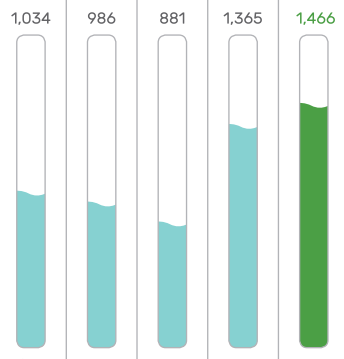
(₹ in million)



20.65%
4-year CAGR

EBITDA

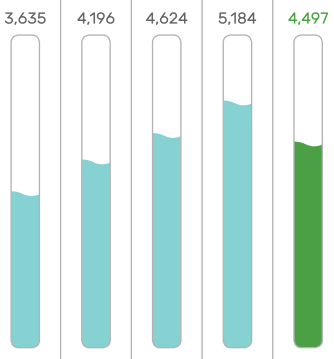
(₹ in million)



9.12%
4-year CAGR

Gross Fixed Assets

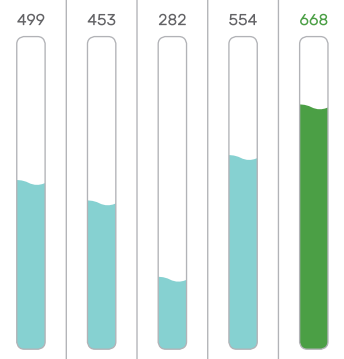
(₹ in million)



5.46%
4-year CAGR

PAT

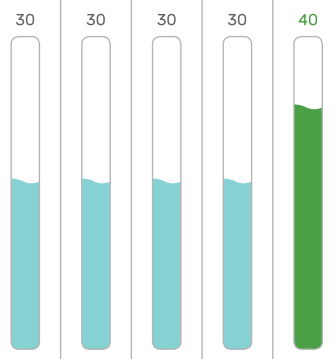
(₹ in million)



7.56%
4-year CAGR

Equity dividend

(in %)



7.46%
4-year CAGR

*2016-17 figures are consolidated numbers as the effect has been given during the current financial year for the Composite Scheme of Arrangement between Heritage Foods Limited ("Transferor Company") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company") and Future Retail Limited ("Resulting Company").

10-YEAR FINANCIAL HIGHLIGHTS

Healthy financials

(₹ in million)

	1	2	3	4	5	6	7	8	9	10
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17#
Turnover	5,880	7,960	9,004	10,961	13,934	16,018	17,220	20,730	23,806	26,429
Other Income	401	32	29	48	32	42	50	70	66	60
Total Income	6,282	7,992	9,033	11,009	13,966	16,060	17,270	20,800	23,871	26,489
Earnings before Depreciation, Interest and Tax (EBIDTA)	237	34	470	389	526	1,034	987	881	1,365	1,466
Depreciation & Amortization	106	172	196	199	212	220	250	340	345	378
Interest	124	146	167	160	178	148	119	150	146	105
Provision for Taxation	(3)	66	50	18	42	137	159	109	306	315
Profit after Tax	9	(356)	56	11	93	500	453	282	554	668
Cash Profit/(Loss)	115	(184)	252	211	305	720	703	622	899	1,046
Equity Dividend (%)	18	Nil	18	12	20	30	30	30	30	40
Dividend Payout (Including Tax on Dividend)	21	Nil	24	16	27	41	81	84	84	112
Equity Share Capital	115	115	115	115	115	116	232	232	232	232
Reserves and Surplus	1,042	692	754	750	816	1,303	1,558	1,698	2,168	2,775
Networth	1,157	808	869	865	931	1,419	1,790	1,930	2,400	3007
Gross Fixed Assets	2,065	2,645	2,942	3,175	3,459	3,635	4,196	4,623	5,184	4497
Net Fixed Assets	1,624	2,037	2,152	2,217	2,303	2,368	2,715	2,807	3,120	2971

Key matrices

	1	2	3	4	5	6	7	8	9	10
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17#
Earnings per share - ₹	0.92	(30.89)	4.85	0.97	8.1	21.64*	19.53	12.16	23.89	28.80
Cash Earnings per Share - ₹	9.96	(9.67)	26.32	19.84	26.47	31.03*	30.31	26.81	38.77	45.09
Book Value per share - ₹	100.35	70.05	75.35	75.05	80.77	61.16*	77.15	83.29	103.45	129.61
Debt : Equity Ratio	0.96:1	1.50:1	1.34:1	1.15:1	0.99:1	0.42:1	0.25:1	0.29:1	0.27:1	0.25 : 1
EBIDTA/Turnover - %	4.02	0.43	5.22	3.52	3.77	6.27	5.73	4.25	5.68	5.54
Net Profit Margin - %	0.16	(4.47)	0.62	0.10	0.67	3.12	2.63	1.36	2.33	2.53
RONW - %	0.81	(44.09)	6.45	1.29	10.02	35.21	25.32	14.62	23.10	22.22

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

#2016-17 figures are consolidated numbers as the effect has been given during the current financial year for the Composite Scheme of Arrangement between Heritage Foods Limited ("Transferor Company") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company") and Future Retail Limited ("Resulting Company").

CHAIRPERSON'S MESSAGE

DEAR SHAREHOLDERS,

It seems like yesterday when we started our operations in 1993. Starting with a few farmers, Heritage Foods Limited (HFL) is now one of the leading dairy companies in India. We enjoy the respect of 3 lakhs strong farmer community, engaging in milk procurement of 10.6 lakhs litres on a daily basis. The journey has been a long and winding one – there have been moments of glory as well as despair – but in the end we have managed to not just survive, but thrive.

Stakeholder focus

Since inception, we have sincerely believed that our dairy farmers form the backbone of our business. Our 25 year-long journey is filled with instances where we have constantly empowered our farmers and would continue to do so with a renewed focus. But, with growing business comes increasing responsibilities – the responsibilities of taking care of steadily increasing dairy farming community and keeping ourselves acquainted with incipient market trends. As a means to this end, the Company has undertaken a number of measures like providing free veterinary care, supplying high-quality cattle feed at subsidised rates, mitigating risks through insurance policies (farmer and cattle) and facilitating financial support for purchase of cattle.

We intend to undertake many such measures, which I believe, would address the challenges faced by the dairy farmers and keep them secure in what's a highly cyclical business. Farmer's empowerment is our core value at this celebratory moment and would remain so forever at Heritage.

> Our dairy revenues grew by 5.73% from ₹ 17,688 million in 2015-16 to ₹ 18,701 million in 2016-17, while the value-added segment reported a 14.77% y-o- y growth in revenues.

Environment focus

At Heritage, we recognise our responsibility towards protecting the environment with utmost importance. As a forward-looking enterprise, we are strongly committed for extending our green footprint. In line with this thinking, we embarked on a clean energy initiative with an 8.2 megawatt renewable energy facility (4 megawatts of solar power and 4.2 megawatts of wind power) at multiple sites in Andhra Pradesh, Telangana, Maharashtra and Karnataka. The result is that 55% of our processing facilities are powered by renewable energy. These eco-friendly initiatives of Heritage haven't gone unnoticed – a fact vindicated by the array of energy conservation awards we have won recently.

Year in review

From a macro perspective, we have seen massive transformations transpiring across India. With the advent of modernised cities and new avenues of trade, there has been a growing demand for quality packaged products everyday, which earlier were largely homemade. The result: consistent growth for the industry in the last few years. A decade back a similar trend was observed in demand for ghee in Southern India, where households moved from making ghee at home to buying it in the packaged format. Today, we are witnessing a similar trend with curd. We believe this will become the norm for other dairy products as well; for example, flavoured milk.

This favourable industry scenario led to a satisfactory financial performance. Our dairy revenues grew by 5.73% from ₹ 17,688 million in 2015-16 to ₹ 18,701 million in 2016-17, while the value-added segment reported a 14.77% y-o- y growth in revenues.

In celebration of our 25 years of existence, at Heritage Foods we took a bold decision of rebranding ourselves. Here I would like to assure our customers that it's only the packing that has changed but our promise of 'Health and Happiness' still remains the same in every product that we produce.

Over the last few years, the industry has seen cattle yields rising with the adoption of new diets and arrival of cutting-edge cattle maintenance systems. Furthermore, with India being billed as one of the most attractive global opportunities from a consumption perspective, the country's dairy sector is expected to see a larger quantum of private investment and a significant increase in entrepreneurial interest. With disposable incomes rising, the industry is expected to see a renewed focus among Indian players to venture into thus far uncharted territories. Thus, I believe the sector is perched atop the crest of a long U-curve and the years ahead would prove to be really fruitful for us in terms of revenues as well as profits.

Way forward

Staying true to the Company's mission of reaching the ₹ 6,000 crore - mark in revenues by 2022, we aim to enhance the contribution of value-added products from the current levels of 24% to 40% over the next five years. Heritage has already made inroads into Western parts of India like Pune and Mumbai and Northern Indian markets like Delhi NCR, Punjab and Haryana. The management is confident of achieving these numbers via organic and inorganic means. Case in point: we recently acquired the dairy business of Reliance Retail Limited, thereby cementing our status as a pan-India player.

Besides, we are continuously adding high-end products to our portfolio. Similarly, we also aim to foray into the beverages segment. This will widen our current portfolio of value-added products and brighten our growth prospects in the years that lie ahead.

Heritage at 25 is inundated with talented personnel who are eager to explore new opportunities and come up with new ideas. Thus, at 25, we are no less excited than what we were at the beginning. The only difference is that today we are much more confident and enjoy the support of a blossoming stakeholder community.

With best regards

D Seetharamaiah
Chairperson

MESSAGE FROM THE MANAGEMENT

"Looking ahead, we intend to cement our identity as the best supporter of the Indian dairy farmer."

N Bhuvaneswari, Vice Chairperson and Managing Director, and
N Brahmani, Executive Director, review the Company's performance for FY2016-17

N BRAHMANI

N BHUVANESWARI

"The average industry growth rate of fresh milk volumes is ~6%."

Q: Were you pleased with the Company's performance during the fiscal gone by?

N Bhuvaneswari: Without a doubt. There were a number of reasons why I say so. The year FY2016-17 marked our 25th year in business, a milestone which we couldn't have achieved without the help of our dairy farming community. The fact that we have been able to come this far irrespective of sectoral crests and troughs is a vindication of our mutually beneficial existence.

Q: What were some of the financial highlights of FY2016-17?

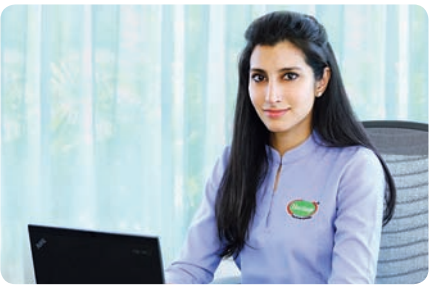
N Brahmani: The turnover for FY2016-17 stood at ₹ 26,429 million, 11% higher than the corresponding fiscal year. Our EBITDA reached ₹ 1,466 million in FY2016-17, a 7.40% spike compared to the previous financial year and dairy segment contributed nearly 99%. Our PAT for the year stood at ₹ 668 million, a 20.58% improvement over the last year and the dairy segment revenue contributed nearly 79%. We continued to maintain our debts at low levels.

Q: What were some of the operational highlights of FY2016-17?

N Bhuvaneswari: The average industry growth rate of fresh milk volumes is ~6%. The fiscal gone by was no different. While the bulk of our sales come from Southern India, we are expanding our footprint to markets like Western and Northern India where the demand for packaged dairy products has shot up in the recent past. The scale of procurement of the Reliance dairy business is ~2 lakhs litres per day and that will bolster our existing business in terms of procurement itself by additional ~15%. We made sure that our key procurement centres are in proximity to our markets. This ensures the freshness of the milk by cutting down lead times.

N Brahmani: As a means to this end, Heritage Foods has made sizeable investments in production hubs. Today, we have 15 well-distributed, state-of-the-art production hubs which process milk of the most immaculate quality.

Another major event that transpired in the last financial year was the slump sale/demerger of the retail business from Heritage Foods. This decision to restructure the organisation was in line with the need to focus all the more on the dairy segment. With the sales from the value-added segment really picking up in the last few years, we felt a decisive and focused strategy for dairy and its by-products would help create sustainable wealth for stakeholders. Following this restructuring, two entities have emerged under the Company's banner, each



"The acquisition of Reliance Dairy allows us to make the most of the established brand names of Dairy Life and Dairy Pure along with giving us access to five new states."

focused on their individual areas of operations. Going forward, this will allow each business entity to be evaluated on its own merit and enable the respective managements to take a long-term view in capitalising on opportunities.

Q: How is the Company planning to strengthen its dairy farmer base?

N Bhuvaneswari: Strengthening our farmer's base has been an ongoing process. We undertake some key initiatives which strengthen our farmer relationship, some of them being:

Making timely and accurate payments to our dairy farmers: This has been our measurement of milk motto since inception and we have stuck to this unswervingly this far. Consequently, Heritage Foods payment policy is being considered as benchmark in the industry.

Facilitating dairy farmers with the required financing: Since lack of adequate institutional credit has been the single biggest factor hindering sectoral development, Heritage Foods facilitates tie-ups with banks to provide farmers with access to credit for buying cattle.

Going the extra mile: Additionally, we mitigate risks by offering cattle insurance and strive to reduce overheads by providing cattle feed at subsidised rates.

Giving dairy farmers the respect they deserve: We have always believed that the farmers have been the kingpin behind our success. Hence, they have consistently been treated as members of the Heritage family.

N Brahmani: To add to the above, at Heritage the entirety of our milk is sourced directly from 0.3 million dairy farmers from villages across 7 states. While this is arduous, the benefits are innumerable. Direct sourcing ensures better control over the quality of the milk procured. It also ensures that the benefits are directly passed on to the stakeholders. Looking ahead, we intend to cement our identity as the best supporter of the Indian dairy farmer.

Q. How are you planning to ramp up capacity and reinforce your infrastructural platform?

N Brahmani: As a company we definitely want to be a pan-India player by riding on the booming demand for value- added products. We would continue to grow organically by leveraging the brand equity of Heritage. The acquisition of Reliance Dairy allows us to make the most of the established brand names of Dairy Life and Dairy Pure along with giving us access to five new states.

The bedrock of the procurement process involves creating a seamless chain of cold storage networks and milk collection centres. Over the past 25 years, we have done precisely that, and more. We have made concerted efforts towards guaranteeing qualitative consistency capability at different stages. At the processing level, it's not just about building capacity but also improving our processing excellence.

Last but not the least, there's packaging which is critical towards heightening sales by grabbing the customer's attention effectively. Consequently, we have made farsighted, front-end investments in building a franchise network and building a smooth cold chain network. The logic behind this approach is that if we build a strong supply chain then the quality of our products will be good enough to drive sales.

Q: What initiatives were undertaken by the Company to expand its network?

N Bhuvaneswari: At Heritage Foods, we recognise that the packaged dairy products segment is marked by extensive under-penetration. Therefore, our principal challenge lies in widening our market coverage. In view of this, we increased the number of distributors in a number of markets. This deep coverage is expected to garner higher revenues for the Company from 2017-18 onwards.

Q: What are your plans for the future?

N Bhuvaneswari: Our mission revolves around becoming a ₹ 6,000 crore - company by 2022. We are looking to ramp up the share of value-added products from 24% to 40% during the same period and expecting to clock a CAGR growth rate of around 25% in the next five years to reach the revenue target. This is because the EBIDTA margin for milk is only half of that of value-added products (8% versus 16%). Over the next five years, we also plan to set up five processing plants each entailing an investment of ₹ 20 crore - ₹ 30 crore, which would enable the Company to handle 30 Lakhs litres of milk per day by 2022 as against 18.90 Lakhs litres at present.

N Brahmani: We will not only continue to consolidate our operations but also look for any relevant acquisition opportunities that come our way. Thus, our expansion plans will leverage both organic and inorganic means. Overall, we will also focus on boosting our extant capacity utilisation levels, which will allow us to rake in incremental annual revenues in the years ahead. We also plan to introduce a new range of beverage offerings to bolster the portfolio of value-added products.

OUR VALUE CREATION PHILOSOPHY

Value creation at Heritage Foods is not a theory on paper, but a tangible reality. Our business model is designed to ensure economies of scale, process innovation, new product launches and strengthening the brand value. Our value creation cycle is comprehensive – from milch animals to the consumers.

Farmers

Since inception, we remain committed to create value for our dairy farmers. We continuously assist the farmers to produce optimum milk volume, supporting them with various knowledge-based initiatives to keep their milch animals healthy. With our initiatives, we ensure a sustainable increase in milk supply and more value creation for them.

Milk processing and production

Our 15 processing plants are equipped with state-of-the-art machines to handle milk processing of upto 1.89 million litres daily. The proximity of processing plants to farmers and consumers ensure freshness and quality of the milk and various products.

Consumers

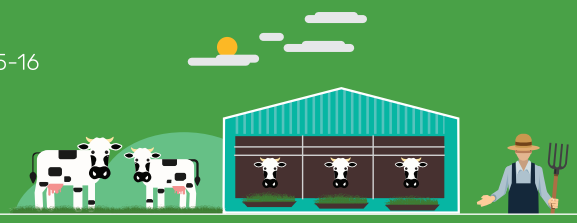
There is an increasing demand for fresh, natural and healthy milk and milk products. Our presence across diverse geographies in India, helps us understand the demand for different products. Our quality products ensure a better health, nutrition and happiness for our 15 lakhs customers.

Results

Our success story is a testament to the value we provide from dairy farmers to consumers. The result: Our revenues have grown at 13.34% 5-year CAGR leading to 2016-17 with a 7.56% 5-year CAGR of net profits.

Farmers

- Higher profits help transfer benefit to farmers
- Quantity of milk supplied up by 10% since FY2015-16
- Assured price for milk produced



Milk processing and production

- ₹ 3,000 million invested in last five years for quality improvement and capacity expansion
- More than 600+ high quality insulated milk trucks to transport milk in its purest form
- Acquisition of Reliance Dairy adds another 42 milk procurement units

Consumers

- More than 22 dairy products available under brand Heritage
- More than 118,500 retail outlets selling Heritage Food products

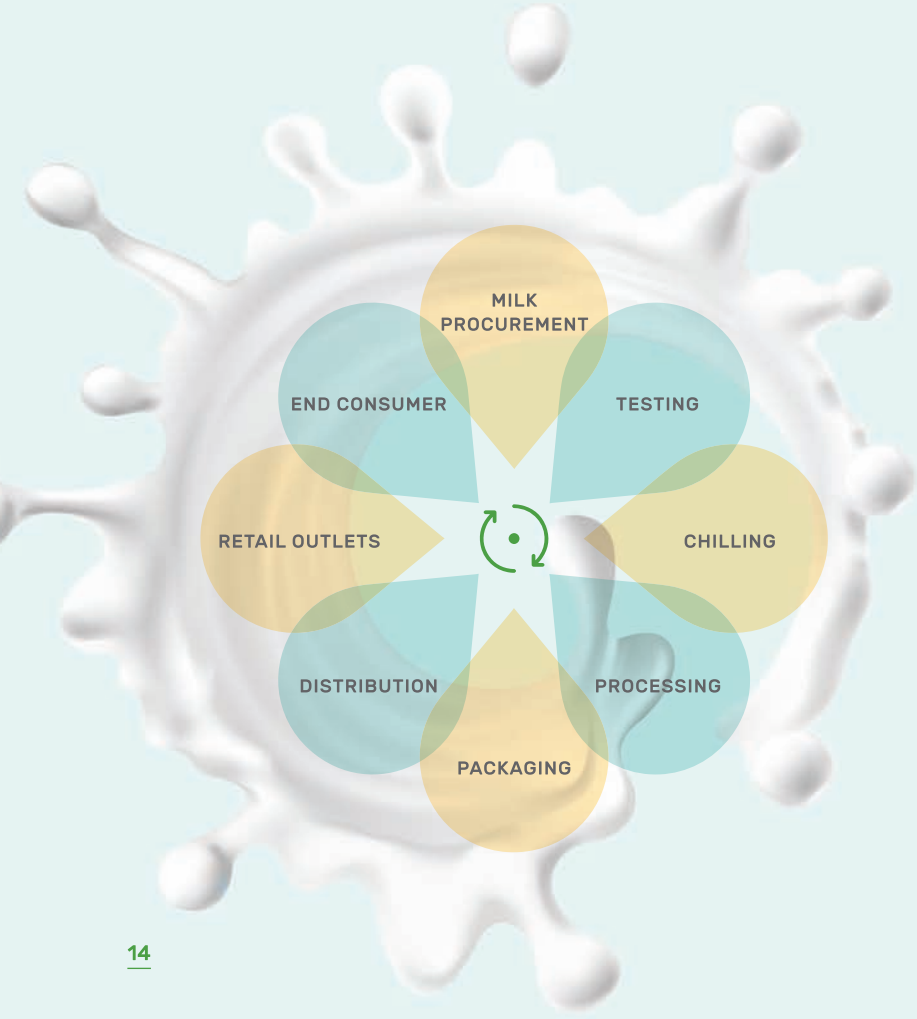
Results

- We dominate South India with a 10% market share in milk supply
- With our recent acquisition of Reliance Dairy, we are now present in 5 more states
- Heritage curd is one of the largest selling curd brands in the country in private sector dairy

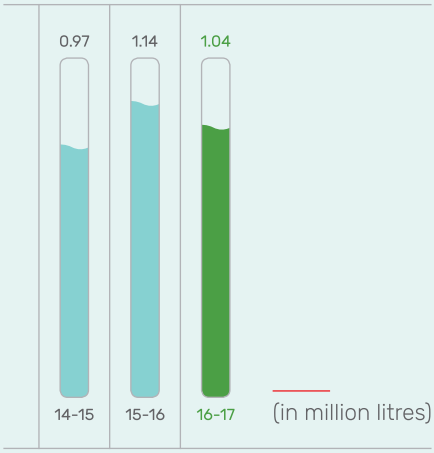
OUR PASSION FOR QUALITY

Our 'milch animals to consumer cycle' is driven by passion and commitment. Higher milk procurement and increased sales transform into more growth for the Company.

We are present in everyday diet for lakhs of people in India. Better milk, better nutrition and a healthy world – we strive to achieve this through our business model.



Milk procurement



Testing

385 NO'S

Dedicated team members for quality control and assurance

Chilling

147

Bulk Coolers, Mini Chilling and Chilling Centres

17 LAKHS LITRES

Chilling capacity per day

Packaging

10%

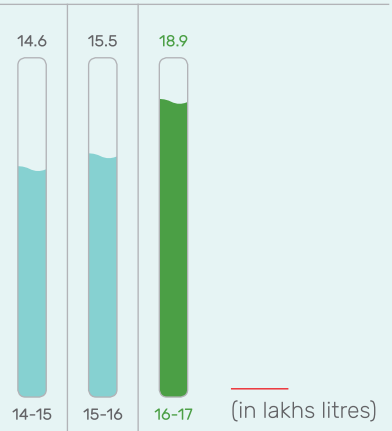
Liquid Milk Market share in South India

Products

22

Total Dairy Product portfolio

Processing capacity



Distribution

1,585

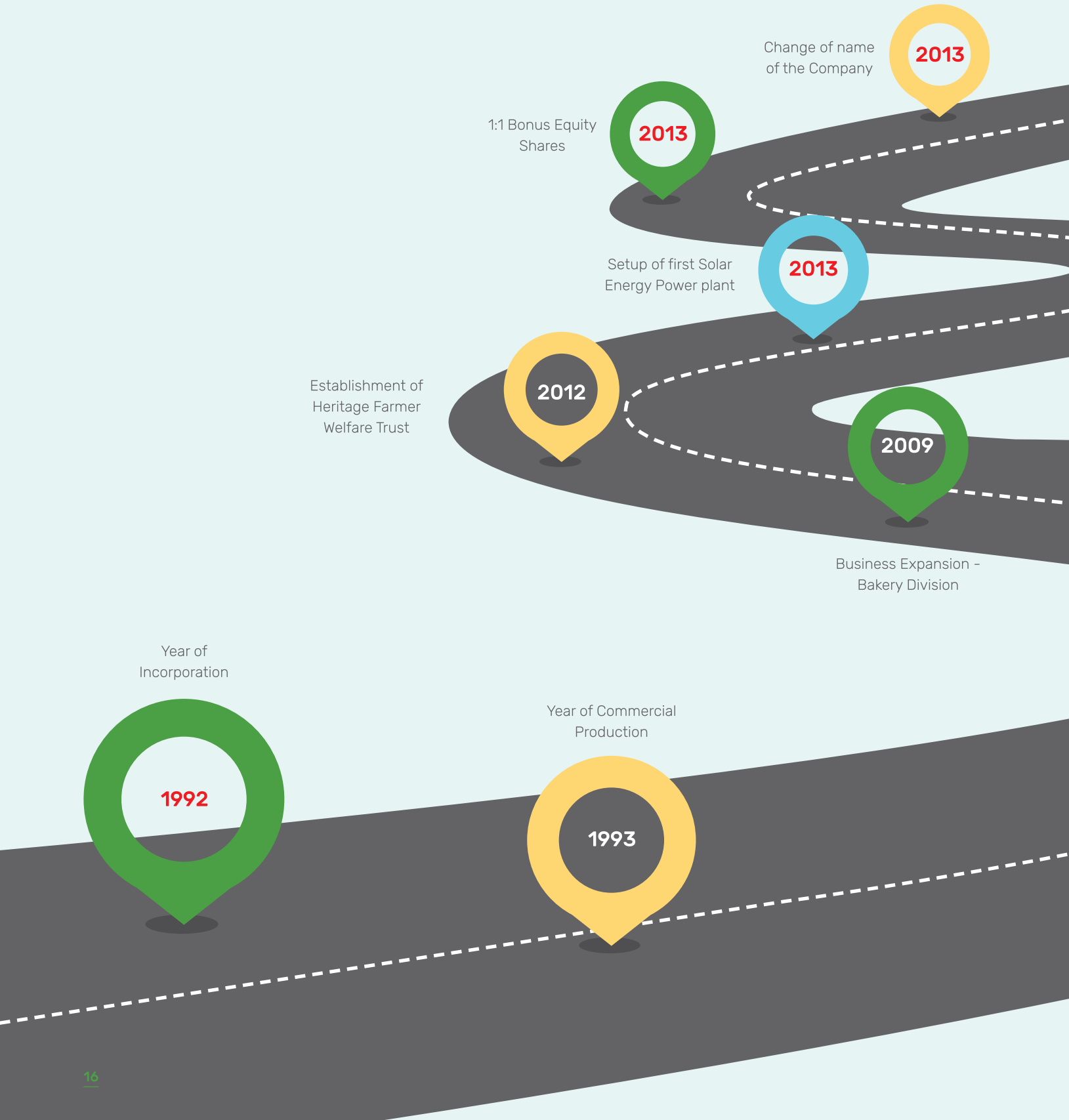
Logistic trucks for distribution across retail points

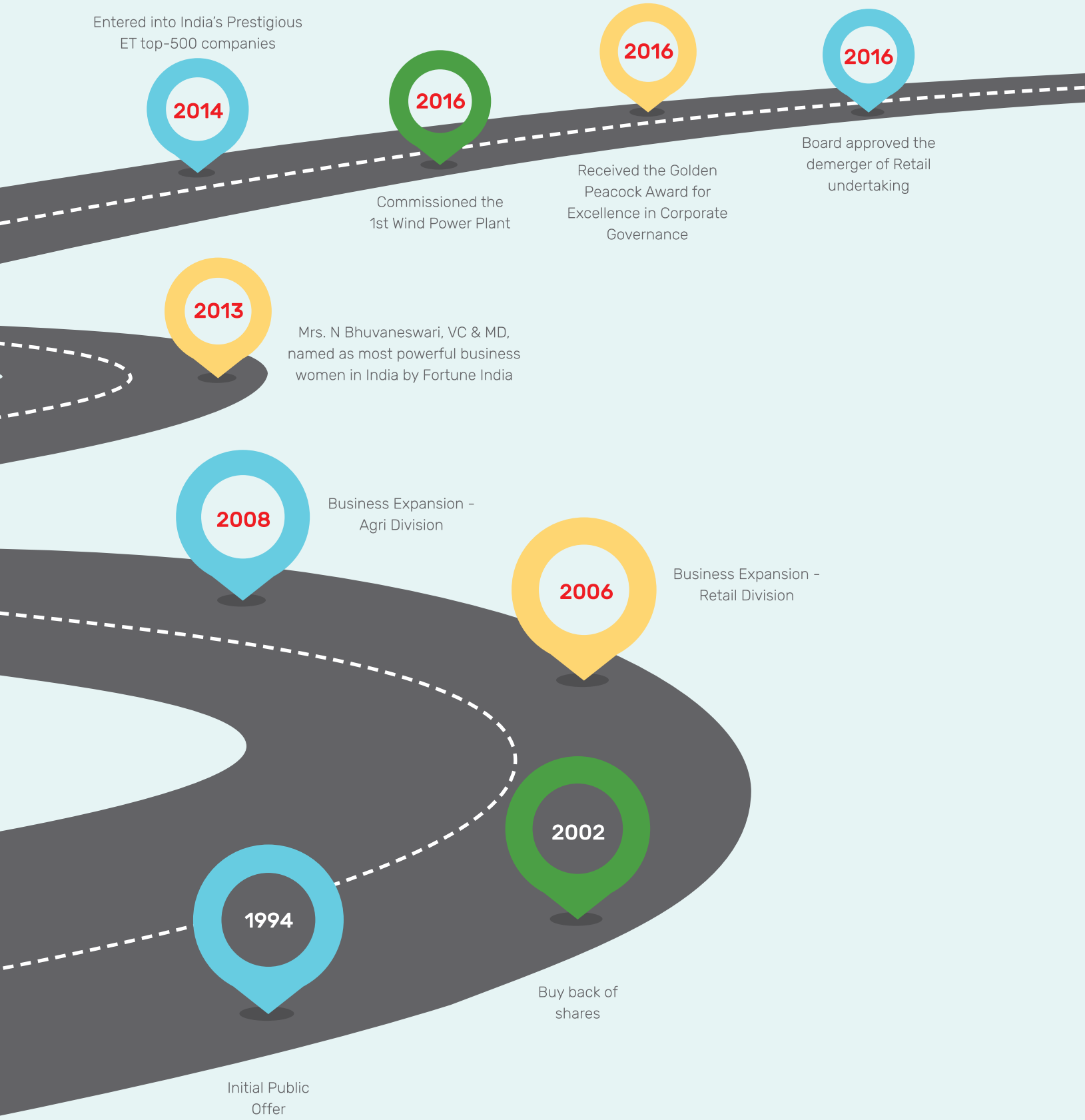
End consumer

4%

5-year CAGR in total household base leading to 2016-17

OUR JOURNEY OVER THE YEARS




Entered into India's Prestigious ET top-500 companies
2014
2016
Commissioned the 1st Wind Power Plant
2016
Received the Golden Peacock Award for Excellence in Corporate Governance
2016
Board approved the demerger of Retail undertaking
2013
Mrs. N Bhuvaneswari, VC & MD, named as most powerful business women in India by Fortune India
2008
Business Expansion - Agri Division
2006
Business Expansion - Retail Division
2002
Buy back of shares
1994
Initial Public Offer

OUR BUSINESS PORTFOLIO

Our consumers expect our products to be pure, fresh and nutritious. At Heritage Foods our dedicated team works round-the-clock to deliver products of highest quality. With dairy and milk products now being the core business, we expect our business to grow three fold in the next five years.

Dairy vertical

We are evolving our dairy business in line with changing consumer habits and preferences. Today, we are one of the fastest growing dairy companies in the country present across 10 states in India. Our wide variety of milk based products, unmatched supply chain, strong brand recall and trust among our customers has led us to emerge as a preferred dairy brand in major parts of the country.

Headquartered in Hyderabad with 15 processing plants. We are one of the largest dairy brands in South India with sizeable market share.

Our products

As a strategic step towards achieving our Vision 2022 goals, we now focus on strengthening our position in dairy vertical and emerge as a national player. In a competitive landscape, we intend to focus on developing milk and milk products to drive the next level growth. Our products would be:

- **Milk** (With Different Varieties)
- **Milk-based beverages**
- **Butter and Spreads**
- **Ice cream and frozen dessert**
- **Curd**
- **Curd based beverages** (butter milk, lassi and jeera butter milk)
- **Paneer**

PARTNERING THEIR PROGRESS

We are focused to work with our farmers, determined to convene and learn from each other. This continuous activity will enable them and us to grow and perpetuate an environment focused on health and happiness.

ACQUISITION OF DAIRY BUSINESS OF RELIANCE RETAIL – OUR PAN INDIA STRATEGY

In our endeavour to emerge as a leading national player of dairy products, the acquisition of Reliance Retail is a key moment in corporate journey. There are some key reasons which make this acquisition a logical extension to our business model:

- We get direct access to North India (which we were absent until now) in states like Punjab, Uttarakhand, Himachal Pradesh, Haryana and Rajasthan.
- We add another 2 lakhs litres per day of procurement capacity (that's almost 15% addition to our existing capacity) with excellent infrastructure
- We add to our portfolio their existing two brands – 'Dairy Life' and 'Dairy Pure'.
- Some of their procurement units are within 200 kms to Delhi NCR market (a large and growing dairy market) – a win-win situation to supply fresh milk to the end user
- We add 1.5 lakhs households across five states and widen our consumer base

2+ LAKHS LITRES

Per day of procurement capacity of Reliance Dairy

Renewable Energy

At Heritage, we are committed to grow our business with a philosophy of doing it responsibly. Our 2.34 MW of solar PV unit at Medak district in Telangana provides captive power to our Hyderabad dairy processing plant. Our captive wind power of 4.2 MW at Chinahothur village of Ananthapur district in Andhra Pradesh also provides 5 million units per annum of energy, which is consumed by our Dairy plants. This has helped us save power cost to the tune of 25% during the fiscal FY2016-17.

Commissioned (Off Grid) Distributed Captive Solar Power Plants at six various locations/plants with total capacity of 1.66 KWp on 29/03/2017 with key objective to optimize energy mix by use of Clean & Green (Renewable) Energy sources to reduce carbon emissions and to secure Energy at Low Cost.

89 LAKHS UNIT

Total captive energy generated during FY2016-17

25 %

Power cost reduction in FY2016-17

GROWING BUSINESS. GROWING RESPONSIBILITY.

At Heritage Foods, we have always reciprocated our business growth with positive impact on society and environment. Our dedicated team operates within the guidelines for sustainable development to ensure we remain a sustainable company.

Corporate Social Responsibility

Heritage Foods Limited works with a registered trust i.e. NTR Memorial Trust, Hyderabad towards promoting education, enhancing vocational skills and supply of clean water. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

Company has assisted in building the "Academic Block" at "NTR Junior College" for Girls, Gandipet Campus, Hyderabad from the CSR funds of the Company and the block has been inaugurated by Chairperson of the Company on 19th August, 2016 in the presence of the Directors of Heritage Foods and other officials of NTR Memorial Trust.

Heritage Farmers Welfare Trust (HFWT)

Established in 2010, HFWT was formed to prioritise the areas of Veterinary Care, clean milk production, community care and social security schemes. A trust formed with joint participation and contribution by Heritage Foods and dairy farmers, HFWT conducts several programs to meet individual and group needs for the core objectives.

Since formation, we have enrolled 2,25,001 farmers as members in the trust. The members are benefitted with various services from the trust like MCC development activities, merit awards for their children based on merit and social security schemes among others.

2.2 LAKHS +

Milk suppliers enrolled as members in trust

Welfare activities under HFWT

Social Security Schemes

The trust has insured the farmer members and MCC representatives under Social Security Scheme. Since 2014, we have distributed ₹ 1,12,39,439/- to the nominees of insured members.

Cattle Insurance: At Heritage Foods, we know cattle are the true assets of farmers. We assist the farmers in getting their animals insured. The farmers are paid at the rate of ₹ 100 to 300 per animal as assistance to get the animals insured.

₹112+ LAKHS

Distributed under social security scheme

Mobile Veterinary Support Services

HMVC (Heritage Mobile Veterinary Clinic) is a Mobile Clinic equipped with necessary tools and trained human resources on Veterinary treatment and cattle management practices. With the objective of providing door- step veterinary service to the Milchcattle, the initiative is to empower cattle owners with advanced technology, knowledge on best cattle management and feeding practices. The mobile van reaches the remote parts of Andhra Pradesh and Telangana, showing educational video films and organizing free health camps.

1,561

Artificial inseminations provided during FY2016-17

2,163

Veterinary camps conducted across all six regions during FY 2016-17

1,59,540

Cattle treated

Milk Collection Centres (MCC) Development

Formation of EC and Fund transfer to MCCs: We have been forming Executive Committees at all enrolled Milk Collection centers whenever their corpus reaches to ₹ 7,500. The HFWT board has proposed 26 development activities like distribution of SS Milk Cans, Milk Analyzer, Travis, Feeding bowls, Mosquito nets for cattle shed, Umbrellas, pressure cookers, SS Water pots, Flask, SS Water containers, Solar Lamps, Emergency lamps, Breeding bulls, Helmets, Chaff cutter, sprayers, Milking machines, ceiling fans, cattle insurance etc.

A total of 1313 EC's were formed at MCC level for execution of above activities to trust members. All the trust members have shared their experiences and ideas to be implement at MCC level for dairy development.

₹300 LAKHS

Fund transferred to MCC centres in last five years

First aid Training on Veterinary to MCC Representatives

With the help of Sri Venkateswara Veterinary University (SVVU), the MCC representatives were benefited with first aid training camps. The camps empowered the farmers to improve knowledge, skill and techniques, quality of feed, importance of regular vaccination, de-worming and hygiene in prevention of diseases, timely detection of heat, timely Artificial Insemination and care of pregnant and new born animals.

Human & Veterinary Health Mega Camps:

At HFWT, we have been conducting Human and Cattle health camps in different parts in collaboration of NTR Trust. In these camps all the sick cattle get treated. We conducted mega camps at Piler, Mulugu, V.Kota, Munagapaka, Kosgi, Muppavaram, Bhattiproluand Bodhan in Andhra Pradesh and Telangana.

Vaccination Program:

As a part of cattle care, we ensure the cattle are vaccinated against Foot & Mouth. We strongly believe that a healthy cattle means quality milk production. The vaccination programme is conducted with the help of local Veterinary authorities.

De worming Activity:

As a part of Veterinary health camps the de-worming activity is conducted for better healthcare of cattle.

Cattle Loans: The farmers/MCC are provided in association with a NBFC, with the soft loan for 6 month/ 10 month period. The farmers in need of finance are identified, undertaken through a formal application process with detailed assessment and scrutinisation. Post all clearance, the sanctioned loan is directly transferred to the farmer's account for the duration of the loan. The periodic EMIs of the farmer would be deducted from the milk payment.

AWARDS

Golden Peacock Award for Excellence in Corporate Governance' for the year 2016

Heritage Foods was declared as the Winner of 'Special Commendation' for 'Golden Peacock Award for Excellence in Corporate Governance'. The award was received by Mrs. N Bhuvaneswari, Vice Chairperson & Managing Director of the Company from Ms. Baroness Sandip Verma, Global Chairperson, Advisory Council, Institute Of Directors, India and Chairperson, European External Affairs Committee, at a specially organized "Golden Peacock Awards Nite" presentation ceremony held on Tuesday, 18th October 2016, at London, UK.

Energy Award - 2016

Heritage Foods Uppal dairy plant has been awarded the 1st Prize National Energy Conservation Award - 2016 by the Ministry of Power, Government of India for the effective energy conservation methods adopted. Awards were given on December 14th, 2016 at New Delhi by Hon'able Minister of Power, Coal and New & Renewable Energy, Government of India.

This is the sixth time that the energy conservation efforts of Heritage Foods are recognized by the Ministry. The Company had won such Awards earlier in 2008, 2010, 2012, 2014 and 2015.

100 Most Influential CFOs in India

The Chief Financial Officer (CFO) of Heritage Foods Ltd, Mr. A. Prabhakara Naidu has been conferred an Award by the London-based Chartered Institute of Management Accountants (CIMA), there by joining the elite list of CIMA's "100 Most Influential CFOs" in India.

The CIMA award was conferred at the 2016 CIMA Annual Awards Ceremony held in Mumbai on June 23, 2016. The award has been instituted by the CIMA to acknowledge CFOs with a proven track record of performance, achievements and contribution to the business.

Coca Cola Golden Spoon Award

Bagged the 'Coca Cola Golden Spoon Award' 2015 & 2016 for its retail business division. The annual 'COCA COLA Golden spoon awards' are well-established and highly regarded within the industry.

Most Innovative 100 CIOs/CTOs of India

Mr. K. Rajababu, Head-Information Technology, Dairy Division of the Company is among those conferred with the '100 Most Innovative CIO of India' by The World CSR day, Mumbai.

The World CSR Day aims to recognize Great Leaders across leadership levels in individual within an organization that aim at believing the excellence is infinite and perfection has no limit and targets are milestones not an end of the journey.

CORPORATE INFORMATION

Board of Directors

Mr. D Seetharamaiah	Non Executive Independent Chairperson
Mr. N Sri Vishnu Raju	Non Executive Independent Director
Mr. M Siva Rama Vara Prasad	Non Executive Independent Director (up to 12th May, 2016)
Mr. Rajesh Thakur Ahuja	Non Executive Independent Director
Dr. V Nagaraja Naidu	Non Executive Director
Mr. N Lokesh	Non Executive Director (up to 31st March, 2017)
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director
Mrs. N Brahmani	Executive Director

Chief Financial Officer: CA A Prabhakara Naidu

Company Secretary: CS Umakanta Barik

Senior Management:

Dr M Sambasiva Rao	President
Mr. J Sambamurthy	Head – Dairy Division

Board Committees

Audit Committee
Mr. D Seetharamaiah, Chairperson
Mr. N Sri Vishnu Raju
Mr. M Siva Rama Vara Prasad (up to 12th May, 2016)
Mr. Rajesh Thakur Ajuja (w.e.f. 23rd May, 2016)
Dr V Nagaraja Naidu
Mr. N Lokesh (up to 31st March, 2017)

Nomination & Remuneration Committee
Mr. N Sri Vishnu Raju, Chairperson
Mr. D Seetharamaiah
Mr. M Siva Rama Vara Prasad (up to 12th May, 2016)
Mr. Rajesh Thakur Ajuja (w.e.f. 23rd May, 2016)
Mr. N Lokesh (up to 31st March, 2017)

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

Risk Management Committee
Mr. M Siva Rama Vara Prasad, Chairperson (up to 12th May, 2016)
Mr. Rajesh Thakur Ajuja, Chairperson (w.e.f. 23rd May, 2016)
Mr. D Seetharamaiah
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari

Management Committee
Mr. D Seetharamaiah, Chairperson
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari
Mr. N Lokesh (up to 31st March, 2017)

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

Registered Office: #6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, Tel: 040-23391221/2
CIN: L15209TG1992PLC014332, E-mail: hfl@heritagefoods.in

Statutory Auditors: M/s. Raju & Prasad, Chartered Accountants
401, "DIAMOND HOUSE", Adj. Amrutha Hills, Panjagutta, Hyderabad - 500 082

Consortium Bankers: Bank of Baroda, Andhra Bank, ICICI Bank Limited.

Listed with: BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

Registrar and Transfer Agents: M/s Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli,
Hyderabad 500 032, Tel No: 91040 6716 1566

Website: www.heritagefoods.in

Notice to shareholders

Members of Heritage Foods Limited are hereby given notice for the 25th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	Wednesday, 23rd August, 2017
Time	11.00 am
Venue	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500 045

ORDINARY BUSINESS:

1. To receive Consider and Adopt:

   a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2017, the Reports of the Board of Director's and Auditor's thereon; and

   b. The Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2017

2. To declare a dividend of ₹ 4.00/- per share (40%) on equity shares of face value of ₹ 10/- each (including the special dividend of ₹ 1.00/- per equity share (10%) on equity shares of ₹ 10/- each on the event of Silver Jubilee year of the Company) for the financial year ended on March 31, 2017.

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

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

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Walker & Chandiok, Chartered Accountants (FRN:001076N/N500013), 7th Floor, Block III, White House, Kundan Bagh, Begumpet, Hyderabad– 500016, be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Raju & Prasad, Chartered Accountants (FRN:003475S), the retiring Statutory Auditors, to hold office for a term of five years from the conclusion of this Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every Annual General Meeting till the 30th Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

By Order of the Board of Directors

Umakanta Barik
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 25, 2017

Notes

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

   A person can act as proxy on behalf of member(s) not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other shareholder(s).

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

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

3. Relevant documents referred to in the accompanying Notice and notes are open for inspection by the Member(s) at the Company's Registered Office during working hours on all working days (except Saturdays, Sundays and Public Holidays) upto the date of this Annual General Meeting.

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

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

6. a) The Company has notified closure of Register of Members and Share Transfer Books from August 16, 2017 to August 23, 2017 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.

   b) The dividend on Equity Shares, if approved at the Meeting, will be credited / dispatched on August 29, 2017

7. The dividend as recommended by the Board of Directors for the year ended March 31, 2017, 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 member(s) on the Register of Members of the Company on record date after giving effect to all valid share transfer(s) in physical form which would be received by the Company upto end of business hours on Record date.

   Pursuant to provisions of Sub-Section (5) of Section 124 the Companies Act, 2013 (Section 205 of the Companies Act, 1956), the Company has to be transferred the unclaimed/ unpaid dividends declared up to financial years 2009-10, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed/ unpaid amounts lying with the Company as on 19th August, 2016 (date of last Annual General Meeting) on the website of the Company (www.heritagefoods.in) and also on the website of the Ministry of Corporate Affairs, the information in respect of such unclaimed/unpaid dividend and the last date for claiming the same are given below:-

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
2009-10	30-07-2010	29-07-2017
2010-11	29-09-2011	28-09-2018
2011-12	29-09-2012	28-09-2019
2012-13	17-07-2013	16-07-2020
2013-14	26-09-2014	25-09-2021
2014-15	24-09-2015	23-09-2022
2015-16	19-08-2016	18-08-2023

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company

9. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.

10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

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

12. Voting through electronic means:

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

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

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

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

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

    vi. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic share holding) as on the cut-off date i.e. Wednesday, August 16, 2017

    vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Wednesday, August 16, 2017 only, shall be entitled to avail the facility of remote e-voting.

    viii. Any person who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e, Wednesday, August 16, 2017 may write to the Karvy on the email

Id: evoting@karvy.com or to Mrs. C. Shobha Anand, Contact No. 040-67162222, at [Unit: Heritage Foods Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanankramguda, Hyderabad-500032, Telangana, requesting for the User ID and Password. After receipt of the above credentials, please launch internet browser by typing the URL: .http://evoting.karvy.com and follow all the steps as directed by the system to cast the vote.

ix. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9.00 a.m. (IST) on August 20, 2017

End of remote e-voting: Up to 5.00 p.m. (IST) on August 22, 2017

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

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

xi. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting.

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

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

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

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

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

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

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

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

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

g. On the voting page enter the number of shares (which represents the number of votes) as

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

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

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

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

k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

l. Corporate / Institutional Members (i.e. Other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: savitajyotiassociates05@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

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

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

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

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

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

13. Printed copies of the 25th Annual Report for the year 2016-17 of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Ballot Paper and Proxy Form is being sent to all members in the permitted mode. In addition, Notice of the 25th Annual General Meeting of the Company in electronic form inter alia indicating the process and manner of e-voting along with Attendance Slip, Ballot Paper and Proxy Form is also being sent to all members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes.

Members may also note that the 25th Annual Report for the year 2016-17 will also be available on the Company's website www.heritagefoods.in for their download. Even after registering for e-communication, members are entitled to receive such communication in printed form, upon making a request for the same. For any communication, the members may also send requests to the Company's investor email id: umakanta@heritagefoods.in

By Order of the Board of Directors

Umakanta Barik
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 25, 2017

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

Brief resume of the Director, nature of 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:

Name of the Director	Dr. V. Nagaraja Naidu
Director Identification Number	00003730
Date of Birth	01-07-1947
Date of Appointment	05-06-1992
Profile of the Director	Dr. V. Nagaraja Naidu 69 years is a postgraduate in Commerce and Doctorate in Financial Management. Dr. Naidu started his career from Administrative Staff College of India, Hyderabad in 1972 held various positions in reputed Universities viz,. Professor, Dean Director etc., and taught in the fields of Finance and Business Economics at Post graduate and Doctorate levels. He had been the Registrar (Administrative head) of the Dr. B R Ambedkar Open University for about 10 years.
Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	• Heritage International Limited
Chairmanships/Membership of Committees of other Public Companies* (includes only Audit Committee/ Stakeholders Relationship Committee / Nomination and Remuneration Committee Investors' Grievance Committee)	NIL
Shareholding in the Company	50,000 Equity Shares

By Order of the Board of Directors

Umakanta Barik
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 25, 2017

Directors' Report

To the members,

Your Directors have great pleasure in presenting the 25th Annual Report of the Company together with the Standalone & Consolidated Audited statement of accounts for the Financial Year ended 31st March, 2017.

Financial Results

(₹ In Lakhs)

Particular	Standalone		Consolidated	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenue from Operations (Gross)	227437.98	238162.13	264393.14	238162.13
Less: Excise Duty	97.82	103.80	104.22	103.80
Total Revenue from operations	**227340.16**	**238058.33**	**264288.92**	**238058.33**
Add: Other Income	445.17	654.96	599.55	654.96
Total Revenue	**227785.33**	**238713.29**	**264888.47**	**238713.29**
Total Expenditure	213677.65	224977.61	250157.78	224978.03
Profit /(Loss) before Finance Cost, Depreciation & amortization and Tax	**14107.68**	**13735.68**	**14730.68**	**13735.26**
Finance cost	1114.17	1549.27	1122.21	1549.27
Depreciation & Amortization	3251.87	3451.21	3780.63	3451.21
Profit /(Loss) before Extraordinary and Exceptional Item and Tax	**9741.64**	**8735.20**	**9827.84**	**8734.78**
- Exceptional Item Tax	—	136.95	-	136.95
Profit /(Loss) before Tax	**9741.64**	**8598.25**	**9827.84**	**8597.83**
Tax Expenses				
— Current & prior period tax	2600.07	3068.44	2701.53	3068.44
— Deferred Tax	459.11	(13.34)	444.33	(13.34)
Net Profit /(Loss) for the Year	**6682.46**	**5543.15**	**6681.98**	**5542.73**

Performance of the Company

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 264288.92 Lakhs, achieved an increase of 11.02 % over the previous year. The profit before finance cost, depreciation and amortization was of ₹ 14730.68 Lakhs (5.56% on total revenue) as against ₹ 13735.26 Lakhs (5.75% on total revenue) in the previous year. The operating profit after depreciation was amounted to ₹ 10950.05 Lakhs (4.13% to revenue) as against ₹ 10147.10 Lakhs (4.25% of revenue) in the previous year.

Dividend

Your Directors have pleasure in recommending a dividend of ₹ 4/- (40%) per equity share of ₹10/- each for the financial year ended March 31, 2017, amounting to ₹ 927.96 lakhs. The above dividend includes a special silver jubilee dividend of ₹ 1.00/- (10%) per equity share of ₹ 10 each for the financial year ended March 31, 2017. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The Register of Members and Share Transfer Books will remain closed from Wednesday, August 16, 2017 to Wednesday, August 23, 2017 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2017. The Annual General Meeting is scheduled to be held on August 23, 2017

The dividend payout for the year under review has been finalized 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.

Transfer to Reserves

Your Company proposes to transfer ₹ 1000 Lakhs to General Reserve. An amount of ₹ 5682.46 Lakhs is proposed to be retained in the Surplus.

Share Capital

The paid up Equity Share Capital as at March 31, 2017 stood at ₹ 23,19,90,000 divided into 2,31,99,000 equity shares of 10/- each. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or issued sweat equity share to its employees or directors. As on March 31, 2017, none of the Directors or the Company holds instruments convertible into equity shares of the Company.

Fixed Deposits

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

Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

Particulars of Contract or Arrangements Made With Related Parties

All related party transactions that were entered into during the financial year were at arm's length basis and were in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus the disclosure in form AOC-2 is not required. Further there are no materially significant related party transactions during the year under review with Promoters, Directors, Key Managerial Personnel and their relatives, which may have potential conflict with interest of the company at large.

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

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

There are no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report except to give effect the Composite Scheme of arrangement amongst Heritage Foods Ltd (HFL), Heritage Foods Retail Limited (HFRL) and Future Retail Ltd (FRL).

Variation in market capitalization

	As at March 31,		Increase / (decrease) in %
	2017	2016	
Market capitalization (₹ in Crore)	2,497.14	1185.47	110.65
Price earnings ratio	37.37	21.39	15.98

Note: Data bases on share prices quoted on BSE

Management's Discussion and Analysis

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

Business Review

Your Company has Two Divisions in operation in different States in India as on March 31, 2017.

As a part of the strategic business restructuring the Retail, Bakery, Agri & VetCa divisions of the Company has transferred on a going concern basis as a slump sale to M/s. Heritage Foods Retail Limited (HFRL), a wholly owned subsidiary Company. Subsequent to that the Retail, Agri & Bakery verticals of HFRL shall be transferred to Future Retail Limited (FRL), Mumabi by way of demerger through a Composite Scheme of arrangement as per the provisions of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable).

The Hon'ble NCLT Bench at Hyderabad & Mumbai approved the Composite Scheme of arrangement amongst Heritage Foods Ltd (HFL), Heritage Foods Retail Limited (HFRL) and Future Retail Ltd (FRL) on 03/05/2017 and 11/05/2017 respectively. The order copy has filed with respective Registrar of Companies (ROC) on 19th May, 2017 to give effect the Composite Scheme. The four divisions (viz., Retail, Bakery, Agri & Vetca) of your company has merged with the business of the HFRL a wholly owned subsidiary w.e.f. 1st November, 2016 (slump sale appointed date) as a slump sale basis with a consideration of ₹ 135 Crores. HFRL shall issue 1,40,00,000 (One Crore forty lakhs only) equity shares of ₹ 10 each with a premium of ₹ 86.43 to the Company to discharge the slump sale consideration. There after the three divisions (viz., Retail, Bakery & Agri) of HFRL has demerged with the resulting Company i.e.

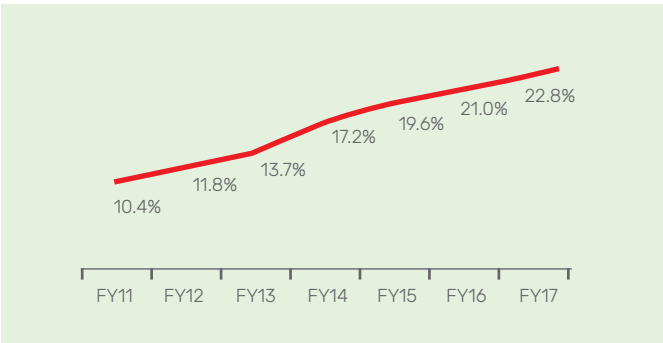
FRL w.e.f. 31st March, 2017 (demerged appointed date) . The FRL shall issue 1,78,47,420 equity shares of ₹ 2 each with a premium of ₹ 165.29 to the HFL being a shareholder of the HFRL to discharge the demerger consideration of ₹ 295 Crores.

Your Company acquired the dairy business of Reliance Retail Ltd (RRL) in a slump sale. RRL operates a pan India dairy procurement, processing and distribution platform under two brands 'Dairy Life' and 'Dairy Pure' with wide variety of products such as packaged milk, flavored milk, butter, ghee, curd, dairy whitener, sweets and skimmed milk powder. This acquisition augurs well for your company as it gives new opportunities in states like Punjab, Uttarakhand and Rajasthan where your company is not present and strong synergies in markets like Mumbai and Delhi-NCR where your company already commenced its operation.

Dairy Business:

Your company sells dairy products under the "Heritage" brand across 10 states in India through 6,098 distributors and 1,457 'Heritage Parlours'. Your Company enjoys a leadership position in Andhra Pradesh and Telangana and holds a sizable market share in Tamil-Nadu and Karnataka. 80% of the company's dairy revenues come from South India and from here on further growth in this region will be targeted at by scaling Tier – II & Tier – III towns. Your Company is trying to make inroads into North and West India markets; It entered NCR Delhi & Maharashtra markets and is setting up its milk procurement infrastructure and capacities there.

The company launched several value added products Since 2007 and has increased its contribution to dairy revenues from 10.4% in FY11 to 23% in FY17. As on FY17, curd contributes 77% of total value added products' revenue followed by Frozen Dessert, paneer, flavored milk and sweets.



Steady increase in contribution of Value added products

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

Milk Production & Consumption in India: India has come a long way since the milk-deficit days to becoming the world's largest producer as well as consumer of milk. Globally, the EU, India and the United States are currently the largest milk and dairy product producers and consumers. These countries account for 20.3%, 18.3% and 11.9% shares respectively in global dairy production.

There are two structural themes that are expected to pan out in the Indian dairy industry owing to favourable demographics which will drive multi-year growth in the industry. The tailwinds arising with the shift from 'unorganized' to 'organized' market and consumer up gradation from 'pouch milk/ powders' to 'value-added dairy products' (VADP) will provide strong growth opportunities.

In India, the unorganized segment comprising of 'local vendors' and 'self-consumption' commands a lion's share of 80% by value. The organized segment is divided between 'cooperatives' and 'private dairy companies'. The share of organized segment has gradually inched up from 16.7% in FY10 to 20.7% in FY17.

Shift from raw milk/ milk powders to Value Added Dairy Products (VADP): Raw milk, skimmed milk powders (SMP) and dairy whiteners (DW) are classified as traditional commodities with low margin dairy products. However, with rising disposable incomes and bourgeoning proportion of working women, there will be greater consumption of branded VADP like cheese, table butter, flavoured milk, UHT milk, shrikhand, paneer, buttermilk, etc.

Your Company procures 1.03mn litres of milk daily from 3 lakh farmers across 8 states which are chilled in 144 bulk coolers and further processed and packaged in 15 packaging plants. 90% of milk is directly procured from farmers which ensures greater consistency in milk quality and consistency in supply. The company's installed processing capacity is 1.53mn liters per day and chilling capacity is 1.73mn liters per day. After processing, 0.9mn litres of milk is sold across 11.5mn households on a daily basis and the remaining is converted into value added products (majorly curd and ice-cream) and sold across 10 states viz Andhra Pradesh, Delhi, Haryana, Karnataka, Kerala, Maharashtra, Odisha, Rajasthan, Telangana and Tamilnadu.

During the financial year 2016-17, Dairy Division has increased milk Chilling capacity by 1,00,000 LPD by commissioning of 16 units which includes Bulk mini chilling units, Mini Chilling units, chilling centres and Franchisee Bulk mini chilling units to increase the milk procurement and to maintain the quality. The Turnover has grown by 5.73% from ₹ 176880 Lakhs to ₹ 187010 Lakhs.

Renewable Energy Division:

The Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending the Green' footprint. In line with this thinking, the Division has set up the following plants:

- Commissioned 2.34 MW Solar Power Plant at Adavi Masjid Village, Mulugu Mandal, Medak Dist, Telangana on 29th September, 2013.
- Commissioned 1st Wind Power Plant of 2.1 MW Capacity at Chinahothur Village, Vajrakarur Mandal, Ananthapur District, Andhra Pradesh on 27th March 2016.
- Commissioned 2nd Wind Power Plant 2.1 MW Capacity at Sy No. 291, 292, Vajrakarur, Ananthapur District, Andhra Pradesh, India on 20th September, 2016.
- Commissioned (Off Grid) Distributed Captive Solar Power Plants at its six various locations/plants with total capacity of 1.66 KWp on 29/03/2017 with key objective to optimize energy mix by use of Clean & Green (Renewable) Energy sources to reduce carbon emissions and to secure Energy at Low Cost.

Renewable Energy Division of your Company had achieved the turnover of ₹ 521.30 Lakhs during the year under review.

Subsidiary / Associate Companies

Your Company is having two Subsidiaries Company's namely M/s. Heritage Foods Retail Limited (CIN: U15400TG2008PLC062054) & M/s. Heritage Conpro Limited (CIN:U52100TG2011PLC072132) and one Associate Company M/s SKIL Raigam Power (India) Limited (CIN:U40102TG2009PLC063671).

M/s. Heritage Conpro Limited is not doing any business since its Incorporation, the company had resolved to voluntarily wind up pursuant to the provisions of Section 484 of the Companies Act, 1956 read with rule made thereunder and appointed the Liquidators for winding up the affairs of the company. All the required documents has been submitted by Official Liquidator awaiting for the final order from from the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh .

During the year, the Board of Directors reviewed the activities of the subsidiaries, associate Companies and noted that the Heritage Foods Retail Limited, accounts has been consolidated from the effect date (i.e. 1st November, 2016) as per the Composite Scheme of Arrangement. The Associate Company namely M/s. SKIL Raigam Power (India) Limited is in process for various stages for implementation & completion of Hydel Power project. However in accordance with Section 129(3) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has prepared consolidated financial statements of its Subsidiary & Associate Company in accordance with relevant Accounting Standards Viz. AS-21, AS-23 & AS-27 issued by the Institute of Chartered Accountants of India and form part of the Annual Report. Further, a statement containing the salient features of the financial statement of the Subsidiary & Associate Companies in the prescribed format AOC-1 is appended in financial statement of the report. The statement also provides the details of performance, financial positions of each of the subsidiary & Associate.

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

Quality

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

Your Company adheres to international quality standard certifications such as ISO 22000:2005, (OHSAS) ISO 18001:2007, ISO 14001:2004, (ENMS) ISO 50001:2011 and HALAL CERTIFICATION HYDERABAD HFC 15-101 & 102. Your Company has also received an independent auditor's assurance report on compliance to ISO 14001 & 18001 (EMS & OHSAS) 2nd Cycle Re-registration and same was submitted to certification body (SGS, Hyderabad).

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

Branding

On the eve of the silver jubilee of the company, the brand identity of your Company has undergone an evolutionary change. In evolving Heritage's identity, one of the objectives was to create a bridge between the last 25 years and the future of the brand. The evolution of the brand is done keeping the key elements of the older identity intact i.e., the green and the red in the logo, the oval shape etc, the italics in the fonts etc. The other key task was visualise the brand promise of "Health & Happiness". "Health" is a glass of Heritage milk and "Happiness" is an expression. This identity is taken to all the brand faces of Heritage, may it be any form of mass media or permanent visibility. This unification of identity shall make it simpler for a Heritage consumer to identify Heritage at its key distribution points

Besides evolving Identity, there is a complete changeover of the packaging of Heritage range of products. The key objective here is to have one unified look, which helps to take the brand national and ensure that consumer experiences the brand promise irrespective of where the brand is consumed. We currently service 1.5 Million

consumers on a daily basis and with the above initiative, we believe that the brand will be ready for its next million consumers.

Awards & Recognitions

During the financial year 2016-17 the Company has received the following awards and recognitions.

- The Company has been declared as the Winner of 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2016 by Institute Of Directors (IOD), India. The above award was received by Mrs. N Bhuvaneswari, Vice Chairperson & Managing Director of the Company from Ms. Baroness Sandip Verma, Global Chairperson, Advisory Council, Institute Of Directors, India and Chairperson, European External Affairs Committee, at a specially organized "Golden Peacock Awards Nite" presentation ceremony was held at London, United Kingdom, W1K 2HP, UK, in the presence of distinguished business leaders from INDIA & UK, during IOD India's "16th London Global Convention on Corporate Governance & Sustainability" and Global Business Meet.
- The Uppal Plant of Dairy Division has received the 1st Prize in 'National Energy Conservation Award' in Dairy sector from the Ministry of Power, Govt of India during the year 2016. this is the Sixth time that the energy conservation efforts of Heritage Foods are recognized by the Ministry. The Company had won such Awards earlier in 2008, 2010, 2012, 2014 and 2015.
- The Retail Division of the Company has received 'COCA COLA Golden Spoon Award' 2016 for being the Most Admired Food & Grocery Retailer of the Calendar Year' 2016.
- The Chief Financial Officer (CFO) of the Company has been conferred an Award by the London-based Chartered Institute of Management Accountants (CIMA), there by joining the elite list of CIMA's "100 Most Influential CFOs" during the year 2016.
- The IT Head of the Company has been awarded among those conferred with the "100 Most Innovative CIO of India" by The World CSR day, Mumbai during the year 2016.

Human Resources and Industrial Relations

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

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

The total strength of your Company at the end of financial year 2016-17 was 2420.

Particulars of Employees

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

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 102 lakh or more PA, or employed for part of the year and in receipt of ₹ 8.5 lakh or more in a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, is enclosed as Annexure-1B to the Board's report.

Corporate Governance

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

Your Company complies with the Securities and Exchange Board of India (SEBI)'s Regulations on corporate governance. Your Company has documented internal policies on corporate governance. During the year, Company continued to comply with the Companies Act, 2013. Company Corporate governance report for financial year 2016-17 forms part of this Annual Report. All Corporate policies are available in Company website i.e. www.heritagefoods.in Corporate Policies

Auditors' certificate on Corporate Governance

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

Board Diversity

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

Meetings of the Board

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

Policy on Director's Appointment and Remuneration

The current policy is to have an appropriate mix of Executive and Non-executive & Independent and Women Directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2017, the Board consists of 6 members, two of whom are Executive/Whole-time directors and four are Non-Executive directors. The Board periodically evaluates the need for change in its composition and size.

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

Declaration by Independent Directors

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

Board Evaluation

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

Board performance evaluation is carried out through a structured questionnaire which provides a powerful and valuable feedback for improving Board effectiveness, maximising strengths and highlighting areas for further development.

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

Criteria for evaluation of Board and its Committees:

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

Criteria for evaluation of Individual Directors:

- Attendance at Board as well as Committee Meetings
- Procurement of Information, preparation for Board Meetings and value of contribution at meetings
- Relationships with fellow Board members, the company secretary and senior management and mutual trust and respect they stimulated within the Board.
- Keeping update with the latest developments in the areas of governance and financial reporting
- Willingness to devote time and effort to understand the company and its business
- Providing necessary guidance using their knowledge and experience in development of corporate strategy,

major plans of action, risk policy, and setting performance objectives.

- Independence exercised in taking decisions, listening to views of others and maintaining their views with resolute attitude
- Ability in assisting the Company in implementing the best corporate governance practices.
- Capability in exercising independent judgement to tasks where there is potential to conflict of interest
- Commitment in fulfilling the director's obligations fiduciary responsibilities.

None of the independent directors are due for re-appointment.

Training of Independent Directors

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

Appointment/Re-Appointment

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

Retirements and Resignations

Mr. M Siva Rama Vara Prasad (DIN: 00170919) Non-Executive Independent Director of the Company had resigned from the Board w.e.f. 12th May, 2016 due to his personal reasons and other commitments. The Board placed on record the invaluable contribution made by him, towards the progress of the Company from the date of appointment until his resignation.

Mr. N. Lokesh (DIN: 02230945) Non-Executive Director of the Company had resigned from the Board w.e.f. 31st March, 2017 due to his personal reasons. The Board placed on record the invaluable contribution made by him, towards the progress of the company from the date of appointment until his resignation.

Key Managerial Personnel

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

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

Committees of the Board

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

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

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Audit committee	Mr. D Seetharamaiah, Chairperson Mr. N Srivishnu Raju Mr. M Siva Rama Vara Prasad# Dr. V Nagaraja Naidu Mr. N Lokesh* Mr. Rajesh Thakur Ahuja	♦ All recommendations made by the audit committee during the year were accepted by the Board. ♦ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval. ♦ Approval or any subsequent modification of transactions of the Company with related parties. ♦ Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems, etc.

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Nomination and Remuneration Committee	Mr. N Srivishnu Raju Chairperson Mr. D Seetharamaiah Mr. M Siva Rama Vara Prasad# Mr. N Lokesh* Mr. Rajesh Thakur Ahuja	♦ The committee oversees and administers executive compensation, operating under a written charter adopted by our Board of Directors. ♦ The nomination and remuneration committee has framed the nomination and remuneration policy.
Corporate Social Responsibility Committee	Mr. D Seetharamaiah Chariperson Mr. N Srivishnu Raju Mrs. N Bhuvaneswari	♦ To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under. ♦ To monitor the implementation of the CSR Policy of the Company from time to time
Stakeholders Relationship Committee	Dr. V Nagaraja Naidu Chariperson Mr. D Seetharamaiah Mr. N Srivishnu Raju Mrs. N Bhuvaneswari	♦ The committee reviews and ensures redressal of investor grievances. ♦ The committee noted that all the grievances of the investors have been resolved during the year.
Risk Management Committee	Mr. M Siva Rama Vara Prasad# Chairperson Mr. Rajesh Thakur Ahuja Chairperson Mr. D Seetharamaiah Mr. N Srivishnu Raju Mrs. N Bhuvaneswari	♦ The purpose of the committee is to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation & mitigation of operational, strategic and environmental risks efficiently and effectively. ♦ The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.
Management Committee	Mr. D Seetharamaiah Chariperson Mr. N Srivishnu Raju Mr. N Lokesh* Mrs. N Bhuvaneswari	♦ Setting the strategic direction to guide and direct the activities of the organization; ♦ Ensuring the effective management of the organization and its activities; and ♦ Monitoring the activities of the organization to ensure they are in keeping with the founding principles, objects and values.

Mr. M Siva Rama Vara Prasad Resigned from the Board & Committees w.e.f. 12th May, 2016.

* Mr. N Lokesh Resigned from the Board w.e.f. 31st March, 2017.

Policies

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

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

Name of the policy	Brief description	Web link
Whistleblower Policy (Policy on vigil mechanism)	The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2016.	http://heritagefoods.in/images/HFL%20Whistle%20Blower%20Policy.pdf

Name of the policy	Brief description	Web link
Insider Trading Policy and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	The Company has adopted a Code of Conduct to Regulate, Monitor & Report Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) Regulation 2015, with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Promoters, Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed and other certain situations. All Board Directors and the designated employees have confirmed compliance with the Code.	http://heritagefoods.in/images/COC.pdf http://heritagefoods.in/images/COFD.pdf
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management of the Company. This policy also lays down criteria for selection and appointment of Board Members.	http://heritagefoods.in/images/BD.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on society through programs relating to hunger, poverty, education, healthcare, environment and lowering its resource footprint.	http://heritagefoods.in/images/HFL_CSR.pdf
Policy for Determining Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	http://heritagefoods.in/images/Subsidiary_Policy.pdf
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	http://heritagefoods.in/images/RPT_Policy.pdf
Policy on Preservation of Documents	The policy deals with the preservation of corporate records of the Company and all its subsidiaries.	http://heritagefoods.in/images/PD.pdf
Business Responsibility Policy	This Policy endorses the Company's commitment to follow principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business	http://heritagefoods.in/images /HFL%20BR%20POLICY.pdf
Dividend Distribution Policy	This Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.	http://heritagefoods.in/images/HFL_Dividend_Distribution_Policy.pdf

Auditors & Auditors Report

Statutory Auditors:

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the term of M/s. Raju & Prasad, Chartered Accountants (F No: 003475S), Chartered Accountants, Hyderabad as the Statutory Auditors of the Company expires at the conclusion of the 25th Annual General Meeting of the Company.

The Board of Directors of the Company at their meeting held on 24th March, 2017, on the Recommendation of the Audit Committee, have made its recommendation for appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (FRN:001076N/N500013), 7th Floor, Block III, White House, Kundan Bagh, Begumpet, Hyderabad – 500016, as the Statutory Auditors of the Company by the Members at the 25th Annual General Meeting of the Company for an initial term of 5 years. Accordingly, a resolution, proposing appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of five consecutive years i.e. from the conclusion of 25th Annual General Meeting, during the year 2017 till the conclusion of 30th Annual General Meeting, during the year 2022 of the Company pursuant to Section 139 of the Companies

Act, 2013, forms part of the Notice of the 25th Annual General Meeting of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

The Report given by M/s. Raju & Prasad, Statutory Auditors on the financial statement of the Company for the Financial year 2016-17 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act. M/s. Raju & Prasad, over many years have successfully met the challenge that the size and scale of the Company's operations pose for auditors and have maintained the highest level of governance, ethical standards, rigour and quality in their audit. The Board place on record its appreciation for the services rendered by M/s. Raju & Prasad, as the Statutory Auditors of the Company.

Secretarial Auditor:

M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), was appointed to conduct the Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The secretarial audit report for financial year 2016-17 issued by M/s. Savita Jyoti, Practicing Company Secretary in form MR-3 is provided in the Annexure-2 to the Board's report.

The Secretarial Auditor's Report is self-explanatory and do not call for any further comments.

The Board has appointed M/s. Savita Jyoti Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for the financial year 2017-18 as per the provisions of the Companies Act, 2013 and Rules made thereof and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Significant of Material Orders Passed by the Regulators

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

Extracts of Annual Return

An Extract of Annual Return in Form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014, is provided in Annexure-3 to this report.

Internal financial control and its adequacy

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

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

Internal Audit & Control Systems

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

These are supplemented by internal audit of your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Four Directors in whom all are Non Executive and three are independent Directors. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. Your Company has a robust Management Information System which is an integral part of the control mechanism.

The Board of Directors on the recommendation of the Audit Committee has appointed Internal Auditors for the financial year 2017-18 as per the provision of Section 138 of the Companies Act, 2013 and Rules made thereof and as per the SEBI (LO&DR) Regulation, 2015

Corporate Social Responsibility (CSR)

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

CSR activities, as per the provisions of the Companies Act, 2013 and rules made thereof, may be undertaken by the Company or through a registered trust or a registered society. The CSR Committee of the Board evaluated various options to implement the CSR activities and decided to contribute the mandated CSR

amount to the NTR Memorial Trust, Hyderabad, to carry out the activities such as promoting education, enhancing the vocational skill & supply of clean drinking water etc., as part of the CSR activities of the Company. As the NTR Memorial Trust is operating since 1997 towards the improvement of health, education of the needy people in the society and running the school for the poor people and lot more other initiatives for the up-liftment of the backward and needy population in the society.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure-4 forming part of the Board's Report.

i. Heritage Farmer Welfare Trust (HFWT)

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

- Veterinary care and cattle management practices through Heritage Mobile Veterinary Clinic, (equipped with necessary tools and trained human resources) for providing door-step veterinary services to the Milch Animals and empowering cattle owners with advanced technology and knowledge on best cattle management and feeding practices. The Mobile veterinary vans conduct free health camp in the needy villages.
- Extending Insurance coverage for accidental death of farmer members, Incentive for fodder development & reward for Meritorious Students.
- The HFWT impact during the year for Mobile Veterinary clinic as follows:

No of Cattles Treated	No of Milk Collection Centers Covered	No of Cattle Health Camps Organized
159540	**4529**	**2163**

No of HFL Locations Covered	No of Artificial Inseminations	No of Video Films Shown
106	**1561**	**1891**

Business Responsibility Report

Pursuant to regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Annual Report shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the Company from an environmental, social and governance perspective. BRR has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing improvements which reflect their adoption in the manner the company undertakes its business. In compliance with the regulation, the Business Responsibility Report is annexed in Annexure-5 to the board report.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings & Outgo

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 are provided in the Annexure-6 to the Board Report.

Transfer of Un-Claimed Dividends

During the year under review, there is no unclaimed/unpaid dividend amount due to transfer to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time, because of the company did not declare the dividend during the year 2008-09.

Risk Management

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

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

The policy is available in the Company website:
www.heritagefoods.in corporate policies RMPolicy

Policy on Sexual Harassment

Your Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women

at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17

No of complaints received : Nil

No of complaints disposed off : Nil

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

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

The Directors confirm that:

- In the preparation of the annual accounts (Standalone & Consolidated) for the financial year 2016-17, applicable accounting standards have been followed along with proper explanation relating to material departures.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2016-17 and of the profit and loss of the Company for that period.
- They have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- They have prepared the annual accounts of the company on a going concern basis.
- They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Green Initiatives

The Company started a sustainability initiative with the aim of going green and minimizing our impact on the environment.

Electronic copies of the Annual Report 2016-17 including the Notice of the 25th Annual General Meeting will be sent to all members whose email addresses are registered with the Company /Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2016-17 includes the Notice of the 25th Annual General Meeting will be sent in the permitted mode. Members requiring physical copies can send a request to the Company.

Acknowledgement

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

For and on behalf of
HERITAGE FOODS LIMITED

D Seetharamaiah
Chairperson
(DIN: 00005016)

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: 04023391221/2
E-mail: hfl@heritagefoods.in
Date: May 25, 2017

Annexure-1 (A & B)

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

Remuneration paid to whole-time directors

Name of the director	Title	Remuneration in FY 2016-17 (₹ in Lakhs)*	Remuneration in FY 2015-16 (₹ in Lakhs)*	No. of Stock options / RSUs granted in FY 2016-17	% increase/ (Decrease) of remuneration in FY 2016-17 as compared to FY 2015-16	Excl. WTD Ratio of remuneration to MRE	Incl. WTD Ratio of remuneration to MRE
Mrs. N. Bhuvaneswari	Vice Chairman & Managing Director	528.19	478.13	–	10.47	381.29	381.95
Mrs. N. Brahmani	Executive Director	422.30	382.51	–	10.40	304.85	305.38

MRE: Median Remuneration of Employees

* Remuneration including salary, Perks & Commission

Remuneration/Sitting Fee paid to Non-Executive Directors

Name of the director	Sitting Fee in FY 2016-17 (₹ in Lakhs)	Sitting Fee in FY 2015-16 (₹ in Lakhs)	Number of stock options/RSUs granted in FY 2016-17	% increase /(decrease) of remuneration in FY2016-17 as compared to FY 2015-16
Mr. D. Seetharamaiah	4.00	3.70	–	8.11
Mr. N Srivishnu Raju	3.90	1.50	–	160.00
Mr. M. Siva Rama Vara Prasad^	-	2.10	–	(100.00)
Mr. Rajesh Thakur Ahuja *	2.40	–	–	-
Dr. V Nagaraja Naidu	2.60	2.60	–	-
Mr. N Lokesh#	2.90	1.90	–	52.63

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May 2016

* Mr. Rajesh Thakur Ahuja appointed as Director on 23rd March 2016.

Mr. N Lokesh has resigned from the Board w.e.f 31st March, 2017

Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	Remuneration in FY 2016-17 (₹ in Lakhs)	Remuneration in FY 2015-16 (₹ in Lakhs)	No. of stock options /RSUs granted in FY 2016-17	% increase / (decrease) of remuneration in FY2016-17 as compared to FY 2015-16	Excl. WTD Ratio of remuneration to MRE	Incl. WTD Ratio of remuneration toMREand WTD
Mr. A Prabhakar Naidu	Chief FinancialOfficer	43.24	39.20	–	10.30	31.22	31.28
Mr. Umakanta Barik	Company Secretary	21.48	19.47	–	10.32	15.51	15.53

The Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 138528 and ₹ 96,000/- in financial year 2016-17 and financial year 2015-16 respectively. There is 44.30% change in MRE (excluding WTDs) in financial year 2016-17, as compared to financial year 2015-16.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 138288 and ₹ 96,000/- in financial year 2016-17 and financial year 2015-16 respectively. There is 44.05% change in MRE (including WTDs) in financial year 2016-17, as compared to financial year 2015-16.

The number of permanent employees on the rolls of the Company as of March 31, 2017 was 2420

The revenue growth of the Company during financial year 2016-17 over previous financial year was 11.02%

The aggregate remuneration of employees excluding WTD decrease in FY 2016-17 over the previous financial year was 35.02%

The aggregate remuneration of employees including WTD decrease in FY 2016-17 over the previous financial year was 40.32%

The aggregate remuneration of KMP increased in FY 2016-17 over the previous financial year was9.80%

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

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

Employee name	Designa-tion	Education-al qualifi-cation	Age	Experi-ence (in years)	Date of joining	Gross Remunera-tion Paid (₹ in Lakhs)	Previous employment and designation
Dr. M Samba Siva Rao	President	M.Sc., Ph.D.	60	31	23/01/2006	211.77*	Joint Secretary, Ministry of Commerce and Industry Government of India

* Remuneration includes Salary & Performance incentive

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

For and on behalf of

HERITAGE FOODS LIMITED

D Seetharamaiah
Chairperson
(DIN: 00005016)

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph: 04023391221/2
E-mail: hfl@heritagefoods.in
Date: May 25, 2017

Annexure-2

FORM No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2017

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

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

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

Based on our verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) 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 Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

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

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

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

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

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

We have also examined compliance with the applicable clauses of the following:

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

(ii) The Listing Agreements entered into by the Company with the BSE Limited and The National Stock Exchanges

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

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with following laws applicable specifically to the Company:

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

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

iii) The Legal Metrology Act, 2009 and the Rules made there under.

iv) The Environment Protection Act, 1986

v) Boilers Act, 1923

vi) Bureau of Indian Standards (BIS) Act, 1986

vii) The Water (Prevention and Control of Pollution Act) 1974

viii) The Air (Prevention and Control of Pollution Act) 1981

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors & Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that, during the audit period the company has sought the approval of its members for Composite Scheme of arrangement amongst Heritage Foods Ltd (HFL) (CIN:L15209TG1992PLC014332), Heritage Foods Retail Limited (HFRL) (CIN:U15400TG2008PLC062054) and Future Retail Ltd (FRL) (CIN:L51909MH2007PLC268269).

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

for **SAVITA JYOTI ASSOCIATES**

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

Place : Hyderabad
Date : 27th April, 2017

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

ANNEXURE – A TO SECRETARIAL AUDIT REPORT

To
The Members
Heritage Foods Limited
Hyderabad

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

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

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

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

d) Whenever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

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

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

For SAVITA JYOTI ASSOCIATES

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

Place : Hyderabad
Date : 27th April 2017

Annexure 3

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACITVITIES OF THE COMPANY

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

Sl. No	Name and Description of Main Product/Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Milk	2014	51.45%
2	Milk Products	2010	26.15%
3	FMCG (Food & Non Food)		14.24%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares hold	Applicable Section
1.	Heritage Foods Retail Ltd	U15400TG2008PLC062054	Subsidiary	100.00%	2(87)(ii)
2.	Heritage Conpro Limited*	U52100TG2011PLC072132	Subsidiary	75.70%	2(87)(ii)
3.	SKIL Raigam Power (India) Ltd	U40102TG2009PLC063671	Associate	44.83%	2(6)

* Heritage Conpro Limited is under voluntary winding up

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

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(g) Individual / HUF	8033046	–	8033046	34.63	8032896	–	8032896	34.63	–
(h) Central Govt	–	–	–	–	–	–	–	–	–
(i) State Govt(s)	–	–	–	–	–	–	–	–	–
(J) Bodies Corporate	1223800	–	1223800	5.28	1223800	–	1223800	5.28	0
(k) Banks/FI	–	–	–	–	–	–	–	–	–
(l) Any other	–	–	–	–	–	–	–	–	–
Sub total (A) (1):-	**9256846**	–	**9256846**	**39.90**	**9256696**	–	**9256696**	**39.90**	–
(2) Foreign	–	–	–	–	–	–	–	–	–
(a) NRIs Individuals	–	–	–	–	–	–	–	–	–
(b) Other Individuals	–	–	–	–	–	–	–	–	–
(c) Bodies Corporate	–	–	–	–	–	–	–	–	–
(d) Banks/FI	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**9256846**	–	**9256846**	**39.90**	**9256696**	–	**9256696**	**39.90**	–
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	1080113	18000	1098113	4.73	1313047	18000	1331047	5.74	1.00
(b) Banks/FI	19963	–	19963	0.09	9379	–	9379	0.04	-0.05
(c) Central Govt	–	–	–	–	–	–	–	–	–
(d) State Govt(s)	–	–	–	–	–	–	–	–	–
(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f) Insurance Companies	–	–	–	–	–	–	–	–	–
(g) FII	1027975	–	1027975	4.43	1671165	–	1671165	7.20	2.77
(h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**2128051**	**18000**	**2146051**	**9.25**	**2993591**	**18000**	**3011591**	**12.98**	**3.73**
(a) Bodies Corporate	3830649	13300	3843949	16.57	3407168	12900	3420068	14.74	-1.83
(i) Indian	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(b) Individuals	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i) Individual shareholders holding nominal share capital upto ₹ 2 Lakh	3138635	806038	3944673	17.00	3031849	784083	3815932	16.45	-0.55
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	3390958	100000	3490958	15.05	2964796	100000	3064796	13.21	-1.84
(c) Others (Specify)	433323	83200	516523	2.23	547317	82600	629917	2.72	0.49
Sub-total (B)(2)	**10793565**	**1002538**	**11796103**	**50.85**	**9951130**	**979583**	**10930713**	**47.12**	**-3.73**
Total Public Shareholding (B)=(B)(1)+(B2)	**12921616**	**1020538**	**13942154**	**60.10**	**12944721**	**997583**	**13942304**	**60.10**	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**22178462**	**1020538**	**23199000**	**100.00**	**22201417**	**997583**	**23199000**	**100**	

(ii) Shareholding of Promoters / Promoters Group & PAC

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2016			Shareholding at the end of the year 31.03.2017			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged /encumberred to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumberred to total shares	
1.	Nara Bhuvaneswari	5330826	22.98	–	5330826	22.98	–	-
2.	Nara Lokesh	2366400	10.20	–	2366400	10.20	–	-
3.	Megabid Finance & Investments Pvt Ltd	1223800	5.28	–	1223800	5.28	–	-
4.	N. Brahmani	101000	0.44	–	101000	0.44	–	-
5.	Ramakrishna N.P	100000	0.43	–	100000	0.43	–	-
6.	V Nagaraju Naidu	58000	0.25	–	50000	0.22	–	-0.03
7.	Kathya N.P	30000	0.13	–	30000	0.13	–	-
8.	Suneel Vadlamuni	21000	0.09	–	0	0	–	-0.09
9.	Durga Ramakrishna N.P	20000	0.09	–	20000	0.09	–	-
10.	Neelima N.P	20000	0.09	–	20000	0.09	–	-
11.	Nandamuri Balakrishna	6820	0.03	–	6820	0.03	–	-
12.	Nandamuri Vasundara	6400	-	–	6400	0.03	–	-
13.	A. Siva Sankara Prasad	800	-	–	650	-	–	-
14.	N. Bala Krishna	600	-	–	600	-	–	-
15.	Ramakrishna Nandamuri	200	-	–	200	-	–	-
		9285846	**40.03**	–	**9256696**	**39.90**	–	**-0.13**

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

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	9256846	39.90	–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	150 Shares Sold	–	9256696	39.90
	At the end of the Year 31.03.2017	–	–-	**9256696**	**39.90**

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

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
1.	**Nirvana Holdings Private Limited**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	2572842	11.09	–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	–	–	–	–
	At the end of the Year 31.03.2017	–	–	**2572842**	**11.09**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
2.	**V Sudha Sarada**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	1191182	5.13	–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	08.04.2016 357 Shares Purchased	-	1191539	5.14
		15.04.2016 1861 Shares Purchased	-	1193400	5.14
		22.04.2016 100 Shares Purchased	-	1193500	5.14
		06.05.2016 308 Shares Purchased	-	1193808	5.15
		05.08.2016 27308 Shares Sold	0.18	1166500	5.03
		12.08.2016 5500 Shares Sold	0.02	1161000	5.00
		19.08.2016 26482 Shares Sold	0.11	1160767	5.00
		16.09.2016 1483 Shares Purchase	0.01	1162250	5.01
		07.10.2016 500 Shares Purchase	-	1162750	5.01
	At the end of the Year 31.03.2017	-	-	**1162750**	**5.01**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
3.	M/s. Doric Asia Pacific Small Cap (Mauritius) Limited	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	-		–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	15.07.2016 275000 Shares Purchased	1.19	275000	1.19
		16.09.2016 32435 Shares Purchased	0.14	307435	1.33
		23.09.2016 5565 Shares Purchased	0.02	313000	1.35
		30.09.2016 45000 Shares Purchased	0.19	358000	1.54
		07.10.2016 60000 Shares Purchased	0.26	418000	1.80
		14.10.2016 32344 Shares Purchased	0.14	450344	1.94
		21.10.2016 31000 Shares Purchased	0.13	481344	2.07
		11.11.2016 13000 Shares Purchased	0.06	494344	2.13
		18.11.2016 20800 Shares Purchased	-	515144	2.22
		25.11.2016 23200 Shares Purchased	0.10	538344	2.32
	At the end of the Year 31.03.2017	**-**	**-**	**538344**	**2.32**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
4.	M/s Em Resurgent Fund	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	440725	1.90	–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment/transfer/bonus/ sweat equity etc)	–	–	–	–
		–	–	–	–
	At the end of the Year 31.03.2017	**–**	**–**	**440725**	**1.90**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
5.	Sundaram Mutual Fund A/C Sundaram Smile Fund	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	352402	1.52	–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	17.06.2016 2402 Shares Sold	0.01	350000	1.51
		19.08.2016 5000 Shares Sold	0.02	345000	1.49
		26.08.2016 28488 Shares Sold	0.12	316512	1.36
		23.09.2016 16512	0.07	300000	1.29
	At the end of the Year 31.03.2017	-	-	**300000**	**1.29**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
6.	Alok Agarwal	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	297996	1.28	–	–
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	05.08.2016 4 Shares Purchased	–	4	1.28
	At the end of the Year 31.03.2017	-	-	**298000**	**1.28**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
7.	Dolly Khanna	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	264976	1.14	–	–
		01.04.2016 1000 Shares Sold	-	263976	1.14
		08.04.2016 6700 Shares Sold	0.02	257276	1.11
		15.04.2016 7500 Shares Sold	0.03	249776	1.08
		22.04.2016 4500 Shares Sold	0.01	245276	1.06
		29.04.2016 1000 Shares Sold	-	244276	1.05
		13.05.2016 3000 Shares Sold	0.01	241276	1.04
		30.06.2016 1000 Shares Sold	-	240276	1.04
		08.07.2016 4000 Shares Sold	0.02	236276	1.02

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
7.	Dolly Khanna	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment/transfer/bonus/ sweat equity etc)	15.07.2016 9000 Shares Sold	0.04	227276	0.98
		22.07.2016 6950 Shares Sold	0.03	220326	0.95
		29.07.2016 8790 Shares Sold	0.04	211536	0.91
		05.08.2016 6483 Shares Sold	0.03	205053	0.88
		12.08.2016 6500 Shares Sold	0.03	198553	0.86
		19.08.2016 4000 Shares Sold	0.02	194553	0.84
		26.08.2016 4750 Shares Sold	0.02	189803	0.82
		02.09.2016 5000 Shares Sold	0.02	184803	0.80
		09.09.2016 6396 Shares Sold	0.03	178407	0.77
		16.09.2016 5660 Shares Sold	0.02	172747	0.74
		23.09.2016 10440 Shares Sold	0.04	162307	0.70
		30.09.2016 8565 Shares Sold	0.04	153742	0.66
		07.10.2016 9560 Shares Sold	0.04	144182	0.62
		14.10.2016 2750 Shares Sold	0.01	141432	0.61
		21.10.2016 4250 Shares Sold	0.02	137182	0.59
		28.10.2016 5500 Shares Sold	0.02	131682	0.57
		04.11.2016 8500 Shares Sold	0.04	123182	0.53
		11.11.2016 3000 Shares Sold	0.01	120182	0.52
		18.11.2016 4000 Shares Sold	0.01	116182	0.50
		25.11.2016 3000 Shares Sold	0.01	113182	0.49
		02.12.2016 1075 Shares Sold	-	112107	0.48
		09.12.2016 1500 Shares Sold	-	110607	0.48

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
7.	Dolly Khanna	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		16.12.2016 1500 Shares Sold	-	109107	0.47
		23.12.2016 1000 Shares Sold	-	108107	0.47
		06.01.2017 5000 Shares Sold	0.02	103107	0.44
		17.02.2017 1450 Shares Sold	-	101657	0.44
		24.02.2017 1000 Shares Sold	-	100657	0.43
		17.03.2017 1000 Shares Sold	-	99657	0.43
		24.03.2017 1000 Shares Sold	-	98657	0.43
		31.03.2017 1500 Shares Sold	0.01	97157	0.42
	At the end of the Year 31.03.2017	**-**	**-**	**97157**	**0.42**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
8.	Kamal Kabra	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	246900	1.06	—	—
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	06.05.2016 114000 Shares Sold	0.49	132900	0.57
		13.05.2016 9900 Shares Sold	0.04	123000	0.53
		20.05.2016 4000 Shares Sold	0.02	119000	0.51
		27.05.2016 2900 Shares Sold	0.01	116100	0.50
		03.06.2016 2783 Shares Sold	0.01	113317	0.49
		10.06.2016 11000 Shares Sold	0.05	102317	0.44
		17.06.2016 15952 Shares Sold	0.06	86365	0.37
		24.06.2016 11365 Shares Sold	0.05	75000	0.32
		30.06.2016 40000 Shares Sold	0.17	35000	0.15
		22.07.2016 6000 Shares Sold	0.03	29000	0.13

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
8.	Kamal Kabra	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		29.07.2016 8000 Shares Sold	0.03	21000	0.09
		05.08.2016 1000 Shares Sold	-	20000	0.09
		19.08.2016 20000 Shares Sold	0.08	-	-
	At the end of the Year 31.03.2017	**-**	**-**	**0**	**-**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
9.	Kamal Shyamsunder Kabra	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	246200	1.06	—	—
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2017	**-**	**-**	**246200**	**1.06**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
10.	Kedia Securities Private Limited	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	234000	1.01	—	—
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	07.10.2016 24670 Shares Sold	0.10	209330	0.90
		14.10.2016 5421 Shares Sold	0.02	203909	0.88
		21.10.2016 727 Shares Purchased	-	204636	0.88
		28.10.2016 4213 Shares Sold	0.02	200423	0.86
		04.11.2016 2399 Shares Sold	0.01	198024	0.85
		11.11.2016 3029 Shares Purchased	0.13	201053	0.87
		18.11.2016 32947 Shares Purchased	0.14	234000	1.01
		27.01.2017 18991 Shares Sold	0.08	215009	0.93

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
10.	Kedia Securities Private Limited	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		03.02.2017 151 Shares Purchased	-	215160	0.93
		10.02.2017 15765 Shares Sold	0.06	199395	0.86
		17.02.2017 11429 Shares Purchased	0.05	210824	0.91
		24.02.2017 27560 Shares Sold	0.11	183264	0.79
		03.03.2017 12758 Shares Sold	0.05	170506	0.73
		10.03.2017 4740 Shares Purchased	0.02	175246	0.76
		17.03.2017 557 Shares Sold	-	174689	0.75
		24.3.2017 142 Shares Purchased	-	174831	0.75
		31.03.2017 3267 Shares Sold	0.01	171564	0.74
	At the end of the Year 31.03.2017	**-**	**-**	**171564**	**0.74**

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
1.	**Mr. D. Seetharamaiah DIN No: 00005016**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)			NIL	
	At the end of the Year 31.03.2017				

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
2.	Mr. Vishnuraju Nandyala DIN No: 00025063	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	NIL			
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)				
	At the end of the Year 31.03.2017				

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
3.	Mr. Rajesh Thakur Ahuja DIN No: 00371406	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	NIL			
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)				
	At the end of the Year 31.03.2017				

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
4.	Dr. V. Nagaraja Naidu DIN No: 00003730	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	50,000	0.22	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2017	**-**	**-**	**50,000**	**0.22**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
5.	Mr. N. Lokesh* DIN No: 02230945	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2016	2366400	10.20	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2017	**-**	**-**	**2366400**	**10.20**

*Mr. N Lokesh Resigned from the Board w.e.f. 31st March, 2017

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
6.	**Mrs. N. Bhuvaneswari** **DIN No: 00003741**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginningof the year 01.04.2016	5330826	22.98	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2017	**-**	**-**	**5,330,826**	**22.98**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
7.	**Mrs. N. Brahmani** **DIN No: 02338940**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2016	101,000	0.44	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2017	**-**	**-**	**101,000**	**0.44**

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
8.	**Mr. A. Prabhakar Naidu** **Chief Financial Officer** **M No: FCA 200974**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2016				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)			NIL	
	At the end of the Year 31.03.2017				

Sl. No		Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
9.	**Mr. Umakanta Barik** **Company Secretary** **M No: FCS 6317**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2016	90	-	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	3rd April, 2016 90 Shares Sold	-	-	-
	At the end of the Year 31.03.2017	**-**	**-**	-	-

(V) INDEBTEDNESS

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

(₹ In Lakhs)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	11714.99	-	-	11714.99
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	25.47	-	-	25.47
Total (i+ii+iii)	11740.46	-	-	11740.46
Change in Indebtedness during the financial year				
• Addition	4748.38	2500.00	-	7248.38
• Reduction	4586.88	-	-	4586.88
Net Change	161.50	2500.00	-	2661.50
Indebtedness at the end of the financial year				
(i) Principal Amount	11876.49	2500.00	-	14376.49
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	43.65	-	-	43.65
Total (i+ii+iii)	11920.14	2500.00	-	14420.14

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		N. Bhuvaneswari	N. Brahmani	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	120.00	60.00	180.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10.61	5.00	15.61
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - Others, specify	397.58 -	357.30 -	754.88
5.	Others, please specify	-	-	-
	Total (A)	**528.19**	**422.30**	**950.49**
	Ceiling as per the Act	₹1055.74 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to other Directors:

(₹ In Lakhs)

Particulars of Remuneration	Name of Directors						Total Amount
	Mr. D. Seethara maiah	Mr. N. Srivishnu Raju	Mr. M. Siva Rama Vara Prasad#	Mr. N. Lokesh $	Dr. V. Nagaraja Naidu	Mr. Rajesh Thakur Ahuja	
Independent Directors Fee for attending Board/Committee Meetings	4.00	3.90	-	-	-	-	7.90
Commission	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-
Total (1)	**4.00**	**3.90**	**-**	**-**	**-**	**-**	**7.90**
Other Non-Executive Directors							
Independent Directors Fee for attending Board/Committee Meetings	-	-	-	-	2.60	2.40	7.90
Commission	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-
Total (2)	**-**	**-**	**-**	**2.90**	**2.60**	**2.40**	**7.90**
Total (B)= (1+2)	**4.00**	**3.90**	**-**	**2.90**	**2.60**	**2.40**	**15.80**
Overall Ceiling as per the Act	₹ 105.57 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)						
Total Managerial Remuneration * 966.29							

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

Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

$ Mr. N Lokesh Resigned from the Board w.e.f. 31st March, 2017

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Mr. Umakanta Barik	CFO Mr. A. Prabhakar Naidu	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	21.48	43.24	64.72
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-		
	- As % of profit		-	-
	- Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	**21.48**	**43.24**	**64.72**

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

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

For and on behalf of
HERITAGE FOODS LIMITED

D. Seetharamaiah
Chairperson
(DIN: 00005016)

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 25, 2017

Annexure-4

The Annual Report on CSR Initiatives

Particulars	Remarks
1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Promoting education and enhancing the vocational skill etc. Web link: www.heritagefoods.in/Corportate/Policies/CSR
2. The composition of the CSR Committee.	Mr. D Seetharamaiah – Chairman Mr. N Srivishnu Raju – Member Mrs. N Bhuvaneswari – Member
3. Average Net Profit of the company for last three financial years	₹ In Lakhs

FY 2015-16	FY 2014-15	FY 2013-14
9562.75	4357.89	6768.56
Average Net Profit : **6896.40**		

4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 137.93 Lakhs
5. Details of CSR spent during the financial year:	
a. total amount to be spent for the financial year:	₹ 137.93 Lakhs
b. amount unspent:	Nil
c. manner in which the amount spent during the financial year is detailed below:	

CSR Project or activity identified	Sector in which the project is covered.	Sector or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount Spent: Director or through implementing agency
Building the Classrooms & Hostels for Students and Scholarships for Pursuing their Educations	Promoting Education	Hyderabad Telangana	₹ 350 lakhs	₹ 137.93 Lakhs	-	Through Implementing Agency - NTR Memorial Trust
TOTAL			**₹ 350 lakhs**	**₹ 137.93 Lakhs**	**-**	

* Total estimate cost for construction of dining hall, girl's hostel building towards promotion of girl and needy children's education at NTR Model School and Jr. College, Moinabad, Hyderabad

Our CSR responsibilities:

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

Place : Hyderabad
Date : May 25, 2017

D Seetharamaiah
Chairperson
(DIN: 00005016)

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

Annexure-5

Business Responsibility Report 2016-17

Contents

Section A: General Information about the Company

Section B: Financial Details of the Company

Section C: Other Company's Details

Section D: Business Responsibility Information

Section E: Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

Principle 2: Safety and Sustainability

Principle 3: Well-being of all Employees'

Principle 4: Protection of Stakeholders Interest

Principle 5: Respecting and Promoting Human Rights

Principle 6: Respecting and Protecting Environment

Principle 7: Responsibility towards Public and Regulatory Policy

Principle 8: Inclusive Growth & Equitable Development

Principle 9: Consumer Value

Section A: General Information about the Company

1. **Corporate Identity Number of the Company:** L15209TG1992PLC014332
2. **Name of the Company:** Heritage Foods Limited
3. **Registered Address:** #6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India
4. **Website:** www.heritagefoods.in
5. **E-mail ID:** hfl@heritagefoods.in
6. **Financial Year reported:** 1st April to 31st March
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

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

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

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

8. **List three key products / services that the Company manufactures / provides (as in balance sheet):**
   i. Milk and allied products.
   ii. Cattle Feeds
   iii. Generation of power
9. **Total number of locations where business activity is undertaken by the Company:**
   a. **Number of international locations**: The Company does not carry on business at any international location.
   b. **Number of national locations**: The Company's businesses and operations are spread in 156 locations across the country.
10. **Markets served by the Company**: The Company products and services have a national presence and several products are exported.

Section B: Financial Details of the Company as on 31st March, 2017

1.	Paid up Capital:	₹ 23.19 Crore
2.	Total Turnover:	₹ 264288.92 Lacs
3.	Total Profit After Tax:	₹ 6682.46 Lacs
4.	Total spending on Corporate Social Responsibility (CSR) as a Percentage of profit after tax(%):	2.06%

5. List of activities in which expenditure in Sr.No.4 above has been incurred:
   a. Promoting education (building the classrooms and hostels for pursuing educations) for under privileged girl child's.

Section C: Other Company's Details

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

   Yes, as on March 31, 2017, the Company had 2 subsidiaries & 1 associate Company. Two subsidiaries namely M/s. Heritage Foods Retail Limited & M/s. Heritage Conpro Limited and one Associate Company M/s SKIL Raigam Power (India) Limited.

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

   No participation by the said subsidiary in business responsibility initiatives.

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

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

Section D: Business Responsibility Information

1. Details of Director / Directors responsible for BR:

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

DIN	00003741
Name	**Mrs. N Bhuvaneswari**
Designation	Vice Chairperson and Managing Director
DIN	02338940
Name	**Mrs. N Brahmani**
Designation	Executive Director

b. Details of the BR Head

DIN	00003741	**DIN**	02338940
Name	Mrs. N Bhuvaneswari	**Name**	Mrs. N Brahmani
Designation	Vice Chairperson and Managing Director	**Designation**	Executive Director
Tel No.	040 – 23391221	**Tel No.**	040 – 23391221
Email ID	hfl@heritagefoods.in	**Email ID**	hfl@heritagefoods.in

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

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These are briefly are as under:

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Yes. The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs, Govt of India								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Yes. The policies have been approved by the Board and signed by the Vice Chairperson and Managing Director.								
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes, the Company's officials/ respective departments are authorised to oversee the implementation of the policy								
6	Indicate the link for the policy to be viewed online?	Policies are available in the following link: http://heritagefoods.in/images/HFL%20BR%20POLICY.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all the internal and external stakeholders								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievances or feedback to the policies can be sent to hfl@heritagefoods.in								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policy relating to Environment, Health and Safety are evaluated by internal as well as external ISO audit agencies. The Whistle Blower Policy is reviewed by the Audit Committee of the Board annually.								

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

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

3. Governance related to BR

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

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

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

  No

Section E: Principle-wise Performance

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

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

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

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

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

The Company received 36 complaints/requests from the shareholders during 2016-17 and there were no complaints pending as on March 31, 2017.

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

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

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

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

All the Transport Vehicles are operated under yearly agreements. All the Procurement vehicles, Tankers and Sale Vehicles operate under agreement almost to the tune of 98%. The Services like Supply of Labor, Pest Control and Machinery Servicing etc are awarded under Annual Agreements and all these Services are renewed every year based on the performance and evaluation of vendors/Contractors

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

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

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

The Products that are not confirming to the standards are reprocessed which are normally very negligible and falls less than 1%. And the Effluent coming out of the Plants is treated as per the PCB norms and will be utilized 100 % for on land irrigation.

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

3.1 Total number of employees: 2420

3.2 Total number of employees hired on temporary/ contractual/casual basis: 2574

3.3 The number of permanent women employees: 21

3.4 The number of permanent employees with disabilities: NIL

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

Presently, Company does not have any employee association.

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

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

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

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

a.	Permanent Employees –	42.40 %
b.	Permanent Women Employees –	3.00 %
c.	Casual/Temporary/Contractual Employees –	6.00 %
d.	Employees with Disabilities –	Nil

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

4.1 Has the Company mapped its internal and external stakeholders?

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

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

The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders. The Company continuously engages with all such stakeholders identifying their needs and priorities so as to serve.

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

The Company provides healthcare facilities to the underprivileged in and around its business premises. The Company conducts community development initiatives and disaster management initiatives across its factory locations. The Company also conducts drinking water and sanitation programme in rural areas, provides scholarships to deserving students, trained farmer children's to the underprivileged across its business locations.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

The Company has not received any stakeholder complaint pertaining to human rights during the financial year 2016-17.

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

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

The Company follows its policy on Environment Protection which is applicable to all its business places. However, the same is not applicable to suppliers and contractors.

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

Company is in constant lookout for opportunities for reducing its own operational environmental footprint.

6.3 Does the company identify and assess potential environmental risks?

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

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

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

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

The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to manufacture its products. The power consumption of the Company is negligible compared to its revenues. The efforts of the Company are aimed to minimise energy consumption inspite of the rapid increase in operations of the Company.

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

Company's emissions/waste generated during the reporting period was within the regulatory defined limits.

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

The Company has not received any show cause notice or legal notice from Central Pollution Control Board/State Pollution Control Board during 2016-17.

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

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

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

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

No. Company's Senior Management represents the Company in various industry forums. They understand their responsibility while representing the company in such associations, and while they engage in constructive dialogues and discussions they refrain from influencing public policy with vested interests.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

These projects are in accordance with Schedule VII of the Companies Act, 2013 and rules made thereunder.

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

- Veterinary care and cattle management practices through Heritage Mobile Veterinary Clinic, (equipped with necessary tools and trained human resources for providing door-step veterinary services to the Milch Animals and empowering cattle owners with advanced technology and knowledge on best cattle management and feeding practices. The Mobile veterinary vans reach needy places for educational video film in the evening and free health camp on the next day morning in a village.
- Extending Insurance coverage for accidental death of farmer members, Incentive for fodder development & reward for Meritorious Students.

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

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

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

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

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

The Company spent an amount of ₹ 137.93 Lakhs on community development project viz., Promoting education (building the classrooms and hostels for pursuing their educations).

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

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

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

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

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

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

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

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

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

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

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

Annexure-6

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

A. Conservation of Energy

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

i. Energy conservation dictates how efficiently a company can conduct its operations. The Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon di-oxide (CO2) emissions and strengthened the Company's commitment towards becoming an environment friendly organization. A dedicated 'Energy Cell' is focusing on energy management and closely monitor energy consumption pattern across all manufacturing sites. Periodic energy audits are conducted to improve energy performance. Uppal packing stations of the Company has received the 1st prize in prestigious 'National Energy Conservation Award' 2016 in Dairy sector from Ministry of Power, Govt. of India during December, 2016. This is the 6th time that the Company has been recognised with this award (previously the Company won the award, 1st prize in the year-2015, 2014, 2012 & 2008, 2nd prize in the year-2015 & 2010).

ii. Commissioned (Off Grid) Distributed Captive Solar Power Plants at its six various locations/plants with total capacity of 1.66 KWP during March 2017 with key objective to optimize energy mix by use of Clean & Green (Renewable) Energy sources to reduce carbon emissions and to secure Energy at Low Cost.

iii. The Company had commissioned 2nd Wind Power Plant 2.1 MW Capacity at Sy No. 291, 292, Vajrakarur, Ananthapur District, Andhra Pradesh, India on 20/09/2016 for captive consumption of Dairy Division of the Company.

iv. The Capital investment on energy conservation equipments is ₹ 2282.88 lakhs

B. Technology Absorption

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

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

ii. The benefits derived like product Improvement, cost reduction, product development or import substitution: NIL

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Note Applicable

iv. The Expenditure incurred an Research and Development : NIL

C. Foreign Exchange Earnings and Outgo

During the year under review foreign exchange earnings were ₹ 3995.13 Lakhs (previous Year ₹ 1416.45 Lakhs) and foreign exchange outgo was ₹ 3.26 Lakhs (Previous year ₹ 12.11 Lakhs).

For and on behalf of

HERITAGE FOODS LIMITED
D Seetharamaiah
Chairperson
(DIN: 00005016)

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 25, 2017

Management Discussion and Analysis

CORPORATE OVERVIEW

Heritage Foods Limited (the Company) is a fast-growing Indian dairy company. The Company is in the business of Milk, Milk products and Ice cream/Frozen Desserts. The company's sustainability has been centered around enlarging its presence in high demand markets.

The Financial statements are prepared in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 2013 ("the Act") read with Section 133 of the Companies Act, 2013. Your Management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgments used therein. These estimates and judgments relating to financial statements are prudently made to reflect in a true and fair manner the form and substance of transactions. This also enables in reasonably presenting the Company's state of affairs and profits and cash flows for the year ended March 31st, 2017.

ECONOMY OVERVIEW

The India's Economic performance in 2016-17 has moderated as shown in the Economic Survey. The Economic growth is expected to revive in 2017-18 with the expected normalization in the economy as the cash crunch eases. This is indicative of the relative stability of the economy. There has been an improvement in the government's fiscal management in 2016-17 aided by the buoyancy in revenue collections.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian dairy industry is one of the fastest growing dairy segments across the world and it is also a dependable pillar of the Indian economy. It catalyses India's economic growth through large rural and semi-urban employment opportunities, creating an alternative livelihood means for millions otherwise dependant on monsoon-reliant agriculture. The success of this national industry has been driven by the integration of milk collection, transportation, processing and the distribution networks.

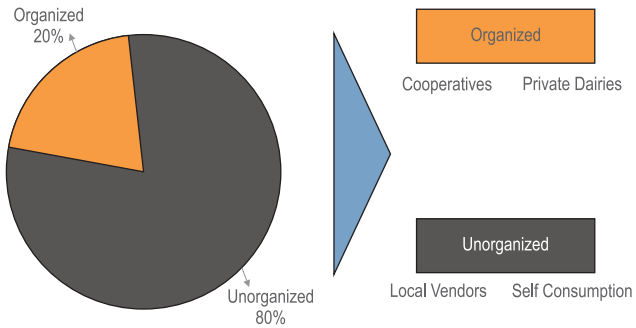
India is the world's largest consumer of dairy products, consuming almost 100% of its own milk production. Dairy products are a major source of economical and nutritious food to millions of Indians and the main source of protein for the large vegetarian segment of the Indian population.

In India, milk consumption mainly consists of buffalo milk at 49% followed by cow milk at 48%. However, cow milk is growing at a faster pace than buffalo milk due to its lower fat content and is expected to account for a majority of the total milk consumed in line with the trend in developed nations.

Opportunities in Indian Dairy Industry: There are two structural themes that are expected to pan out in the Indian dairy industry owing to favourable demographics which will drive growth in the industry. The tailwinds arising with the shift from 'unorganized' to 'organized' market and consumer up gradation from 'pouch milk/ powders' to 'value-added dairy products' (VAP) will provide strong growth opportunities.

Shift from Unorganized to Organized Market: In India, the unorganized segment comprising of 'local vendors' and 'self-consumption' commands a lion's share of 80% by value. The organized segment is divided between 'cooperatives' and 'private dairy companies.

Structure of Dairy Industry in India - Largely Unorganized



Source: Emkay Research

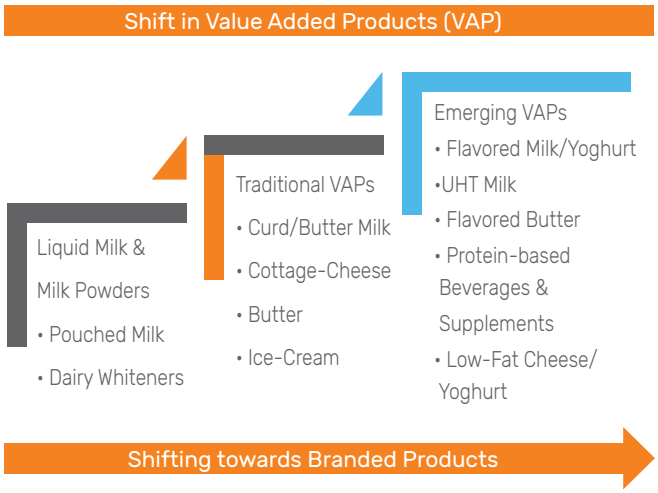
The organized segment is expected to grow at a CAGR of 19.5% over 2015-20, and account for ~25.5% of the Indian dairy industry by 2020. The unorganized segment is expected to grow at a CAGR of 13.2% during the same period and is expected to account for 74.5% of the total Indian dairy industry by 2020.

Organized segment growth to outpace that of unorganized segment

Shift from raw milk/ milk powders to Value Added Dairy Products (VADP)

Raw milk, skimmed milk powders (SMP) and dairy whiteners (DW) are classified as traditional commodity-like low margin dairy products. However, with rising disposable incomes and bourgeoning proportion of working women, there will be greater consumption of ready-to-eat, branded VADP like cheese, table butter, flavored milk, UHT milk, shrikhand, paneer, buttermilk, etc.

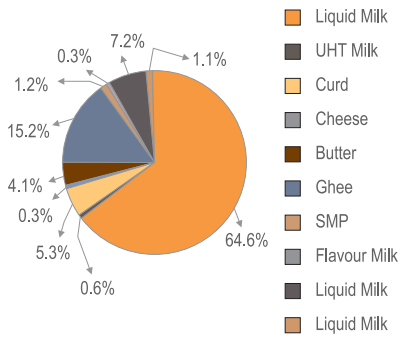
VADP – The New White Renaissance



Source: Emkay Research

Owing to conventional dietary habits, around 65% of milk is consumed in the liquid form while ghee is the second largest consumed dairy product having a 15% share of the dairy market. Traditional value added dairy products like paneer, curd and butter, together constitute 32% of India's total dairy market. The emerging VADP account for a meagre 2.3% of the total dairy industry.

Product-wise break-up of Dairy Industry in India



Source: Emkay Research

Consolidation Mode, Putting Our Best Foot Forward

As your Company celebrate Silver Jubilee of its business operations, your company is getting into a consolidation mode both in the dairy and retail space so that Company can focus on its strengths and grow to the next level.

On the dairy front, your company have grown by leaps and bounds since inception. From a milk procurement level of 20,000 liters per day, today your Company have crossed 1 Million liters per day mark. Your Company had also successfully forayed into value added products and have established an enviable position in curd, butter milk, paneer, and flavoured milk segments.

The integration in dairy space with the acquisition of dairy business of Reliance Retail Ltd (RRL) is in the right direction. The dairy business of RRL does a milk procurement of about 2.25 lakh liters per day. The move strengthens not only in distribution but also milk procurement levels too. This apart, the acquisition gives an opportunity to add five new states to the fold are Punjab, Haryana, Himachal, Uttarakhand and Rajasthan.

Yet another consolidation that has happened during the year that has gone by is in the Retail space. All the assets and liabilities of four business verticals (Retail, Agri, Bakery, and VetCa) have been transferred as a slump sale (on a going concern basis) to Heritage Food Retail Limited (HFRL), a wholly owned subsidiary and subsequently HFRL shall transfer three business verticals (Retail, Agri, and Bakery) to Future Retail Ltd (FRL) by way of de-merger. All the above two process has consolidated through the Composite Scheme of Arrangment..

Tangible Results: (Standalone)

Total Revenue (₹ in Crore)	EBIDTA (₹ in Crore)	PAT (₹ in Crore)
FY17 ₹ 2273.40 Cr	FY17 ₹ 140.35 Cr	FY17 ₹ 66.82 Cr
FY16 ₹ 2,380.58 Cr	FY16 ₹ 135.14 Cr	FY16 ₹ 55.43 Cr
FY15 ₹ 2,072.97 Cr	FY15 ₹ 88.10 Cr	FY15 ₹ 28.21 Cr
FY14 ₹ 1,722.04 Cr	FY14 ₹ 95.00 Cr	FY14 ₹ 45.31 Cr
FY13 ₹ 1,601.80 Cr	FY13 ₹ 101.10 Cr	FY13 ₹ 49.90 Cr

Your Company has set its aspiration to emerge as a 1 Billion dollar company by 2022. At the moment, all efforts are moving in that direction. Apart from the organic growth both in the liquid milk and value added products space, the acquisition of dairy business of RRL has been in the direction to scale up in the dairy space. Your Company is looking for growth both through the organic and inorganic route, provided there are synergies.

SWOT Analysis:

Strengths:
- Milk and dairy products known for purity and freshness.
- Enjoys highest ROCE in the industry.
- Enjoys High Asset Turnover Ratio.
- Low Working Capital needs.

Weakness:
- Poor condition of roads and erratic power supply remain a major challenge for procurement and supply of good quality raw milk.
- Maintenance of cold chain is still a major handicap. For organized marketing of milk, the milk produced is required to be transported to nearby processing plant which incurs cold storage and transportation costs which are quite high.

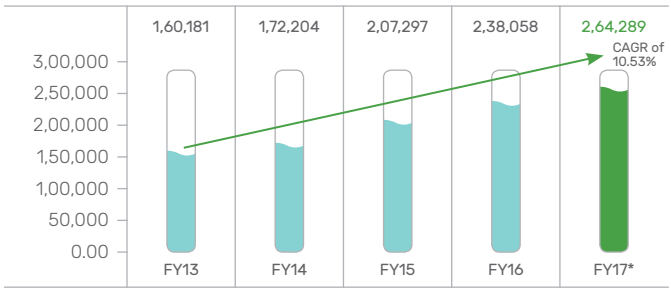
Opportunities:
- Pan India distribution strengths.
- Integration with Reliance Dairy.
- Distribution arms strengthened.

Threat:
- Poor monsoons.
- Shortage of SMP.
- Low productivity of milch animal

Review of Operations:

Your Company anticipated that the moderation in the growth rates will show steady recovery in the short term and the growth momentum will revive soon. In this volatile environment, your Company believes in long term profitable and sustainable growth. Your Company maintained a forward looking approach to ensure that it is well prepared to seize new opportunities and handle new challenges with speed. Since the success of your Company depends on the ability of the business to keep understanding the changing environment and to keep adapting its responses in a seamless manner it continued to focus on realigning its initiatives internally and externally. Your Company focused on the principles of continuous excellence to drive efficiencies. Therefore your Company has grown at CAGR of 10.53%.

Revenue (₹ in Lakhs)



* The FY17 figures are consolidated

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

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

Renewable Energy: The Company increased its Renewable Energy Capacity to 8.2MW with 2.35MW Solar Power, 1.66MW Distributed Solar power and 4.20MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption of its Dairy plants.

Farmers Welfare Fund: Since the company believes in adding value to its stakeholders, it has successfully created Farmers Welfare Fund for its Dairy Farmers who form an important constituent among its key stakeholders.

Dairy Business Vertical:

₹1,87,010 LAKHS
Revenue

70.76 %
Revenue contribution

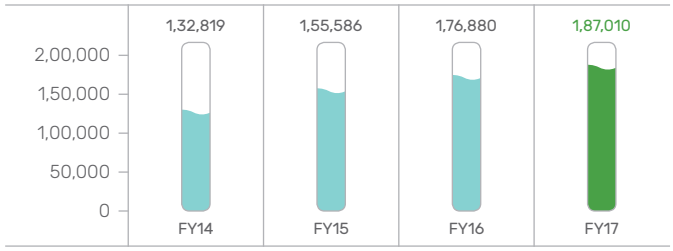
₹14,489 LAKHS
EBITDA

₹24,299 LAKHS
Capital employed

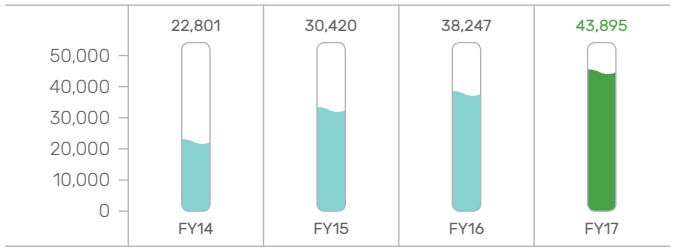
₹43,895 LAKHS
Revenue from value added products

The Dairy division accounting for 70.76% of revenue (₹ 1,87,010 Lakh) is the flagship business vertical for your Company. The Last 4 financial year's revenue of the Dairy vertical is given below:

Dairy Turnover (₹ in Lakhs)



Value added products Turnover (₹ in Lakhs)



With a surge in the value added products, from ₹ 22,801 lakhs in FY14 to ₹ 43,895 lakhs in the current fiscal year, the percentage of contribution to the dairy revenue has improved from a mere 12% to nearly 23% in the current year. The value added products have been growing at a CAGR of 17.79% over the last 4 years.

These products indeed attract the attention of stakeholders as the profit margins among these are almost double compared to that of the liquid milk. Among these value added products, it's the curd that forms a significant portion. The rest include: ice cream/ Forzen Desert, paneer, butter milk, flavored milk, and others. Attempts are on to add newer value added products like yoghurt, cheese, whey protein, and other beverages.

Renewable Energy Business Vertical:

Your Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending our 'Green' footprint. In line with this thinking, the division has increased its Renewable Energy Capacity to 8.2MW with 2.35MW Solar Power, 1.66MW Distributed Solar power and 4.20MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption of its Dairy plants:

₹521 LAKHS
Revenue from renewable energy

₹4,721 LAKHS
Capital employed in renewable energy

Way Forward:

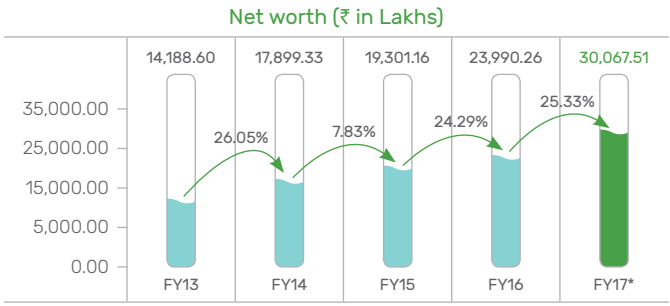
As per the vision & mission statement, the Company is set to emerge with a topline of ₹ 600,000 lakhs in 5 years. Towards this end, the Company is set to emerge as a pan India player. Our current relationships with as many as 3 lakh dairy farmers and nearly 12 lakh consumer households are set to double.

Discussion on financial And Operational performances

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

Net worth Trend:

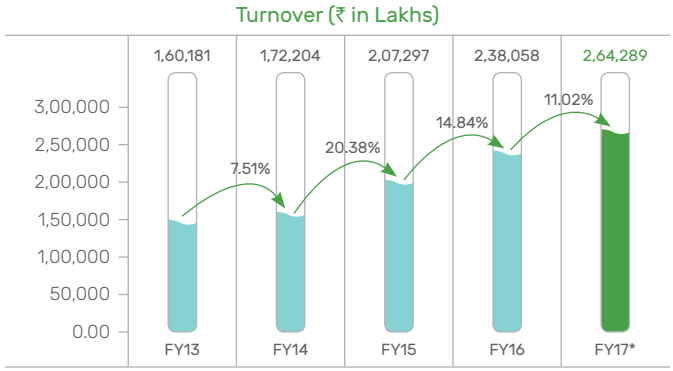
The net worth (Consolidated) has shown a steady and constant ascent from ₹ 30067.51 lakhs to ₹ 23990.26 lakhs in the last five years.



* The FY17 figures are consolidated

Revenue Trend

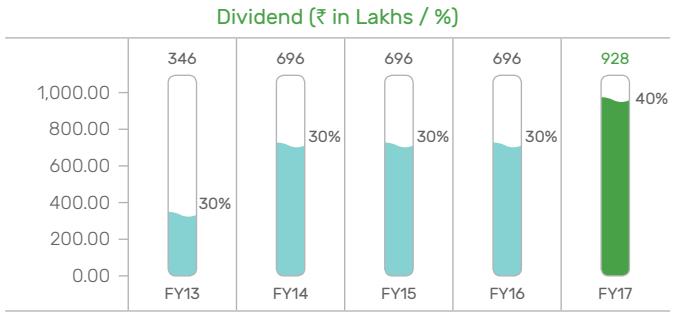
The focused approach helped the Company to deliver an industry leading performance with a revenue growth of 11.02% in FY17.



* The FY17 figures are consolidated

Dividend Payment History

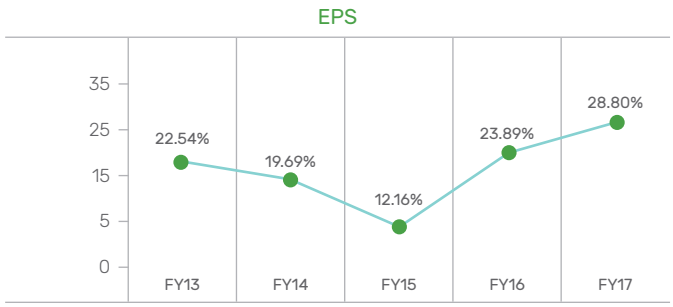
The Dividend and the payout ratio computed on consolidated profits have remained high. The dividend appropriated has increased steadily from 30% in FY13 to 40% in FY17.



- The Board of Director allotted 1:1 bonus shares on 30th July 2013.

Earnings per Share

Earnings per share (EPS) (Equity Shares of the face value of ₹ 10/- each)



- The Board of Director allotted 1:1 bonus shares on 30th July 2013.

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, 2017.

Overview of Standalone Financial Results

Particulars	2016 - 17		2015 - 16		FY 2017 Vs 2016
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Net Sales	223810.49	98.45	232895.32	97.83	(3.90)
Other operating income	3529.67	1.55	5163.01	2.17	(31.64)
Total Revenue	227340.16	100.00	238058.33	100.00	(4.50)
Less: Total Expenditure	213677.66	93.99	224977.62	94.51	(5.02)
Add: Other Income	445.17	0.20	654.96	0.28	(32.03)
Profit before Interest, Depreciation and Tax	14107.68	6.21	13735.67	5.77	2.71
Less: Finance costs	1114.17	0.49	1549.27	0.65	(28.08)
Depreciation & Amortisation	3251.87	1.43	3451.21	1.45	(5.78)
Profit / (Loss) before tax	9741.64	4.29	8735.20	3.67	11.52
Less: Extraordinary / Exceptional items	-	-	136.95	0.06	-
	9741.64	4.29	8598.25	3.61	13.30
Less: Provision for current taxation(Incl.tax.earlier yrs)	2600.07	1.14	3068.44	1.29	(15.26)
Less: Provision for deferred taxation	459.11	0.20	(13.34)	(0.01)	(3541.98)
Profit / (Loss) after tax	6682.46	2.94	5543.15	2.33	20.55

Standalone Segment results:

Particulars	2016 - 17 ₹ In Lakhs	% of Revenue	2015 - 16 ₹ In Lakhs	% of Revenue
1. Total Revenue				
a. Dairy	187010.33		176880.13	
b. Retail	40987.85		58286.49	
c. Agri	2991.22		3872.14	
d. Bakery	750.79		812.04	
e. Renewable Energy	521.30		304.30	
f. Vetca	3213.77		5695.58	
Total Revenue	**235475.26**		**245850.68**	
2. Inter-segment Revenue				
a. Dairy	3759.63		2603.18	
b. Retail	170.06		244.95	
c. Agri	1599.09		1896.90	
d. Bakery	299.66		210.19	
e. Renewable Energy	449.43		244.80	
f. Vetca	1857.22		2592.32	
Total Inter-segment Revenue	**8135.09**		**7792.34**	

Particulars	2016 - 17 ₹ In Lakhs	% of Revenue	2015 - 16 ₹ In Lakhs	% of Revenue
3. External Revenue				
(Incl other operating income)				
a. Dairy	183250.70		174276.95	
b. Retail	40817.79		58041.54	
c. Agri	1392.13		1975.24	
d. Bakery	451.13		601.85	
e. Renewable Energy	71.86		59.50	
f. Vetca	1356.55		3103.26	
Net Sales / Income from Operations	**227340.16**		**238058.33**	
4. Segment Results				
(Profit (+) / (Loss) (-) before tax and finance costs)				
a. Dairy	12169.46	6.64	11532.20	6.62
b. Retail	(1463.97)	(3.59)	(1380.99)	(2.38)
c. Agri	(197.96)	(14.22)	(309.78)	(15.68)
d. Bakery	(9.12)	(2.02)	(61.52)	(10.22)
e. Renewable Energy	250.24	348.22	126.17	212.05
f. Vetca	69.47	5.12	177.37	5.72
Total Segment Results	**10818.13**	**4.76**	**10083.45**	**4.24**
Less: I. Finance Cost	1114.17	0.49	1549.27	0.65
ii. Interest income	33.68	0.01	61.00	
Add: iii. Other un-allocable Income /(expenditure)	4.00	-	3.06	-
Total Profit before Tax	**9741.64**	**4.29**	**8598.25**	**3.61**

CASH FLOW ANALYSIS

Cash inflows

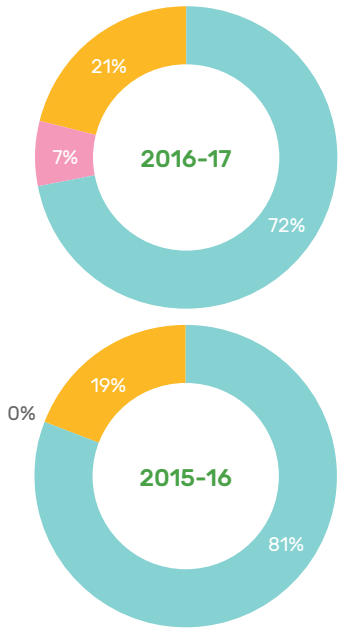
Particulars	2016 - 17		2015 - 16	
	₹ In Lakhs	%	₹ In Lakhs	%
Operating Cashflow	14008.69	71.90	13905.26	81.09
Change in working capital (net)	1272.56	6.53	-	-
Interest & Dividend on Investments	37.68	0.19	64.08	0.37
Earmarked balances redemption	-	-	6.78	0.04
Proceeds from Long Term Borrowings	4165.04	21.38	3171.75	18.50
Total	**19483.97**	**100.00**	**17147.87**	**100.00**

Cash Outflows

Particulars	2016 - 17		2015 - 16	
	₹ In Lakhs	%	₹ In Lakhs	%
Repayment of Long Term Borrowings	3878.28	20.89	1560.96	9.35
Change in Working capital (net)	-	-	3199.12	19.16
Taxes paid	2874.18	15.48	2962.39	17.74
Capital Expenditure	9860.66	53.11	6657.01	39.86
Net Investments	19.58	0.11	0.25	-
Unclaimed Dividend	16.44	0.09	11.65	0.07

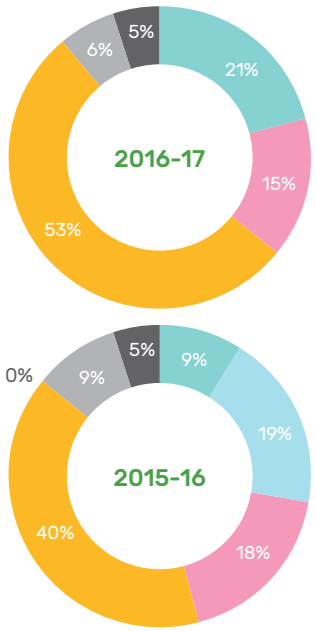
Particulars	2016 - 17		2015 - 16	
	₹ In Lakhs	%	₹ In Lakhs	%
Extra-ordinary items	-	-	-	-
Interest Paid	1079.73	5.82	1470.35	8.80
Dividend Paid	837.65	4.51	837.65	5.02
Total	**18566.53**	**100.00**	**16699.38**	**100.00**
Net increase /(decrease) in cash and cash equivalents	917.44		448.49	
Add: Opening Cash and Cash Equivalents	4440.19		3993.70	
Cash and cash equivalents adjustment in pursuant to the Composite Scheme of Arrangement (Ref Note 43)	(859.86)		-	
Effect of foreign exchange gain / (loss)	(12.21)		(1.99)	
Cash and Cash Equivalents at the end of the period	4485.57		4440.19	

Cash Inflow



- Operating cashflow
- Change in working capital (net)
- Interest & Dividend on Investments
- Proceeds from long-term borrowings

Cash Outflow



- Repayment of long-term borrowings
- Change in working capital (net)
- Taxes paid
- Capital expenditure
- Unclaimed dividend
- Interest paid
- Dividend paid

FORWARD LOOKING STATEMENTS

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

Report on Corporate Governance

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the applicable laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

Your Company adheres to the principles of corporate governance and commits itself to accountability and fiduciary duty in the implementation of guidelines and mechanisms to ensure its corporate responsibility to the members and other stakeholders.

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

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

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

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

Your Company firmly believes that Board independence is essential to bring objectivity and transparency in the management and in the dealings of your Company. As on March 31, 2017, the Board consists of six members out of which three members are independent directors.

Ethics/Governance Policies:

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

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

Appropriate Governance Structure with defined roles and responsibilities:

Your Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has constituted six Committees to discharge its responsibilities in an effective manner. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 as amended from time to time. The Chairperson and the Vice Chairperson & Managing

Director (VC&MD) provide overall direction and guidance to the Board. Concurrently, the VC&MD is responsible for overall implementation. In the operations and functioning of the Company, the VC&MD is assisted by Executive Director and a core group of senior level executives.

Board Leadership:

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

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

A. BOARD OF DIRECTORS

Size and composition of the Board

The Board policy is to have an appropriate mix of executive, non-executive, independent and women directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2017, the Board consists of Six (6) members, two (2) of whom are executive/whole-time women directors, three (3) are Non-Executive Independent Directors and one (1) is Non-Executive Director. The Board periodically evaluates the need for change in its composition and size.

None of the Independent Directors on the Board serve as an independent director in more than seven listed entities and none of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. The Directors have made the necessary disclosures regarding Committee positions during the period under review.

Composition of the Board and Directorship held as on 31st March, 2017

Name	No. of other Directorships @ (Including Heritage Foods)	Committee memberships & (Including Heritage Foods)	
		Member	Chairman
Independent Director			
Mr. D Seetharamaiah	5	2	1
Mr. N Srivishnu Raju	4	3	-
Mr. M Siva Rama Vara Prasad^	4	1	-
Mr. Rajesh Thakur Ahuja	1	-	-
Non Executive Director			
Dr. V Nagaraja Naidu	2	1	1
Mr. N. Lokesh#	4	1	-
Whole-time Director			
Mrs. N Bhuvaneswari	5	1	-
Mrs. N Brahmani	3	-	-

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

@ The directorships held by directors as mentioned above, do not include directorships in Private Companies & Section 8 Companies

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

Selection of Independent Directors

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

Familiarisation programmes for Board Members

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

Meetings of Independent Directors

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

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Board of Directors.

One meeting of Independent Directors was held during the year.

Mechanism for evaluating Board Members

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

Succession planning

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

Board compensation policy

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

The compensation payable to the independent directors is limited to sitting fees for attending the Board & Committee meeting(s), as approved by the Board & shareholders, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The performance of the Independent Directors is reviewed by the Board on an annual basis.

BOARD MEETINGS

Scheduling and selection of agenda items for Board meetings

The tentative dates for Board meetings in the ensuing financial year are decided in advance and published as part of the Annual Report. The Non-executive Chairperson of the Board and the Company Secretary, draft the agenda for each meeting, along with explanatory notes, in consultation with the VC&MD, and distribute these in advance to the Directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary. Seven Board meetings were held during the year ended March 31, 2017. These were held on May 23, 2016, July 29, 2016, August 19, 2016, October 28, 2016, November 7, 2016, January 24, 2017 and March 24, 2017.

Attendance of Directors during FY 2016-17 & Last Annual General Meeting is as under:

Name	No of Meetings		Attendance at last AGM
	Held	Attended	
Independent Director			
Mr. D Seetharamaiah	7	7	Yes
Mr. N Srivishnu Raju	7	7	Yes
Mr. M. Siva Rama Vara Prasad^	7	-	No
Mr. Rajesh Thakur Ahuja	7	6	Yes
Non Executive Director			
Dr. V Nagaraja Naidu	7	6	Yes
Mr. N. Lokesh#	7	7	Yes
Whole-time Director			
Mrs. N Bhuvaneswari	7	7	Yes
Mrs. N Brahmani	7	7	Yes

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

Availability of Information to Board Members

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

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results of the operating divisions or business segments
- Quarterly/Annually report on Management Information System division wise
- Monthly summary report of Internal Audit observations division wise
- The Board minutes of the Subsidiaries/ Associate Companies
- The Board of Trustee Minutes of Heritage Farmer Welfare Trust
- General notices of interest received from Directors, if any
- Dividend data
- Minutes of meetings of previous Board & Committee Meetings and abstracts of Circular Resolutions passed, if any etc.
- Information on recruitment and remuneration of senior officers below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary, if any
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution problems.
- Any materially relevant defaults in financial obligations to and by us
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures or collaboration agreements, if any.

- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholder services, such as non-payment of dividend and delays in share transfer etc.

C. BOARD COMMITTEES

As on March 31, 2017, the Board has 6 (Six) Committees i.e. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and Management Committee.

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

i. Audit Committee

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

Composition of the Committee as on 31st March, 2017:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mr. N Srivishnu Raju	Member
Mr. Siva Rama Vara Prasad^	Member
Mr. Rajesh Thakur Ahuja*	Member
Dr. V Nagaraja Naidu	Member
Mr. N. Lokesh#	Member

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

* Mr. Rajesh Thakur Ahuja has appointed as a Member in Audit Committees w.e.f. 23rd May, 2016.

\# Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

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

Audit Committee Attendance

Six meetings of Audit Committee were held during the financial year 2016-17, i.e. May 23, 2016, July 29, 2016, October 28, 2016, November 07, 2016, January 24, 2017 and March 24, 2017. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	6	6
Mr. N Srivishnu Raju	6	6
Mr. M Siva Rama Vara Prasad^	6	-
Mr. Rajesh Thakur Ahuja*	6	4
Dr. V Nagaraja Naidu	6	5
Mr. N Lokesh#	6	6

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

* Mr. Rajesh Thakur Ahuja has appointed as a Member in the Audit Committees w.e.f. 23rd May, 2016.

\# Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

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

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

ii. Nomination & Remuneration Committee

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

Composition of the Committee as on 31st March, 2017:

Name	Designation
Mr. N Srivishnu Raju	Chairperson
Mr. D Seetharamaiah	Member
Mr. Siva Rama Vara Prasad^	Member
Mr. Rajesh Thakur Ahuja*	Member
Mr. N Lokesh#	Member

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

*Mr. Rajesh Thakur Ahuja has appointed as a Member in the Nomination & Remuneration Committee w.e.f. 23rd May, 2016.

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

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

Nomination & Remuneration Committee Attendance

The Nomination & Remuneration Committee held one meeting during the financial year 2016-17 on July 29, 2016. The attendance details of the Committee Meeting are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Sri Vishnuraju	1	1
Mr. D Seetharamaiah	1	1
Mr. M Siva Rama Vara Prasad^	1	-
Mr. Rajesh Thakur Ahuja*	1	1
Mr. N Lokesh#	1	1

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

*Mr. Rajesh Thakur Ahuja has appointed as a Member in the Nomination & Remuneration Committees w.e.f. 23rd May, 2016.

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

Details of remunerations paid/payable to directors for the year ended 31st March, 2017 is as follows:

(₹ in Lakhs)

Name	Sitting Fees	Remuneration	Perquisites/Perks	Commission	Total
Independent Directors					
Mr. D Seetharamaiah	4.00	-	-	-	**4.00**
Mr. N Srivishnu Raju	3.90	-	-	-	**3.90**
Mr. M Siva Rama Vara Prasad^	-	-	-	-	**-**
Mr. Rajesh Thakur Ahuja*	2.40	-	-	-	**2.40**
Non Executive Directors					
Mr. V Nagaraja Naidu	2.60	-	-	-	**2.60**
Mr. N. Lokesh#	2.90	-	-	-	**2.90**
Whole-time Directors					
Mrs. N. Bhuvaneswari	-	120.00	10.61	397.58	**528.19**
Mrs. N Brahmani	-	60.00	5.00	357.30	**422.30**

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

* Mr. Rajesh Thakur Ahuja appointed as an Director on 23rd March, 2016.

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

The Company has not granted any stock option to any of its directors. Mr. N Lokesh, Dr. V Nagaraja Naidu, Non Executive Directors of the Company are holding 23,66,400 and 50,000 equity shares of the Company as on March 31, 2017 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.

iii. Stakeholders Relationship Committee

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as specified in Section 178 of the Companies Act, 2013 & rules made thereof as amended from time to time.

Composition of the Committee as on 31st March, 2017:

Name	Designation
Dr. V Nagaraja Naidu	Chairperson
Mr. D Seetharamaiah	Member
Mrs. N Bhuvaneswari	Member
Mr. N Srivishnu Raju	Member

The terms of reference of the Stakeholders Relationship Committee include to approve, transfer and transmission of shares and to approve Sub-division, Consolidation and issue of new/duplicate share certificates, whenever requested for by the share holders of the company. The Committee authorised Vice Chairperson & Managing Director and Executive Director of the Company to sign the Memorandum of Share Transfer/Transmissions submitted by Registrar of Transfer Agent and counter signed by Company Secretary of the company and same to be rectified by the Committee in subsequent meeting.

Four Stakeholders Relationship Committee meetings were held during the financial year 2016-17. These were held on April 21, 2016, July 29, 2016, October 28, 2016 and January 24, 2017. The attendance details of the Committee Meeting are as follows:-

Stakeholders Relationship Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Dr. V Nagaraja Naidu	4	4
Mr. D Seetharamaiah	4	4
Mrs. N Bhuvaneswari	4	4
Mr. N Srivishnu Raju	4	3

Mr. Umakanta Barik, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The details of Complaints/request as on 31st March 2017 are as follows:

Number of Complaint/request Received- 36

Number of Complaint/request Resolved- 36

Number of Complaint/request Pending – NIL

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

iv. Corporate Social Responsibility Committee (CSR)

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility policy' observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof as amended from time to time

Composition of the Committee as on 31st March, 2017:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mrs. N Bhuvaneswari	Member
Mr. N Srivishnu Raju	Member

The committee shall be overseeing the activities / functioning with regards to Company's project/ works of M/s. NTR Memorial Trust, Hyderabad, being an external agency for implementation of the CSR activities of the Company and identifying the areas of CSR activities, programs and execution of initiatives as per pre-defined guidelines/policy.

One CSR Committee meeting was held during the financial year 2016-17 on January 24, 2017. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	1	1
Mrs. N Bhuvaneswari	1	1
Mr. N Srivishnu Raju	1	1

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

v. Risk Management Committee

The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. Framing of Risk Management Plan and Policy, Overseeing implementation of Risk Management Plan and Policy, Monitoring the process of risk management, Validating the process of risk management, Validating the procedure for Risk Minimisation, Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and Risk Management process, Performing such other functions as may be necessary or appropriate for the performance of its oversight function.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition of the Committee as on 31st March, 2017:

Name	Designation
Mr. M Siva Rama Vara Prasad^	Chairperson
Mr. Rajesh Thakur Ahuja*	Chairperson
Mr. D Seetharamaiah	Member
Mr. N Srivishnu Raju	Member
Mrs. N Bhuvaneswari	Member

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

* Mr. Rajesh Thakur Ahuja has appointed as a Chairperson in the Risk Management Committee w.e.f. 23rd May, 2016.

One Risk Management committee meeting was held during the financial year 2016-17 on March 24, 2017. The attendance details of the committee meetings are as follows:

Risk Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. M Siva Rama Vara Prasad^	1	-
Mr. Rajesh Thakur Ahuja*	1	1
Mr. D Seetharamaiah	1	1
Mrs. N Bhuvaneswari	1	1
Mr. N Srivishnu Raju	1	1

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. 12th May, 2016.

*Mr. Rajesh Thakur Ahuja has appointed as a Chairperson in the Risk Management Committees w.e.f. 23rd May, 2016.

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

vi. Management Committee:

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

Composition of the Committee as on 31st March, 2017:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mrs. N Bhuvaneswari	Member
Mr. N Lokesh#	Member
Mr. N Srivishnu Raju	Member

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

Five Management Committee meetings were held during the financial year 2016-17. These were held on April 21, 2016, June 17, 2016, September 23, 2016, December 14, 2016 and February 21, 2017. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	5	5
Mrs. N Bhuvaneswari	5	5
Mr. N Lokesh#	5	2
Mr. N Srivishnu Raju	5	5

Mr. N. Lokesh has resigned from the Board w.e.f 31st March, 2017

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

B. General Body Meetings

During the preceding three years, the Company's Annual General Meetings were held at Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45. Details of date & time are as follows:

Financial year ended	Date and time	Special resolution(s) passed
31st March, 2016	19th August, 2016, at 10.30 a.m.	⦿ Appointment of Mr. Rajesh Thakur Ahuja as Non-Executive Independent Director for a Period upto March 22, 2021 ⦿ Approval of the Service of Notice etc., as per the Section 20 of the Companies Act, 2013
31st March, 2015	24th September 2015, at 10.30 a.m.	⦿ Modification in Object Clause of the Memorandum of Association of the Company. ⦿ Modification in Liability Clause of the Memorandum of Association of the Company.
31st March, 2014	26th September 2014, at 10.30 a.m.	⦿ Appointment of Mr. K Durga Prasada Rao as Director and re-appointment as Whole-time Director of the Company w.e.f. 1st August 2014. ⦿ Increase the Sitting fee of Non Executive Director for attending the Board/Committee. ⦿ Alteration of the Articles of Association of the Company. ⦿ Approval of the related party Transactions.

Postal ballot

During the financial year 2016-17, the Shareholders of the Company approved the Composite Scheme of Arrangement amongst among Heritage Foods Limited ("Transferor Company") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company") and Future Retail Limited ("Resulting Company") and their respective Shareholders through postal ballot/ Remote e-voting apart from the physical meeting as per the order of National Company Law of Tribunal (NCLT), Hyderabad Bench at Hyderabad.

Procedure for postal ballot

In compliance with SEBI (Listing Obligation& Disclosure Requirements) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of Karvy Computers Share Pvt. Ltd. Hyderabad for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

E. DISCLOSURES

Disclosures regarding the appointment or re- appointment of directors:

The Companies Act, 2013 and Rules made thereof as amended from time to time provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for re-appointment on the passing of a special resolution by the shareholders of the Company. Accordingly, all independent directors were appointed by the shareholders at the general meeting as required under Section 149(10).

Further, Section 149(11) states that no independent director shall be eligible to serve on the Board for more than two consecutive terms of five years each. Section 149(13) states that the provisions of retirement by rotation as defined in Sub- sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors. None of the independent directors will retire at the ensuing AGM.

Disclosures on Materially Significant Related Party Transaction:

During the period under review, there have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, Key Managerial Person, Subsidiaries or relatives, except for those disclosed in the Notes on Accounts, forming part of the Annual Report.

Details of Non-Compliance:

No penalty has been imposed by any stock exchange or Securities and Exchange Board of India (SEBI), nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years.

The Company has complied with all the mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Details of establishment of Vigil Mechanism (Whistle Blower policy)

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. There is no complaint received during the Financial Year ended March 31, 2017.

No personnel have been denied access to the Audit Committee. A copy of the Whistle Blower Policy is available in the company's website: www.heritagefoods.in >corporate>Policy>WBPolicy

Management's Discussion and Analysis:

A detailed report on Management discussion & analysis forming part of this Annual Report.

Adoption of Mandatory and Non-mandatory Requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

The Company has complied with all mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

Communication to Shareholders: Quarterly/ Half-yearly/Annual Financial statements are published in the News papers and uploaded in the Company's web site and intimated to the Stock Exchanges. Shareholders presentations on Quarterly/ Half-yearly/annual financial statements are uploaded in the Company's web site and intimated to Stock Exchanges and where shares of the Company are listed.

Audit Qualification: The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor: The Internal Auditor directly reports to the Audit Committee

B. Means of Communication

Quarterly Results: The Quarterly/Half yearly/Annual Un-Audited/Audited Financial Results (Standalone & Consolidated) are published in the English and Regional Language Newspapers. The shareholders are provided with the necessary information with notices sent for the Annual General Meeting / Extraordinary General Meeting. Any other information sought by shareholders is being provided on request.

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

Presentations to institutional investors/analysts: Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website www.heritagefoods.in

Website: The Company's website i.e., www.heritagefoods.in contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full text of Annual Report is also available on the website in a user

friendly and downloadable format as per the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Annual Report: The Annual Report containing inter-alia Notice of the 25th AGM, Audited Annual Accounts (Standalone & Consolidated), Directors' Report, Auditors Report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report and other important information is circulated to Members and others entitled thereto.

Chairman's Communique: The printed copy of the Chairman's speech is distributed to shareholders at Annual General Meetings venue.

Reminder to Investors: Reminders for unclaimed/ unpaid dividend are sent to shareholders as per records every year.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by National Stock Exchange of India Limited (NSE), Mumbai for Corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for Corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

General Shareholder Information

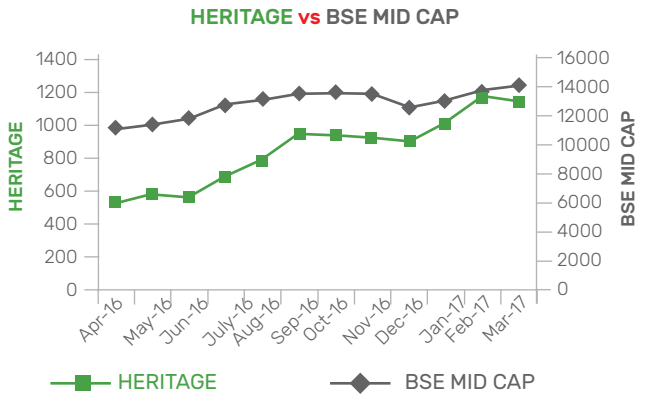
Company Identification No. (CIN)	L15209TG1992PLC014332
Annual General Meeting - Date and Time	Wednesday, 23rd August, 2017 at 11.00 am
Venue	Auditorium Hall, 2nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45
Financial Year	1st April to 31st March
Financial Calendar (tentative) Results for the quarter ending	June 30, 2017 – Last week of July, 2017 September 30, 2017 – Last week of October, 2017 December 31, 2017 - Last week of January, 2018 March 31, 2018 - Last week of May, 2018 Annual General Meeting - August, 2018
Date of Book Closure	Wednesday, August 16, 2017 to Wednesday August 23, 2017 (both days inclusive)
Dividend payment date	Tuesday, August 29, 2017 subject to shareholder's approval
Listing on Stock Exchanges	**BSE Limited (BSE)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 **National Stock Exchange of India Limited (NSE)** "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400 051
Payment of Listing Fee	Annual listing fee for the year 2017-18 has been paid by the Company to BSE and NSE.
Stock /Scrip Code	BSE – 519552 NSE - HERITGFOOD
ISIN Number	NSDL & CDSL - INE978A01019
Payment of Depository Fees	Annual Custody/Issuer fee for the year 2017-18 has been paid by the Company to NSDL and CDSL.

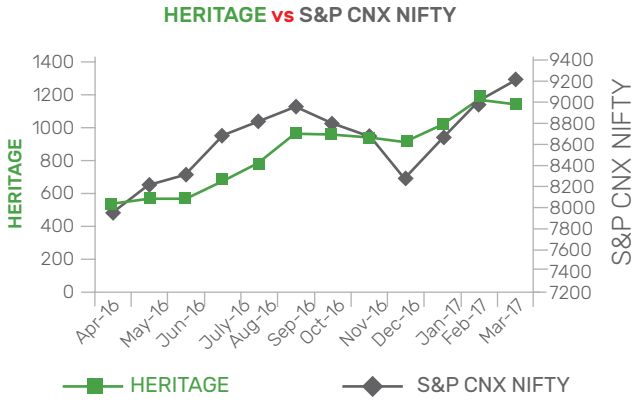
Market Price Data:

Closing High/Low Share Price during each month of the financial year 2016-17

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2016	534.40	492.00	535.00	492.75
May, 2016	572.50	499.00	572.75	498.25
June, 2016	557.95	498.00	557.95	496.90
July, 2016	678.00	516.15	677.95	515.00
August, 2016	776.95	599.95	777.00	600.00
September, 2016	956.00	729.00	955.55	730.95
October, 2016	948.00	838.00	940.00	837.00
November, 2016	933.00	720.00	924.80	730.40
December, 2016	904.50	825.00	904.00	825.05
January, 2017	1009.95	856.00	1009.00	856.70
February, 2017	1174.40	975.15	1173.85	980.00
March, 2017	1145.00	1012.25	1140.00	1011.00

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





Distribution of Shareholding as on 31st March, 2017

Category Code	Category of Shareholder	Number of Share-holders	Total number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
1	Indian	14	**9256696**	39.90
2	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	**14**	**9256696**	**39.90**
(B)	Public Shareholding			
1	Institutions	58	3011591	12.98
2	Non-institutions	17439	10930713	47.12
	Total Public Shareholding	**17497**	**13942304**	**60.10**
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
1	Promoter and Promoter Group	0	0	0
2	Public	0	0	0
TOTAL (A)+(B)+(C)		**17511**	**23199000**	**100.00**

Shareholding Pattern by Size as on 31st March, 2017

Category (No.of Shares)			No. of Shareholders	No. of Shares	% of Total Shares
Up	to	500	16074	1648545	7.11
501	–	1000	700	536905	2.31
1001	–	2000	290	443679	1.91
2001	–	3000	111	280293	1.21
3001	–	4000	63	233367	1.01
4001	–	5000	64	301826	1.30
5001	–	10000	98	731898	3.15
10001	–	Above	111	19022487	82.00
TOTAL			**17511**	**23199000**	**100.00**

Total Shares in Demat and Physical form as on 31st March, 2017

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2134	997583	4.30
2	NSDL	10772	19331893	83.33
3	CDSL	4605	2869524	12.37
Total		**17511**	**23199000**	**100.00**

Registrars and Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, 6th Floor
Plot 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161566
Toll Free No.: 1-800-4258-998; Fax: +91-40-23114087
Website: www.karvy.com

Share Transfer Systems

Transfers in physical form are registered by the Registrar and share Transfer Agents immediately on receipt of completed documents and certificates are issued within 7 days of date of lodgement of transfer. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Vice Chairperson & Managing Director/Executive Director. A summary of transfer/transmission of securities of the Company so approved by the Vice Chairperson & Managing Director/Executive Director is placed at every Stakeholder's Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.

Dematerialisation

95.70 % of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2017. The total holdings of shares of promoters/PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

The Company has complied the Regulation 31(2) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015, as follows:

Category of Shareholder	Total		Shares In Demat Form		
	No of Shareholders	number of shares Held	No of Shareholders	No of Shares	% of Respective Shareholding
Promoter & Promoters Group	14	9256696	14	9256696	100%
Public	17497	13942304	15363	12944721	92.84%
Total:	**17511**	**23199000**	**15377**	**22201417**	

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with the respective depository participants.

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

Plant Locations:

Plant Locations are attached to this report.

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

During the year under review, there is no dividend amount due to transfer to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time, because of the company had not declared the dividend during the year 2008-09.

CEO and CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Vice Chairperson & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The annual certificate given by the Chairperson and Managing Director and the Chief Financial Officer is form part of the Annual Report.

Secretarial Audit

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

As a measure of good corporate governance practice and Section 204 of the Companies Act, 2013 and the Rules made thereof, the Board of Directors of the Company appointed Ms. Savita Jyoti, Practicing Company Secretary (CP No.1796), to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2017, is forming part of the Annual Report.

Compliance Certificate from the Auditors

Certificate from Statutory Auditors of the Company M/s Raju & Prasad, Chartered Accountants (FRN: 003475S), Hyderabad confirming Compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report.

This Certificate has been forwarded to the Stock Exchanges where the Company Shares are listed.

Address for Correspondence

Investor Correspondence
For Shares/Debentures held in Physical form
Karvy Computershare Private Limited
Karvy Selenium Tower B, 6th Floorm,
Plot 31-32, Gachibowli, Financial District.
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161566, Toll Free No.: 1-800-4258-998;
Fax: +91-40-23114087 Website: www.karvy.com

Any query on the Annual Report

Mr. Umakanta Barik
Company Secretary
Heritage Foods Limited,
#6-3-541/C, Panjagutta, Hyderabad-500 082
Telangana, India. e-mail: hfl@heritagefoods.in

Code of Conduct

In compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available in the Company website www.heritagefoods.in

Certificate on Compliance with Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2016-17.

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

Date : May 25, 2017
Place : Hyderabad

Plant Locations

(A) Dairy Division
ANDHRA PRADESH

Packing Stations

1. **B. Kotha Kota**
   Bering (V), Sankarapuram (Post), Kotha kota (M), Chittoor Dist
2. **Bayyavaram**
   Bayyavaram (V), Kasimakota (M), Visakhapatnam Dist.
3. **Bhattiprolu**
   Vellaturu Raod, Bhattiprolu (V) & (M), Guntur. Dist
4. **Bobbili**
   Mettavalasa (V), Growth Center, Bobbili , Vizianagaram Dist
5. **Chittoor**
   Sundrajapuram, (V), ER palli post, G.D Nellore (M), Chittoor Dist
6. **Gokul**
   Kasipentala (V), Charndragiri (M), Chittoor Dist
7. **Pamarru**
   Yendagandi (V), K. Gangavaram (M), East Godavari Dist

Chilling Centers

1. **Atmakur**
   Jalaiah Nagar (V) Atmakur (M), S.P.R Nellore Dist
2. **Darsi**
   Pulipadu (V), Mundlamuru (M), Prakasam Dist
3. **Gantyada**
   Gantyada (V) & (M) Vizianagaram Dist
4. **Hindupur**
   Cholasamudram (V), Hindupu, Ananthapur Dist
5. **Kandukuru**
   Kakuturu (V), Valletivaripalem (M), Prakasam Dist
6. **Kavali**
   Gowravaram (V), Kavali (M), S.P.R Nellore Dist
7. **Kondapi**
   Kondapi (V) & (M), Prakasam Dist
8. **Kotananduru**
   Indugaplli (V), Kotananduru, (M), East Godavari Dist
9. **L. Kota**
   C/o Sri Sravani Milk Chilling Center, Vizianagaram Dist
10. **Madanapalli**
    Basinkonda (V), Madanaplli, Chittoor Dist
11. **Muppavaram**
    Bytamanjuluru (V), J. Pangaluru (M), Prakasam Dist,
12. **Piler**
    Yerraguntal (V), Piler, Chittoor Dist
13. **Santhipuram**
    Santhipuram, Chittoor Dist
14. **Somavaram**
    Somavaram, Kirlampudi (M), East Godavari Dist

Mini Chilling Center

1. **Bestavaripeta**
   Bestavaripeta (V) & (M) Prakasam Dist
2. **Chagalamarri**
   Allgadda (M), Kurnool Dist
3. **Chalagundla**
   Nakrikal (M), Guntur Dist
4. **Kalakada**
   Kalakada (M), Chittoor Dist
5. **Kaligiri**
   Basireddypalem (V), Kaligiri (M), S.P.R Nellore Dist
6. **Kanigiri**
   Kohtakuchipudi Palli (V), Kanigiri (M), Prakasam Dist
7. **Kothacheruvu**
   Penukonda Road, Kothacheruvu, Ananthapur Dist
8. **Koyyalagudem**
   Koyyalagudem Mandal, West Godavari District, Pin Code - 533449
9. **Nandigama**
   Krishna Dist
10. **Podalakuru**
    Thoderu (V), Podalkuru (M), S.P.R Nellore Dist
11. **Poosapatirega**
    Poosapatirega, Vijayanagaram Dist
12. **Rapthadu**
    Near Pangal Road, Rapthadu (V) & (M), Ananthapur Dist
13. **Ravikamatam**
    Ravikamatam, Visakahapatnam
14. **Satyawada**
    Undrajavaram (M), West Godavari Dist
15. **Veeravalli**
    Bapulapadu (M), Krishna Dist
16. **Velvadam**
    Mylavaram (M), Krishna Dist
17. **Vinukonda**
    Vinukonda (V), Guntur Dist

Bulk Coolers

1. **Aryavatam**
   Aryavatam (V), Kajulluru (M), East Godavari Dist
2. **A.S.Peta**
   Kasimkota (M), Vizag Dist
3. **Atchutapuram**
   Chodapalli (V), Atchutapuram (M), Visakhapatnam dist
4. **Avanigadda**
   Avanigadda, Krishna Dist
5. **Banaganapalli**
   Yagantipalli vilalge, Banaganapllii (M), Kurnool Disrict
6. **Bantumilli**
   Janaikirampuram, Mulaparru Mandal, Krishna district – 521324
7. **Bikkavolu**
   Bikkavolu, East Godavari Dist
8. **Bondapally**
   Bondapalli, (V) & (M), Vijayanagaram Dist
9. **Buchireddy palem**
   SPSR Nellore dist
10. **Chakalikonda**
    Vinjamuru Mdl, SPSR Nellore Dist
11. **Chebrolu**
    Gollaprolu Mandal, East Godavari District – 533449
12. **Cheedikada**
    Cheedikada Village & Mandal, Vizag Dt. 531028
13. **Chinnagummaluru**
    Kotauratla (M), Visakhapatnam Dist
14. **Chuchukonda**
    Munagapaka (M), Vizag Dist
15. **Dimili**
    Rambilli (M), Vizag Dist
16. **Dubacherala/Nachugunta**
    Nachugunta (V) Ungutur, (M) West Godvari Dist
17. **Duttaluru**
    Duttaluru, Nellore Dist
18. **Mandapet**
    Mandapet (M) East Godavari Dist
19. **Gara**
    Gara, Srikakulam Dist

20. **Garividi**
Garividi, Vijayanagaram, Dist
21. **Giddaluru**
Modempalli (V), Giddaluru (M),
Prakasam Dist
22. **Gokivada**
Rambilli (M), Visakhapatnam Dist
23. **Gudluru**
Pedda Pavani road,
Prakasam(Dist), AP. Pin: 523281
24. **Jaladanki**
Jaladanki (V) & (M), SPSR Nellore Dist
25. **Kaluvovai**
Kaluvoya (V) & (M), SPSR Nellore Dist
26. **Kanaganapalli**
Survey No.286/3A, Kanaganapalli (V) & (M), Ananthapur Dist
27. **Kasibugga**
Anthapuram (V), Palasa (M), Srikakulam Dist
28. **Kasimkota**
Kasimkota Mandal, Vizag Dt. 531055
29. **Kodapuram**
Gudavaluru Pancayati, SPSR Nellore Dist
30. **Korukonda**
Korukonda (V), East Godavari Dist
31. **Kothapalli**
Kasimkota Mandal, Vizag Dt. 531031
32. **Krishnapuram** Krishnapuram(V),
Chillakuru (M), SPSR Nellore Dist
33. **Laveru**
Laveru (M)am, Srikakulam Dist
34. **M Jagannadapuram**
Atchutapuram (M), Vizag Dist
35. **Modavalasa**
Denkada (M), Vijayanagaram Dist.
36. **Munagapaka**
Munagapaka (V),
Anakapalli, Vizag dt. 531033
37. **N.G.Palem**
Kasimkota Mandal, Vizag Dt. 531055
38. **Nimmada**
Kotabomali, Srikakulam Dist,
39. **P. Gannavarm**
East Godvari Dist
40. **Pathapatnam**
Pathapatnam (V), Srikakulam Dist
41. **Ponduru**
Ponuru, Srikakulam Dist
42. **Porumamilla** Kammavaripalli (V),
Porumamilla (M) Kadapa Dist
43. **Pothepalli,**
Pedana Road, Bandar Mandal,
Krishna District – 589730.
44. **Samarlakota**
E-1 Industrial Estate, East Godavari Dist
45. **Santhamaguluru**
Puttavripalem (V), Santhamagulru (M)
Prakasam Dist
46. **Sattenapalli**
C/o. Sapthagiri Dall Mill, Industrial park,
Guntur - Dist
47. **Sirivella**
sirivella village, Nadyala -
Allagadda highway,
Kurnool district
48. **Sompeta**
Mogalakuttur Street,
Sompeta (V) & (M), Srikakulam Dist
49. **Tavvavanipalem**
Sabbavaram Mandal, Vizag Dt. 531035
50. **T. Narasapuram**
West Godvari Dist
51. **Tekkali**
Thamaram Road, Srikakulam Dist
52. **Thotada**
Munagapaka Mandal,
Vizag Dt. 531002
53. **Venkannapalem**
Chodavaram (M), Visakhapatnam Dist
54. **Venkatagiri**
Anjayepuram (V), Enagaluru post,
Srikalahasti (M), Chittoor Dist

ICE PLANT

1. **Amalapuram** Batinavalli,
Amalapuram, East Godavari Dist
2. **Bhimadole**
Surrappagudem Village,
Bhimadole Mandal,
West Godavari District – 534425

SALES OFFICES

1. **Bobbili**
Plot No.248&249,
Growth Centre, Bobbili, Vizianagaram Dist.,
2. **Chittoor**
Sundararaja Puram, E.R Palli Post,
Chittoor - Puttoor Road, Chittoor
3. **Rajahmundry**
Yendagandi (V), K. Gangavaram (M),
East Godavari Dist
4. **Tanuku**
Door No. 4-252, Ground Floor,
Subhodaya Apartment, Chivitm Tanuku,
West Godavari Dist
5. **Tirupathi**
D.No. 19-12-154, Rayalacheruvu road,
Baragaipatteda Turapati, Chitoor Dist
6. **Vijayawada**
Plot No 188, C-6, New Auto Nagar,
Enikapadu, Vijayawada, Krishna Dist
7. **Vishakhapatnam**
D. No. 50-48-15/2, 3rd Floor
P&T colony, Near Gurudwara Junction,
Visakhapatnam

REGIONAL OFFICES OF PROCUREMENT DEPT.

1. **Ongole**
D.No: 5-400/1, Raavianjaneyulu road,
Venkateswara Nagar, 2nd Lane,
Ongole, Prakasam Dist
2. **Tirupati**
D.No 19-12-154, Arch Road,
Byragipatteda, Tirupati, Chittoor Dist
3. **Vijayawada**
D No: 54-20-6, Kanaka Durga
Gazetted Officers Colony,
Street No:1, Ring Road,
Vijayawada, Krishna Dist
4. **Vizag**
D No: 50-48-15/2, 3rd Floor,
P&T Colony, Near Gurudwara junction,
Seethammadhara, Vizag Dist

DELHI (NCR) SALES OFFICE

1. **Delhi**
Door No:- M-3, R.G. House,
Commercial Complex,
Opp. Milan Cinema, Karam Pura,
Mothi Nagar, New Delhi

HARYANA PACKING STATION

1. **Rai**
D No.497, Food Park, Phase 1,
Sector-38, Industrial Estate – HSIIDC,
Rai, Sonipat Dist, Haryana

ICE PLANT

1. **Satnali**
Loharu Road, Satnali, Mahendragarh
Disrtict, Haryana - 123024

GUJARAT BULK COOLERS

1. **BIYOK**
BIYOK Village, Vav Taluqa,
Near Tharad, Banaskantha Dt,
Gujarat - 385575

KARNATAKA
PACKING STATION

1. **Bengaluru**
   Yadavanhalli (V) Bengaluru South
2. **Sindhanur**
   Survey No. 111/1-A,
   Raichur Road, Sindhanur, Raichur Dist.,
   Karnataka-584

BULK COOLERS

1. **Chelur**
   Byreppanapalli,
   Bagepalli taluk,
   Chikkaballapur district,
   KA, Pin : 563124

SALES OFFICES

1. **Bengaluru SO-1**
   N0.42 Survey No. 5&6 Bikasipura,
   Banashankari 5th Stage,
   Near Sai Baba Temple, Bengaluru
2. **Bengaluru SO-2**
   No. 400, 1st stage, 3rd block, 5th main
   5th cross, HBR Layout, Bengaluru
3. **Bengaluru SO-3**
   Yadavanahalli (V) Anekal Taluk,
   Gudhatti Road Bengaluru
4. **Bengaluru SO-4**
   No.27, s.no.277, 8th cross
   Kundala halli layout, ITPL main road,
   Near CMR College, Bangalore – 560048,
   Karnataka
5. **Sindhanur SO**
   Survey No. 111/1-A, Raichur Road, Sindhanur,
   Raichur Dist., Karnataka-584

MAHARASTRA
PACKING STATION

1. **Sangvi**
   Milakt No. 892. AT/Post - Sangavi,
   Phaltan taluka, Satara Dist

CHILLING CENTERS

1. **Sangola**
   Solapur Dist

BULK COOLERS

1. **Bijwadi**
   Bijwadi (Village & Mandal Man)
   Satara District, Maharashtra State - 415508
2. **Dombalwadi**
   Dombalwadi Post, Shindewadi Tal,
   Malshiras, Solapur District,
   Maharashtra State - 410109
3. **Nimgaon**
   Nimgaon Village, Madha Taluka,
   Yelevasti, Solapur District,
   Maharashtra State - 531011
4. **Nirgudi**
   Phaltan (T), Satara Dist
5. **Rajale**
   Milk at No 808, A/P - Rajale,
   (T) Phaltan, Dist, Satara Dist
6. **Sakharwadi**
   Sakharwadi, Phaltan (T), Satara Dist
7. **Taradgon**
   Taradgon (kusur) Phaltan taluka, Satara Dist
8. **Temburni**
   Gat No. 178/1A, At Post- Venegaon
   (Temburni) Tal- Madha, Solapur Dist

SALES OFFICES

1. **Mumbai**
   Shop No. 1&2, Mangalamurthi Apt,
   Plot No.17, Sector 30,
   Opp Sanpada Railway Station,
   Sanpada, Vashi, Navi Mumbai
2. **Sanghvi**
   Phaltan Taluka, Sadar Dist,

RAJASTHAN
ICE PLANT

1. **Bansur**
   Kotaputali Road, Bansur, Alwar Dist
2. **Behror**
   Behror Taluk,, Alwar Dist

TAMIL NADU
PACKING STATION

1. **Vadamadurai**
   MorePatti (V), Vadamadurai, Dindigul Dist

CHILLING CENTERS

1. **Namakkal**
   Navani Vellai Patti (V), Namakkal Dist
2. **Tirruvannamalai**
   Somasipadi Pudhur, Tiruvannamalai Dist
3. **Uthangarai**
   Koorsamptti (V), Uthangarai,
   Dharmapuri Dist.
4. **Vepanapalli**
   Thalipalli (V), Krishnagiri Dist

MINI CHILLING CENTERS

1. **Berigai**
   Berigai (V) Post, Krishnagiri Dist
2. **Devarajapalyam**
   Devarajapalym (V), Molayanur Post
   Papireddipatti Tq. Dharmapuri Dist
3. **Melpudi**
   Pallipattu Taluq, Tiruvalluru District,
   Tamilnadu State, Pincode: 631208
4. **Madagondapalli**
   Krishnagiri Dist, Tamil Nadu
5. **Reddihalli**
   Reddihalli (V) Adhiymankotai, Hosur raod
   Sogathur Post Dharmapuri (T) & Dist

BULK COOLERS

1. **Kakkadasam**
   Kakkadasam, Krishnagiri Dist
2. **Nagamangalam**
   Nagamangalam, Krishnagiri Dist
3. **Oddanchatram**
   Ellapatti (V), Puduchatram Post, Dindigul
4. **Polur**
   Venmani (V), Polur (PO & T)ost,
   Polur Chatpattu Rd, T.V Malai Dist
5. **P. Veluru**
   KK Thottam, Pramthi Velur Post
   Namakkal Dist
6. **Sempatty**
   Sevugmpatti (V) & (Post), Dindigul Dt

SALES OFFICES

1. **Chennai SO-1**
   Survey No. 16/6 Parivakkam Main Road,
   Seneerkuppam (V), Poonamalle, Chennai
2. **Chennai SO-2**
   Plot no. 6 Ganesh Nagar,
   4th street, Adambakam, Chennai
3. **Chennai SO-3**
   No.43 Mari Ammal nager,
   Kanagarai(East) Puzhal, Chennai
4. **Chennai SO-5**
   No.28 , Agasthiyasteet, East Tambaram,
   opp to Gandhi Park Chennai
5. **Vadamadurai**
   Moorpatti (V), Vadamadurai Post
   Dindigul Dist

REGIONAL OFFICE OF PROCUREMENT DEPT.

1. **Krishnagiri**
   No. 1/1263-2, IInd Phase,
   New Housing Board, Krishnagiri

TELANGANA
PACKING STATION

1. **Kalluru**
   Koralagudam (V) Kalluru (M),
   Khammam Dist
2. **Narketpalli**
   Cheruguttu (V), Narketpalli (M),
   Nalgonda Dist

3. **Uppal**
C- 10 Raoad No 7, IDA Uppal, Hyderabad.

MINI CHILLING CENTERS

1. **Bodhan**
Auto Nagar,
Shekkar Nagar Bodhan,
Achanapally (V), Bodhan (M),
Nizmabad Dist
2. **Kodada**
Kodada (V), Nalgonda Dist
3. **Madhira**
Khammam Dist, Madhira

BULK COOLERS

1. **Alagadapa**
Miryalaguda (M), Nalgonda Dist
2. **Banswada**
Tadkole Banswada Nizambad,
Banswada, Nizamabad Dist
3. **Dhammapeta**
Dhammapeta (V), Khammam Dist
4. **Dichpally**
Nidipally (Village), Dichpally (Mandal),
Nizamabad (District) - 503175
5. **Hanwada**
Hanwada (V) & (M), Mahabubangar to
tandur main road, Mahabubnagar Dist
6. **Janampet**
Janampet (V), Addakal, (M),
Mahabubnagar Dist
7. **Kalwakurthy**
Kalwakurthy (V) & (M),
Subashnagar, Mahabubnagar Dist
8. **Kosigi**
Kosigi (V) & (M),
Near Balaji Function Hall, Tandur to
Mahabubnagar Rd Mahabubnagar Dist
9. **Medchal-Pudur**
Medchal (V) & (M) RR Dist
10. **Narsingi**
Chegunta (M), Medak Dist
11. **Nawabpet**
Nawabpet (V) & (M),
Kondapur Road, Opp Saibaba Temple,
Survey No 654, Mahabubnagar Dist
12. **Nidamanuru**
Nidamanoor (V) & (M),
Nalgonda Dist
13. **Pitlam**
Marwadi Raod Pitlam,
Pitlam (V) & (M), Nizamabad Dist
14. **Siddipet**
Siddipet (V) & (M) Medak Road
Opp rural Police Station, Medak Dist
15. **Takrajguda**
Takrajguda (V), Challampally Panchayat,
Talakondapally (M), Mahabubnagar Dist
16. **Wyra**
Wyra (V), Khammam Dist

BULK COOLERS – FRANCHISEE

1. **Aleru**
kolapaka raod, Alair (V) & (M),
Nalgonda Dist
2. **Anajapur**
Angipur (V), Bohnagir (M),
Nalgonda Dist
3. **Aourapally**
Madhgull (M), Mahabubnagar Dist
4. **Ghatkesar**
Yedulabad Raod, Ghatkesar
(V) & (M) RR Dist
5. **Gummadidala** Gummadidala (V),
Jinnaram (M), Medak Dist
6. **Jagdevpur**
Jagadevpur (V) & (M), Medak Dist
7. **Kandukur**
Padmanagar colony,
Kandukru (V) & (M), RR Dist
8. **Kukunoorpally**
Kukunoor (V), Kondapak (M)
Medak Dist
9. **Masaipeta**
Opp Canara Bank, Masaipet (V),
yeldurthy (M), Medak Dist,
10. **Meerkhanpet**
Meerkahanpet, Kandukur (M), RR Dist
11. **Mogaligidda**
Mogaligidda (V), Farooqnagar (M),
Mahabubnagar Dist
12. **Nandhigama** Nadhigama (V),
Kothur (M), Mahabubnagar Dist
13. **Narsapur**
Narsapur (V) & (M), Medak Dist
14. **Pregnapur**
Opp: Petrol bunk, Hyderabad,
Pregnapur (V), Gajwel (M), Medak Dist
15. **Shadnagar**
Chatanapally (V), Farqoonager (M),
Shad Nagar, Mahabubnagar Dist

SALES OFFICES

1. **Hyderabad SO-1, 3, 6 & 8**
C-10, Road No.7, IDA Uppal, Hyderabad
2. **Hyderabad SO- 2**
8-3-166/5/2,
Behind Bata Show room
Erragadda - Hyderabad
3. **Hyderabad SO-4**
Plot No. 23&24 H.No. 3-8-113,
Road No. 5, Chandarapuri Colony,
LB Nagar, Hyderabad East zone
4. **Hyderabad SO-5**
Heritage Foods Limited,
Shop No - 1-92 cellar,
Mamatha Estate Alwyn Colony,
Miyapur, Hyderabad West Zone
5. **Hyderabad SO-7**
1-4-162/4, Old Alwal,
Mangloni Chilka, Secunderabad,
Hyderabd North zone
6. **Hyderabad SO-9**
H.No: 18-4-83/1 First floor,
Shamsheer gunj, Hyderabad
7. **Hyderabad SO-10**
H.No: 8-1-284/OD/149,
OD Employees Colony,
Shaikpet, Hyderabad
8. **Kalluru**
Koralagudam (V), Kalluru (M),
Khammam Dist

REGIONAL OFFICE OF PROCUREMENT DEPT.

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

(B) RENEWABLE ENERGY DIVISION

1. Solar Power Project

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

2. Wind Power Project

Urvakonda Sy. No. 40/A2,
Chinahothur Village, Vajrakarur Mandal,
Ananthapur Dist, Andhra Pradesh

CEO & CFO Certification

(As per Regulation 17(8) of SEBI (LO&DR) Regulation, 2015)

To
The Board of Directors,
Heritage Foods Limited,
Hyderabad.

We, N Bhuvaneswari, Vice-Chairperson and Managing Director and A Prabhakara Naidu, Chief Financial Officers of Heritage Foods Limited ("the Company") to the best of our knowledge and belief certify that

a. We have reviewed the Financial Statements (Standalone & Consolidated) and the Cash Flow Statements for the financial year ended March 31, 2017 and based on our knowledge and belief, we state that:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.

c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated, based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee

   i. Significant changes, if any, in the internal controls over financial reporting during the year;

   ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For Heritage Foods Limited

	Sd/-	**Sd/-**
Place: Hyderabad	**N. Bhuvaneswari**	**A. Prabhakara Naidu**
Date: May 25, 2017	Vice Chairperson & Managing Director	Chief Financial Officer
	(DIN: 00003741)	(M No: FCA 200974)

AUDITORS'CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
HERITAGE FOODS LIMITED
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by **HERITAGE FOODS LIMITED** for the year ended on March 31, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that in respect of investor grievances received during the year ended March 31, 2017, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/ investors grievance committee.

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

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

Sd/-
M Sivaram Prasad
Partner
M No. 018943

Place : Hyderabad
Date : May 25, 2017

Independent Auditor's Report

To
The Members of

HERITAGE FOODS LIMITED
(Formerly known as Heritage Foods (India) Limited)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Heritage Foods Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the company does not have any pending litigations which would impact its financial position, except as listed in the notes to accounts (note: 30)

ii. the Company did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

iv. the company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. (note: 45)

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

M Sivaram Prasad
Partner
M.No: 018943

Date : May 25, 2017
Place : Hyderabad

Annexure - A to the Auditors' Report

The Annexure referred to in our Report of even date to the members of Heritage Foods Limited on the accounts of the company for the year ended 31st March, 2017.

i. (a) The Company is maintaining 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 accounts. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets

(c) The title deeds of immovable properties are held in the name of the company.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. Also, discrepancies noticed on such verification have been properly dealt with in the books of accounts.

iii. The company has granted loans to company covered in the register maintained under Section 189 of the Act. And:

a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest;

b) The schedule of repayment of principle an payment of interest has been stipulated and the receipts are regular.

c) There is no overdue amount outstanding for more than ninety days..

iv. In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed there under to the extent notified.

vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub–section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months as on 31.03.2017.

b) According to the information and explanations given to us, following are the disputed dues relating to sales tax/VAT, which have not been deposited as at 31st March, 2017

Nature of Statue	Nature of Dispute	Amount (₹ In Lakhs)	Period to which the amounts relate (A.Y)	Forum where the dispute is pending
A.P.G.S.T ACT 1957	Levy of purchase tax on purchase of milk	83.75	2001-02	High Court of TG and AP
C.S.T ACT	Levy of purchase tax on purchase of milk	37.34	2002-03	High Court of TG and AP
C.S.T ACT	Levy of purchase tax on purchase of milk	1.42	1998-99	High Court of TG and AP
AP VAT	Input tax credit disallowance and others	1.79	2008-09	High Court of TG and AP
TN VAT Act	Input tax credit disallowed	24.38	2013-14	CTO

viii. The Company has not defaulted in repayment of dues to any bank as at the balance sheet date.

ix. The company has not raised any money by way of initial public offer or further public offer (Including debt instruments). Further, the term loans taken by the Company were applied for the purpose for which they were obtained.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

Xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with directors which requires compliance under Section 192. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

M Sivaram Prasad
Partner
M.No: 018943

Date : May 25, 2017
Place : Hyderabad

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Heritage Foods Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

M Siva Ram Prasad
Partner
M.No: 018943

Date : May 25, 2017
Place : Hyderabad

BALANCE SHEET

AS AT MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No	As at March 31, 2017	As at March 31, 2016
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	2319.90	2319.90
b. Reserves and Surplus	3	28025.26	21679.38
Sub-Total Shareholders' funds		**30345.16**	**23999.28**
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	6945.05	6584.71
b. Deferred tax liabilities (Net)	5	1908.35	1867.72
c. Other Long term liabilities	6	1148.10	1045.32
d. Long term provisions	7	489.58	551.54
Sub-Total Non-Current Liabilities		**10491.08**	**10049.29**
3. CURRENT LIABILITIES			
a. Short-term borrowings	8	6587.71	3925.16
b. Trade payables :	9		
(i) Total outstanding dues of micro enterprises and small enterprises		649.49	474.03
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		4426.50	7992.90
c. Other current liabilities	10	10716.38	9469.71
d. Short-term provisions	11	598.27	1582.15
Sub-Total Current Liabilities		**22978.35**	**23443.95**
TOTAL EQUITY AND LIABILITIES		**63814.59**	**57492.52**
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Property, Plant & Equipment	12	28051.25	31038.44
ii) Intangible assets	12	46.93	164.12
iii) Capital work-in-progress	12	782.86	958.79
Total - a		**28881.04**	**32161.35**
b. Non-current investments	13	14927.18	96.19
c. Long term loans and advances	14	1653.84	2371.52
d. Other non-current assets	15	77.04	68.37
Sub-Total Non-Current Assets		**45539.10**	**34697.43**
2. CURRENT ASSETS			
a. Current Investments	13	1.17	1.65
b. Inventories	17	11648.50	14491.11
c. Trade receivables	18	1129.93	2878.60
d. Cash and Bank balances	19	4596.90	4522.71
e. Short-term loans and advances	14	792.48	680.88
f. Other current assets	16	106.51	220.14
Sub-Total Current Assets		**18275.49**	**22795.09**
TOTAL ASSETS		**63814.59**	**57492.52**
Significant Accounting Policies	1		
Notes on Accounts	(2 to 51)		

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No	Year Ended March 31, 2017	Year Ended March 31, 2016
1. Revenue from operations (Gross)	20	227437.98	238162.13
Less : Excise Duty		97.82	103.80
Revenue from operations (Net)		**227340.16**	**238058.33**
2. Other Income	21	445.17	654.96
3. TOTAL REVENUE (1 +2)		**227785.33**	**238713.29**
4. EXPENSES:			
a. Cost of materials consumed	22	138176.77	141378.79
b. Purchase of Stock-in-Trade	23	36652.70	49296.66
c. Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	24	2363.78	(2808.46)
d. Power and fuel		2713.69	2943.24
e. Employee benefits expense	25	13809.34	13999.11
f. Finance costs	26	1114.17	1549.27
g. Depreciation and amortization expense	27	3251.87	3451.21
h. Other expenses	28	19961.37	20168.27
TOTAL EXPENSES		**218043.69**	**229978.09**
5. Profit before exceptional and extraordinary items and tax (3-4)		9741.64	8735.20
6. Exceptional Items	29	-	136.95
7. Profit before extraordinary items and tax (5 -6)		9741.64	8598.25
8. Extraordinary Items		-	-
9. Profit before tax (7 - 8)		**9741.64**	**8598.25**
10. Tax expense:			
a. Current tax		2707.50	3086.50
b. Prior period tax		(107.43)	(18.06)
c. Deferred tax		459.11	(13.34)
11. Profit(Loss) after tax (9-10)		**6682.46**	**5543.15**
12. Profit/(Loss) before tax from continuing operations		11521.19	10581.51
13. Tax expense of continuing operations		3076.74	3738.76
14. Profit/(Loss) after tax from Continuing operations (12 - 13)		**8444.45**	**6842.75**
15. Profit/(Loss) before tax from discontinued operations		(1779.56)	(1983.25)
16. Tax expense of discontinued operations		(17.57)	(683.65)
17. Profit/(Loss) after tax from Discontinued operations (15 - 16)		**(1761.99)**	**(1299.60)**
18. Profit/(Loss) for the period (14 +17)		**6682.46**	**5543.15**
19. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		28.80	23.89
ii. Diluted		28.80	23.89
b. After Extraordinary items			
i. Basic		28.80	23.89
ii. Diluted		28.80	23.89
Significant Accounting Policies	1		
Notes on Accounts	(2 to 51)		

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax and extra-ordinary items	9741.64		8598.25	
Non-cash adjustments:				
Depreciation / amortization	3251.87		3451.21	
Loss on Impairment of Assets	84.88		51.56	
Interest expense	1041.83		1463.73	
Foreign exchange (gain)/loss , net	12.21		1.99	
Subsidy transferred to P&L	(5.08)		(7.38)	
Interest income	(33.68)		(61.01)	
Provision for Interest on income tax	12.00		37.85	
Provisions no longer required and Credit balances written back	(154.73)		(214.42)	
Provision for Unavailed Leave	(43.14)		404.85	
Bad Debts / Advances written off	30.18		55.95	
Provision for doubtful debts/ advances	74.71		125.74	
Dividend received	(4.00)		(3.06)	
Operating cash flow before Working Capital Changes	**14008.69**		**13905.26**	
Movements in working capital :				
Increase / (decrease) in trade payables	641.78		928.66	
Increase / (decrease) in long term provisions	158.20		-	
Increase / (decrease) in short term provisions	272.03		-	
Increase / (decrease) in other current liabilities	2020.97		2054.66	
Increase / (decrease) in other long term liabilities	90.70		45.55	
Decrease/ (increase) in trade receivables	(449.65)		(576.48)	
Decrease/ (increase) in inventories	(2667.43)		(554.23)	
Decrease/ (increase) in long term loans and advances	(1308.93)		(321.52)	
Decrease/ (increase) in short term loans and advances	(176.75)		34.68	
Decrease / (increase) in other current assets	42.11		(63.52)	
Decrease / (increase) in other non-current assets	(13.01)		1.42	
Cash Generated from /(used in) operations	12618.71		15454.48	
Direct taxes paid (net of refunds)	(2874.18)		(2962.39)	
Net Cash flow from/(used) in Operating activities before extra-ordinary items	**9744.52**		**12492.08**	
Less: Extra-ordinary items	-		-	
Net Cash flow from /(used) in Operating activities (A)		**9744.52**		**12492.08**

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars		Year Ended March 31, 2017		Year Ended March 31, 2016
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	(10055.87)		(6837.72)	
Proceeds from sale of Fixed Assets	195.21		180.71	
Purchase of Current / non-current investments	0.02		(0.25)	
Investment in Subsidiaries	(0.06)		-	
Disinvestment of Shares	2.28		-	
(Investment) in / redemption of bank deposits having original maturity more than three months	(21.82)		6.78	
Interest received	33.68		61.02	
Dividend received	4.00		3.06	
Net Cash used in Investing Activities (B)		**(9842.57)**		**(6586.39)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	4165.04		3171.75	
Repayment of long-term borrowings	(3878.28)		(1560.96)	
Short-term borrowings (net)	2662.54		(4748.33)	
Interest paid	(1079.73)		(1470.35)	
Change in Unclaimed dividend	(16.44)		(11.65)	
Dividend paid (including dividend tax)	(837.65)		(837.65)	
Net Cash flow from /(Used) in Financing Activities (C)		**1015.48**		**(5457.19)**
Net increase /(decrease) in cash and cash equivalents (A+B+C)		917.44		448.49
Cash and Cash equivalents at the beginning of the year		4440.19		3993.70
Cash and Cash equivalents adjustments in pursuant to the composite scheme of arrangement (refer note 43)		(859.86)		-
Effect of foreign exchange gain /(loss)		(12.21)		(1.99)
Cash and Cash equivalents at the end of the year		**4485.57**		**4440.19**
Components of cash and cash equivalents				
Cash on hand		151.47		265.45
Cheques / drafts on hand		-		-
Balances with banks in current accounts		4334.10		4174.74
Total cash and cash equivalents		**4485.57**		**4440.19**

Note: The effect of composite scheme of arrangement except cash and cash equivalent being non-cash transaction is excluded in the cash flow statement (refer note 43)

Significant accounting policies (1)

Notes on accounts (2 to 51)

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies

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, applicable provisions of Companies Act,2013, and as per the Accounting standards specified under section 133 of the Companies Act,2013, as amended from time to time. The Financial statements have been prepared as per the schedule III of Companies Act,2013.

1.2 Changes in Accounting Policies

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

1.3 Use of estimates

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

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

1.4 Revenue Recognition

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

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

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

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

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.

Incentives which are ascertainable are recognized as and when accrued.

1.5 Fixed Assets

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

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

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

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

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

1.6 Depreciation and Amortization

Depreciation on Property, Plant and Equipment : Depreciation on Property, Plant and Equipment is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets where useful life is different from than those described in Schedule II

Plant and Machinery : Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years. Useful life of each asset is determined based on internal and external technical evaluation.

Improvements to leasehold property : Depreciation on Improvements to leasehold property is provided over a period of lease.

Depreciation on assets which are commissioned during the year is charged on pro-rata basis from the date of commissioning.

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

Amortization on Intangible Assets : Intangible assets are amortized over their respective individual estimated useful lives not exceeding five years on a straight-line basis in the manner as prescribed in the Schedule II of the Companies Act,2013.

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 Impairmentof 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 Projected Unit Credit (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 Projected Unit Credit (PUC) Method at the end of the year and provided in accounts as per AS-15.

1.12 Foreign Exchange transactions :

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

1.13 Leases

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

Finance leases (Lessee) : A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account.

1.14 Inventories

Inventories are valued as under

S.No.	Particulars	Valuation	Method
1	Raw Materials	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
2	Finished Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
3	Stores, Spares and Consumables	at cost	Cost has been ascertained on FIFO basis
4	Work- in- progress	Cost or net realizable value whichever is lower	Cost has been ascertained on FIFO basis
5	Tradable Goods	Cost or net realizable value whichever is lower	Cost has been ascertained on moving weighted average basis
6	Packing Material	at cost	Cost has been ascertained on FIFO 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 are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

1.19 Segment Reporting

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

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

1.20 Provisions

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

1.21 Contingent Liabilities

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

NOTES TO FINANCIAL STATEMENTS

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Authorised Share Capital		
i) Equity Share Capital		
4,80,00,000 Equity Shares of ₹ 10/- each	4800.00	4800.00
(Previous year : 4,80,00,000 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	**5000.00**	**5000.00**
b) Issued,Subscribed and Paidup Share Capital :		
Equity Share Capital		
2,31,99,000 Equity Shares of ₹ 10/- each	2319.90	2319.90
(Previous year 2,31,99,000 Equity Shares of ₹ 10/- each)		

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

Particulars	March 31, 2017	March 31, 2016
	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	23199000	2319.90
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	23199000	2319.90

d) Rights, preferences and restrictions attached to equity shares

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

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, 2017		March 31, 2016	
	No.of Shares held	% of holding	No.of Shares held	% of holding
Equity Shares of ₹ 10/- each fully paid				
1. Nara Bhuvaneswari	5330826	22.98	5330826	22.98
2. Nirvana Holdings Private Limited	2572842	11.09	2572842	11.09
3. Nara Lokesh	2366400	10.20	2366400	10.20
4. Megabid Finance & Investment Pvt Ltd	1223800	5.28	1223800	5.28
5. V Sudha Sarada	1162750	5.01	1191182	5.13

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Equity Shares alloted as fully paid up as Sweat Equity shares for consideration other than cash	70000	70000	70000	70000	70000
Equity Shares alloted as fully paid-up as Bonus shares for consideration other than cash	11599500	11599500	11599500	11599500	-

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Capital Reserve		
Opening Balance	-	-
Add: On account of slump sale pursuant to composite scheme of arrangement (refer note: 43)	50.98	-
Add: Directly attriburable cost on account of slump sale pursuant to composite scheme of arrangement (refer note: 43)	(382.49)	
Less: Transfer during the year		
Closing Balance	**(331.51)**	**-**
b) Capital Reserve (Deferred Government Grants)		
Opening Balance	52.14	59.52
Add: Subsidy Received during the year	-	-
Less: Transfer to Statement of Profit and Loss	5.08	7.38
Closing Balance	**47.06**	**52.14**
c) Capital Redemption Reserve		
Opening Balance	81.00	81.00
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	**81.00**	**81.00**
d) Securities Premium Reserve		
Opening Balance	3784.14	3784.14
Add: Securities premium credited	-	-
Less: Security Premium utilized	-	-
Closing Balance	**3784.14**	**3784.14**
e) Warrants Money Appropriated		
Opening Balance	318.69	318.69
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	**318.69**	**318.69**
f) General Reserve		
Opening Balance	7427.39	6427.39
Add: Transferred from Surplus	1000.00	1000.00
Closing Balance	**8427.39**	**7427.39**

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
g) Surplus / (Deficit)		
Opening Balance	10016.03	6310.53
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	6682.46	5543.15
Amount available for appropriations	16698.49	11853.68
Appropriations :		
Transferred to General Reserve	1000.00	1000.00
Proposed Dividend amount per share ₹ 4.00 (Previous Year :₹ 3.00 per share)*	–	695.97
Tax on Proposed Dividend	–	141.68
Closing Balance	**15698.49**	**10016.03**
Total	**28025.26**	**21679.38**

* The Board of Directors of the Company has proposed a dividend of ₹ 4/- per share for the F.Y. 2016-17. Reserves and surplus include proposed dividend of ₹ 927.96 lakhs and Dividend Distribution Tax of ₹ 188.91 lakhs which has not been provided as per accounting standard AS-04

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

(₹ in lakhs)

Name of Shareholder	Non-Current portion		Current Maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
a) Term Loans				
i) From banks (secured)				
- Indian rupee loans	6153.23	5604.45	1635.56	2038.49
- Foreign currency loans	-	-	-	-
ii) From other parties (secured)	-	-	-	-
Total a)	**6153.23**	**5604.45**	**1635.56**	**2038.49**
b) Deferred Payment liabilities				
Sales tax deferrement (secured)	791.82	864.98	73.15	22.88
c) Loans and Advances from related parties				
Loan (unsecured)	-	-	-	-
d) Finance lease obligations	-	115.29	-	31.61
Total (a+b+c+d)	**6945.05**	**6584.71**	**1708.71**	**2092.98**

Installments falling due in respect of the above loans upto March 31, 2018 is ₹ 1708.71 lakhs (Installments falling due in respect of loans upto March 31, 2017: (Prv year ₹ 2092.98 lakhs plus ₹ 6.75 lakhs paid during the year 2016-17 out of Term loan drawn during the year 2016-17) have been grouped under " Current maturities of long term borrowings " (Ref Note 10)

Term Loan from Banks (Secured) includes :

(₹ in lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
Indian Rupee Loans from Banks							
1. Rupee Term Loan	ICICI Bank	54.17	270.83	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2017	31.03.2016				
2. Rupee Term Loan	ICICI Bank	-	750.00	2500.00	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum plus applicable interest tax or other statutory levy if any)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012
3. Rupee Term Loan	ICICI Bank	540.00	840.00	1200.00	IMCLR and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum plus applicable interest tax or other statutory levy if any)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014
4. Rupee Term Loan	ICICI Bank	1350.00	1432.47	1500.00	IMCLR and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum plus applicable interest tax or other statutory levy if any)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 20 quarterly installments commencing from December, 2016
5. Rupee Term Loan	Bank of Baroda	-	766.67	800.00	@base rate plus 0.75% (Previous year :'@base rate plus 0.75%)	First pari passu charge on entire fixed assets of the Company, second pari passu charge on current assets of the Company along with other lenders	Repayable in 24 quarterly installments commencing from Jan, 2016 (Preclosed in October, 2016)
6. Rupee Term Loan	Andhra Bank	975.00	1275.00	1500.00	@base rate plus 0.25% (Previous year :''@base rate plus 0.25%)	First pari passu charge on net fixed assets of the Company(Present and future) alongwith other consortium members, second pari passu charge on current assets of the Company along with consortium banks and Yes Bank	Repayable in 16 quarterly installments commencing from Sep, 2015
7. Rupee Term Loan	Yes Bank	-	937.50	1000.00	@base rate plus 1.25% (Previous year :'@base rate plus 1.25%)	First pari passu charge over all fixed assets of the Company, second pari passu charge on all current assets of the Company	Repayable in 20 quarterly installments commencing from Nov, 2015 (Preclosed in October, 2016)
8 Rupee Term Loan	Yes Bank	579.62	649.87	700.00	@base rate plus 0.75% (Previous year :'@base rate plus 0.75%)	First pari passu charge over all fixed assets of the Company, second pari passu charge on all current assets of the Company	Repayable in 20 quarterly installments commencing from Sep, 2015

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
9. Rupee Term Loan	HDFC Bank	1000.00	720.60	1000.00	0.15% over the banks base rate (Previous year : ' 0.15% over the banks base rate)	Hypothecation of movable assets wrt the Wind Power project being part funded by the bank	Repayable in 24 quarterly installments commencing from May, 2017
10. Rupee Term Loan	ICICI Bank	840.00	-	840.00	One year MCL-R+spread (0.90%)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 24 quarterly installments commencing from December, 2017
11. Rupee Term Loan	Andhra Bank	400.00	-	400.00	One Year MCLR+0.45%	First pari passu charge on fixed assets of the Company (both Present and future) alongwith other banks, extension of second pari passu charge on current assets of the Company along with consortium banks	Repayable in 24 quarterly installments commencing from June, 2017
12. Rupee Term Loan	Bank of Baroda	1050.00		1050.00	One Year MCLR+0.35%	First pari passu charge on entire fixed assets of the Company, second pari passu charge on current assets of the Company along with other lenders	Repayable in 24 quarterly installments commencing from May, 2018
13. Rupee Term Loan	HDFC Bank	1000.00		1000.00	9.35%	Hypothecation of movable assets wrt the Wind Power project being part funded by the bank. Mortgage of land on which the power project is being developed.	Repayable in 24 quarterly installments commencing from December, 2017
Total rupee loans from banks		**7788.78**	**7642.94**				

Deferred Payment Liabilities: Deferred Payment Liabilities represents sales tax collected under defferement scheme which shall be repaid by 2024 in case of Gokul and by 2023 in case of Bayyavaram Plant.

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	2371.13	2132.61
Add: Deferred Tax Liability during the year on account of :		
Depreciation	444.84	238.52
On account of composite scheme of arrangement (refer note: 43)	(537.18)	-
Closing Deferred Tax Liability	**2278.79**	**2371.13**
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	503.41	251.55
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave & Bonus	(14.28)	251.86
On account of composite scheme of arrangement (refer note: 43)	(118.69)	-
Closing Deferred Tax Asset	**370.44**	**503.41**
Net Deferred Tax Liability there on	**1908.35**	**1867.72**

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Major components of deffered tax arising on account of timing differences are:		
a) Deferred Tax liabilities:		
Depreciation	2278.79	2371.13
b) Deferred Tax Asset:		
Provision for unavailed leave & Bonus	370.44	503.41

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Others :		
Security Deposits	1148.10	1045.32
Total	**1148.10**	**1045.32**

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits				
Unavailed Leave	489.58	551.54	580.79	559.95
Gratuity (net)	-	-	17.48	19.52
Other Provisions				
Proposed Dividend	-	-	-	695.97
Provision for tax on dividend	-	-	-	141.69
Provision for Income Tax (Net of advance tax)	-	-	-	165.03
Total	**489.58**	**551.54**	**598.27**	**1582.15**

CURRENT LIABILITIES :

Note 8: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Loan Repayable on demand:		
a) Working Capital Loan from banks (secured)	4087.71	3925.16
b) Short -Term Loans from banks (secured)	2500.00	-
Total	**6587.71**	**3925.16**

a) Working Capital Loans from Banks:

(₹ in lakhs)

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Working Capital Loan Limit	Rate of Interest	Security / Guarantee
i)	Bank of Baroda	Cash Credit	1,967.07	885.82	₹ 4000 lakhs (Previous year : ₹ 4000 lakhs sublimit of ₹ 800 lakhs for Agri Division)	Base rate plus 0.75% (Previous Year: Base rate plus 0.75%)	First pari passu charge on current assets of the Company by way of hypothetication of raw material, work-in- progress, finished goods such as Milk, Milk Powder, Ghee, Skimmed Milk,Butter, Curd etc., and packing materials, spares, stores. Extension of first pari passu charge on the fixed assets of the Company to secure the working capital limits of Bank of Baroda, Andhra Bank and ICICI Bank Limited

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Working Capital Loan Limit	Rate of Interest	Security / Guarantee
ii)	Andhra Bank	Open Cash Credit	1,435.04	2268.53	₹ 2500 lakhs (Previous year : ₹ 2500 lakhs)	Base rate plus 0.25% (Previous Year: Base rate plus 0.25%)	Hypothecation of entire current assets of the Company both present and future including inventory and receivables by way of first pari pasu charge along with other consortium banks. Extension of first pari pasu charge on net fixed assets of the Company along with consortium banks and Yes Bank Limited
iii)	ICICI Bank	Cash Credit	685.59	770.81	₹ 3500 lakhs with sublimit of WCDL- Rupee (Previous Year: ₹ 3500 lakhs (with sublimit of WCDL- Rupee)	I MCLR +6m and 'spread' per annum subject to minimum rate of I -MCLR+6m plus applicable interest tax or other statutory levey, if any. (Previous Year: IBASE and "spread" per annum subject to minimum rate of I Base plus 1.60% per annum plus applicable interest tax or other statutory levey, if any.)	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all movable and immovable fixed assets of the Company.
Total (i+ii+iii)			**4087.71**	**3925.16**	**10000.00**		

b) Short Term Loans from Banks:

(₹ in lakhs)

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Short Term Loan Limit	Rate of Interest	Security / Guarantee	Repayment Terms
i)	HDFC Bank	Short Term Loan	1000.00	-	1000 (Previous Year : ₹ Nil)	9.20% (Previous year : ₹ Nil)	Unsecured	Bullet payment of principal from 180 days from various dates of disbursement
ii)	HDFC Bank	Short Term Loan	1500.00	-	1500 (Previous Year : ₹ Nil)	9.20% (Previous year : ₹ Nil)	Unsecured	Bullet payment of principal from 180 days from various dates of disbursement
Total (i+ii)			**2500.00**	**-**				
Total Short Term Borrowings (a+b)			**6587.71**	**3925.16**				

Note 9: Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Total outstanding dues of micro enterprises and small enterprises	649.49	474.03
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	4426.50	7992.90
Total	**5075.99**	**8466.93**

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)

As at	Principal amount outstanding	Interest amount outstanding	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 duri-ng the year;	Interest due and payable on delayed payments made during the year	The amount of interest accrued and remaining unpaid	Interest remaining due until such date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
March 31, 2017	**70.65**	**0.48**	**Nil**	**0.48**	**0.48**	**0.48**
March 31, 2016	58.26	1.17	Nil	1.17	1.17	1.17

Note 10: Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of long-term borrowings (Ref Note 4):		
Term Loans	1635.56	2038.49
Finance Lease Obligations	-	31.61
Deferred payment liabilities	73.15	22.88
Total	**1708.71**	**2092.98**
Interest Accrued but not due on borrowings	43.65	25.47
Unpaid Dividends (Ref Note. 31)	80.88	64.44
Other Payables :		
Employee Related payables	1861.34	2164.29
Advance from Customers	317.98	288.20
Capital Creditors	1740.17	878.72
Statutory Payables	408.43	516.93
Security Deposits	365.37	328.87
Freight Payables	757.64	645.77
Other payables	3432.21	2464.04
Total	**10716.38**	**9469.71**

Note 11: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits :		
Unavailed Leave	580.79	559.95
Gratuity (Net)	17.48	19.52
Other Provisions :		
Proposed Dividend	-	695.97
Provision for tax on proposed dividend	-	141.69
Provision for Income Tax (Net of advance tax)	-	165.03
Total	**598.27**	**1582.15**

NON-CURRENT ASSSETS

Note 12: Fixed Assets

(₹ in lakhs)

Particulars	Gross Block					Accumulated Depreciation / Amortization						Net Block	
	Balance as at 01.04.2016	*Additions/ other adjust-ments during the year	Deductions/ Retirement during the year	Deductions (Slump sale) during the year	Balance as at 31.03.2017	Balance as at 01.04.2016	Depreciation charge for the period	Deductions/ adjustments during the year	Deductions (Slump sale) during the year	# Impairment loss for the period	Balance as at 31.03.2017	Balance as at 31.03.2017	Balance as at 01.04.2016
a. Tangible Assets													
i. Owned Assets :													
Land	2014.10	238.52	-	338.46	1914.16	-	-	-	-	-	-	1914.16	2014.10
Buildings	11070.52	1491.54	15.66	1703.00	10843.41	3362.41	360.17	(6.01)	475.71	-	3,252.88	7590.53	7708.12
Improvements to leasehold property	1752.01	59.04	69.29	1678.58	63.19	1116.57	81.99	55.13	1126.12	14.62	31.94	31.25	635.44
Plant and Machinery	29694.45	7182.87	858.73	7937.39	28081.20	11525.29	2347.28	694.11	2932.67	67.61	10,313.40	17767.80	18169.16
Furniture and Fixtures	2203.88	74.42	12.06	2005.61	260.63	951.15	98.04	7.18	872.26	0.35	170.11	90.52	1252.73
Office Equipment (Owned)	3004.63	267.51	283.37	1906.60	1082.17	2110.60	195.70	256.80	1325.09	2.30	726.71	355.46	894.03
Vehicles	402.70	185.91	26.70	11.13	550.77	209.44	67.03	25.36	1.86	-	249.25	301.52	193.26
Total - Owned Assets	**50142.29**	**9499.82**	**1265.80**	**15580.77**	**42795.54**	**19275.46**	**3150.22**	**1032.57**	**6733.71**	**84.88**	**14744.29**	**28051.25**	**30866.83**
ii. Leasehold Assets :													
Office Equipment (under finance lease)	192.17	-	-	192.17	-	20.56	17.72	-	38.28	-	-	-	171.61
Total - Leased Assets	192.17	-	-	192.17	-	20.56	17.72	-	38.28	-	-	-	171.61
Total - Tangible Assets	50334.47	9499.82	1265.80	15772.95	42795.54	19296.03	3167.94	1032.57	6771.99	84.88	14744.29	28051.25	31038.44
b. Intangible Assets (Owned)													
Computer Software	1502.71	6.55	(183.38)	1,133.07	559.57	1338.59	83.93	(162.73)	1,072.61	-	512.65	46.93	164.12
Total -b	**1502.71**	**189.93**	**-**	**1,133.07**	**559.57**	**1338.59**	**83.93**	**-**	**1,072.61**	**-**	**349.92**	**209.66**	**164.12**
Total (a+b)	**51837.18**	**9506.37**	**1082.42**	**16906.02**	**43355.11**	**20634.62**	**3251.87**	**869.83**	**7844.59**	**84.88**	**15256.94**	**28098.17**	**31202.56**
Previous year	46233.96	6796.92	1193.70	-	51837.18	18168.53	3451.21	1036.69		51.55	20634.62	31202.56	
c. Capital Work-in-progress	958.79	9896.02	9506.37	565.58	782.86							782.86	958.79
Previous year	899.68	6856.03	6796.92	-	958.79								

* As per Accounting Standard AS-16, during the year, borrowing cost of ₹ 37.90 lakhs (Previous year :₹ 30.25 lakhs) has been capitalized to Plant & Machinery, ₹ .Nil

** (Previous year: ₹ 9.22 lakhs) to Buildings and ₹ Nil (Previous year : ₹ 0.11 lakhs) to Office Equipment. It is included in other adjustments.

Details of impairment losses :

(₹ in lakhs)

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Balance as at the beginning of the year	104.04	52.48	36.90	5.87	5.53
# Impairment loss during the year	84.88	51.56	15.58	32.49	0.34
Reversal of accumulated impairment loss		-	-	1.46	-
Balance as at the end of the year	188.92	104.04	52.48	36.90	5.87

Note 13: Long-Term Provisions

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A. Trade Investments:				
Other non-current investments	1.13	1.13		
B. Other Investments (Non-Traded):				
I. Investment in Equity Instruments				
a) Subsidiaries	50.00	24.10	-	-
Less: Provision for diminution in the value of investments	13.80	16.41	-	-
	36.20	**7.69**		
b) Associates	65.00	65.00	-	-
c) Others	14824.60	20.00	-	-
II. Investment in Government securities	0.25	2.37	1.17	1.65
Total (B)	**14926.05**	**95.06**	**1.17**	**1.65**
Total (A+B)	**14927.18**	**96.19**	**1.17**	**1.65**

(₹ in lakhs)

Particulars	Book Value		Market Value	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Aggregate of quoted investments	14805.73	1.13	47718.30	2.75
Aggregate of un-quoted investments	122.62	96.71	-	-
Total	**14928.35**	**97.84**		

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2017	As at March 31, 2016
A. Details of Trade Investments :			
Andhra Bank	Quoted	0.33	0.33
363 Equity Shares of ₹ 10/- each fully paid up			
(Previous year:363 Equity shares of ₹ 10/- each fully paid up)			
Bank of Baroda	Quoted	0.80	0.80
1740 Equity shares of ₹ 2/- each at fully paid up			
(Previous year:1740 Equity shares of ₹ 2/- each fully paid up)			
Total		**1.13**	**1.13**
B. Details of Other Investments (Non-Traded)			
1(a) Investment in Subsidiaries:			
i) **Heritage Foods Retail Limited**	Unquoted	50.00	16.50
500000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 165000 Equity Shares of ₹ 10/- each fully paid up)			
Less: Provision for diminuition in value of investments		13.80	13.80
Net Investment value		36.20	2.70
ii) **Heritage Conpro Limited**	Unquoted	-	7.60
Nil (Previous year: 76000 Equity Shares of ₹ 10/- each fully paid up)			
Less: Provision for diminuition in value of investments		-	2.61
Net Investment value		-	4.99
Total investments in Subsidiaries (i+ii)		**36.20**	**7.69**
1(b) Investment in Associates :			
Skil Raigam Power (India) Limited	Unquoted	65.00	65.00
650000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 650000 Equity Shares of ₹ 10/- each fully paid up)			
Total		**65.00**	**65.00**

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2017	As at March 31, 2016
1(c) Other investments in :			
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		**20.00**	**20.00**
Future Retail Limited	Quoted	14804.60	-
Investment in Equity Shares of Future Retail Limited 1,78,47,420 Equity Shares of ₹ 2/- each fully paid pursuant to Composite Scheme of Arrangement (refer note no. 43)			
Total		**14804.60**	**-**
Total Other investments (Non-traded)		**14927.22**	**96.71**
II. Investment in Government securities			
National Savings Certificates	Unquoted	1.42	4.02
Total		**1.42**	**4.02**

* Equity shares are in the process of allotment

Note 14: Loans and Advances

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
a) Capital Advances				
Unsecured , considered good	204.25	44.40	-	-
Doubtful	10.23	10.23		
	214.48	54.63	-	-
Less: Provision for doubtful advances	10.23	10.23		
Total	**204.25**	**44.40**	**-**	**-**
b) Security Deposits				
Unsecured , considered good	391.14	2194.16	220.42	309.68
Doubtful	-	-	-	81.89
	391.14	2194.16	220.42	391.57
Less: Provision for doubtful security deposit	-	-	-	81.89
Total	**391.14**	**2194.16**	**220.42**	**309.68**
c) Advances recoverable in cash or kind				
Unsecured , considered good	-	-	453.96	341.47
Doubtful	-	-	7.16	17.05
	-	-	461.12	358.53
Less: Provision for doubtful advances	-	-	7.16	17.05
Total	**-**	**-**	**453.96**	**341.47**
d) Loans and Advances to related parties	-	-	-	-
Advances to wholly owned subsidiary company (for the purpose of the business)	1,057.82	-	-	-
e) Other loans and advances				
Unsecured , considered good :				
Advance income tax and TDS receivable (Net of provision for taxation)	-	-	109.09	-
Loans and advances to employees	0.63	5.90	8.60	26.94
Balances with Statutory / Government Authorities	-	127.07	0.42	2.79
Total	**0.63**	**132.97**	**118.10**	**29.73**
Total (a+b+c+d+e)	**1653.84**	**2371.52**	**792.48**	**680.88**

Loans and advances due by directors or other officers etc.

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Loans and advances due by directors	-	-	-	-
Loans and advances to employees include dues from				
Other officers of the Company	3.00	4.69	2.55	11.77

Note 15: Other non-current assets

(₹ in lakhs)

Particulars	Non-Current	
	As at March 31, 2017	As at March 31, 2016
Others :		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 19)	54.27	50.82
Interest accrued on margin money and other deposits (Ref Note 19)	18.27	12.26
Prepaid expenses	4.51	5.29
Total	**77.04**	**68.37**

Note 16: Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(Unsecured, considered good unless stated otherwise)		
Prepaid expenses	101.64	214.46
Interest accrued on margin money and other deposits	4.87	5.68
Total	**106.51**	**220.14**

Note 17: Inventories

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(Valued at lower of cost or net realisable value except Packing Material & stores and spares)		
Raw Materials [(Includes in-transit of ₹ 18.01 lakhs) (Previous year :₹ Nil)]	5421.47	124.94
Work-in-Progress	27.73	42.77
Finished Goods	5258.38	8706.02
Stock-in-Trade	145.62	4742.29
Packing Material (Valued at cost) (Includes in-transit of 10.07 lakhs) (Previous year: ₹ 51.24 lakhs)	590.05	672.05
Stores and spares (valued at cost) (Includes in-transit 12.31 lakhs) (Previous year: ₹ 27.08 lakhs)	205.24	203.04
Total	**11648.50**	**14491.11**

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Inventory : Raw Materials		
a) Dairy		
Milk	14.56	3.06
Skimmed milk powder	5295.29	34.43
Other materials	111.63	72.29
Total	**5421.47**	**109.78**
b) Bakery		
Bakery raw materials	-	15.16
Total	**-**	**15.16**
Total (a + b)	**5421.47**	**124.94**
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	27.73	42.51
b) Bakery-in-process material	-	0.25
Total	**27.73**	**42.77**
C. Inventory: Finished Goods		
a) Dairy		
Milk	1186.54	950.94
Value Added Products	585.86	571.53
Fat Products	2256.64	1280.36
Skimmed milk powder	1217.87	5876.98
Total	**5246.91**	**8679.80**
b) Agri		
Fruits and vegetables	-	22.71
Total	**-**	**22.71**
c) Bakery		
Bakery products	-	3.20
Total	**-**	**3.20**
d) Renewable Energy	11.47	0.31
Total	**11.47**	**0.31**
Total (a + b + c + d)	**5258.38**	**8706.03**
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	145.62	51.36
Total	**145.62**	**51.36**
b) Retail		
FMCG - Food		2424.57
FMCG - Non-food		2201.84
Fruits and vegetables		61.56
Total	**-**	**4687.97**
c) Agri		
Fruits	-	-
Others	-	1.26
Total	**-**	**1.26**
d) Vetca		
Others	-	1.69
	-	1.69
Total (a + b + c + d)	**145.62**	**4742.29**

Note 18: Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2017	As at March 31, 2016
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	-	218.63
b) Unsecured, considered doubtful	33.65	90.84
Total (a+b)	**33.65**	**309.47**
Less : Provision for bad and doubtful receivables	33.65	90.84
Total - A	**-**	**218.63**
B. Other trade receivables		
a) Unsecured, considered good	1129.93	2659.97
b) Unsecured, considered doubtful	9.84	8.83
Total (a+b)	**1139.78**	**2668.80**
Less : Provision for bad and doubtful receivables	9.84	8.83
Total - B	**1129.93**	**2659.97**
Grand total (A+B)	**1129.93**	**2878.60**
Debts due by directors	-	-

Note 19: Cash and Bank Balances

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
i) Cash and Cash Equivalents :				
a) Balances with banks:				
In current accounts			4334.10	4174.74
Deposits with original maturity of less than three months			-	-
b) Cheques, drafts on hand			-	-
c) Cash on hand			151.47	265.45
Total Cash and Cash Equivalents			**4485.57**	**4440.19**
ii) Other Bank Balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	-	-	80.88	64.44
- Other deposits	17.25	16.09	1.86	1.77
b) Margin money deposit	55.28	46.99	28.59	16.31
c) Deposits with original maturity for more than 12 months	-	-	-	-
Total Other Bank Balances	**72.53**	**63.08**	**111.34**	**82.52**
Total Cash and Bank Balances	**72.53**	**63.08**	**4596.90**	**4522.71**

Non-current portion of other bank balances are included in other non-current assets (Ref.Note 15)

Note 20: Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from operations :		
A) Sale of Products		
i) Finished goods		
Domestic Sales	177232.11	172053.78
Export Sales	965.74	544.46
Total (i)	**178197.85**	**172598.24**
ii) Traded goods		
Domestic Sales	42389.18	59092.99
Export Sales	3,029.38	918.50
Total (ii)	**45418.56**	**60011.49**
Domestic Sales	219621.29	231146.77
Export Sales	3995.12	1462.95
Total - A (i+ii)	**223616.41**	**232609.73**
B) Sale of services		
Job work	291.90	389.39
C) Other operating revenues		
Scrap Sales	38.70	75.29
Others :		
i) Display & Visibility Income	177.95	327.51
ii) Promotional Income	3075.34	4462.72
iii) Concessionary income	165.81	237.99
iv) REC Credits	71.86	59.50
Total - C	**3529.67**	**5163.01**
Revenue from operations (gross) (A+B+C)	**227437.98**	**238162.13**
Less: Excise duty	97.82	103.80
Revenue from operations (net)	227340.16	238058.33
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	116975.86	108961.64
Value Added Produts	42394.33	37183.70
Fat Products	16077.81	23544.85
Skimmed milk powder	983.13	660.27
Total	**176431.14**	**170350.45**
b) Agri		
Fruits and Vegetables	1309.75	1701.85
c) Bakery		
Bakery products	456.96	545.93
Total (a+b+c)	**178197.85**	**172598.24**
ii) Traded goods sold		
a) Dairy		
Tradable goods	6638.80	3639.20
b) Retail		
FMCG - Food	23999.12	33144.37
FMCG - Non-Food	8368.04	12487.75
Fruits and Vegetables	4996.70	7334.71
Total	**37363.86**	**52966.83**

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
c) Agri		
Fruits and Vegetables	-	188.50
Other Tradable goods	55.52	44.57
Total	55.52	233.07
d) Bakery		
Tradable goods	3.84	69.13
	3.84	69.13
e) Vetca		
Tradable goods	1356.55	3103.26
	1356.55	3103.26
Total (a+b+c+d+e)	**45,418.56**	**60011.49**
B) Details of sale of services		
a) Dairy	265.51	349.81
b) Agri	26.39	39.58
Total (a+b)	**291.90**	**389.39**
C) Details of other operating revenues		
a) Dairy	2.48	27.13
b) Retail	3453.94	5074.70
c) Agri	0.47	0.74
d) Bakery	0.92	0.95
e) Renewable Energy	71.86	59.50
Total (a+b+c+d+e)	**3529.67**	**5163.01**

Note 21: Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Interest Income on :		
Bank and other deposits	26.93	29.61
Others	6.74	31.39
b) Dividend Income on :		
Long-term investments	4.00	3.06
c) Subsidy transferred from Deferred Govt.grants	5.08	7.38
d) Lease rental income	110.98	161.13
e) Provisions no longer required/Credit Balances written back	154.73	214.42
f) Foreign Exchange fluctuation (net)	-	-
g) Incentives (Includes Export Incentives)	29.13	67.65
h) Profit on Sale of Assets (Net)	-	23.69
i) Other non-operating income	107.58	116.62
Total	**445.17**	**654.96**

Note 22: Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Raw material :		
Inventory at the beginning of the year	124.94	2339.16
Add: Purchases	137264.00	133384.40
	137388.94	**135723.56**
Less: Transfer on account of slump sale (refer note. 43)	22.71	-
Less: Inventory at the end of the year	5421.47	124.93
Raw Material consumed (a)	**131944.76**	**135598.63**
b) Packing material :		
Inventory at the beginning of the year	672.05	731.47
Add: Purchases	6294.71	5720.74
	6966.75	**6452.21**
Less: Transfer on account of slump sale (refer note. 43)	144.69	-
Less: Inventory at the end of the year	590.05	672.05
Packing Material Consumed (b)	6232.01	5780.16
Cost of materials consumed (a+b)	**138176.77**	**141378.79**
Details of Raw materials consumed		
a) Dairy		
Raw Milk	122652.94	127539.94
Skimmed Milk Powder	4482.78	3493.50
Other Raw materials	1894.95	1135.80
Total	**129030.68**	**132169.25**
b) Agri		
Fruits and Vegetables	2629.20	3170.69
Total	**2629.20**	**3170.69**
c) Bakery		
Bakery raw materials	282.02	258.69
Total	**282.02**	**258.69**
d) Vetca		
Vetca raw materials	2.86	-
Total	**2.86**	**-**
Total (a + b + c+d)	**131944.76**	**135598.63**

Note 23: Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
FMCG - Food	20447.04	28194.95
FMCG - Non-Food	6343.58	10877.84
Fruits and Vegetables	3766.81	3736.67
Others	6095.27	6487.20
Total	**36652.70**	**49296.66**

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	3053.10	1017.00
b) Retail		
FMCG - Food	20447.04	28194.95
FMCG - Non-Food	6343.58	10877.84
Fruits and Vegetables	3766.81	3736.67
Other Tradable goods	-	(0.00)
Total	**30557.43**	**42809.46**
c) Agri		
Fruits and Vegetables	-	-
Other Tradable goods	9.80	145.83
Total	**9.80**	**145.83**
d) Bakery		
Tradable goods	76.58	94.06
Total	**76.58**	**94.06**
e) Vetca		
Tradable goods	2955.78	5230.31
Total	**2955.78**	**5230.31**
Total (a + b + c+d+e)	**36652.70**	**49296.66**

Note 24: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
A) Inventory at the end of the year :		
Work-in-progress	27.73	42.77
Finished goods	5258.38	8706.02
Stock-in-Trade	145.62	4742.29
Total - A	**5431.73**	**13491.07**
B) Inventory at the beginning of the year :		
Work-in-progress	42.77	24.51
Finished goods	8706.02	6330.18
Stock-in-Trade	4742.29	4327.93
Total - B	**13491.07**	**10682.62**
C) Pursuant to the Composite Scheme of Arrangement (Ref Note 43):		
Work-in-progress	-	-
Finished goods	48.38	-
Stock-in-Trade	5647.19	-
Total - B	**5695.56**	**-**
Changes in inventories of finished goods, work-in-progress and stock-in-trade (B-A-C)	2363.78	(2808.46)

Note 25: Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries, wages, bonus and allowances (Refer Note 32)	12811.29	12959.03
Provident and other funds	551.73	610.43
Staff Welfare Expenses	446.32	429.65
Total	**13809.34**	**13999.11**

Note 26: Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Expense	1041.83	1463.73
Other borrowing cost	60.34	47.69
Applicable loss on foreign currency transactions and translation	-	-
Interest on income tax	12.00	37.85
Total	**1114.17**	**1549.27**

Note 27: Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Depreciation on tangible assets	3167.95	3354.37
Amortization of Intangible assets	83.92	96.84
Total	**3251.87**	**3451.21**

Note 28: Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Consumption of Stores ,spares and consumables	1523.17	1365.68
Rent (Refer Note 35)	2293.73	3162.88
Bank Charges	146.62	153.47
Insurance	87.36	96.33
Traveling and conveyance	472.68	433.57
Communication cost	246.79	268.87
Safety and Security	642.66	720.10
Printing and Stationery	135.32	142.63
Office Maintenance	70.06	74.92
House Keeping Expenses	141.68	189.60
Books and periodicals	0.81	0.87
Electricity Charges	873.54	1158.11
Rates and taxes	305.50	277.66
Repairs and maintenance		
Buildings	80.15	69.82
Machinery	226.18	214.48
Others	533.73	514.11
Wheeling Charges	55.75	51.46
Operation & Maintenance Charges	23.91	22.46
Legal and Professional Charges	600.38	571.40
Payment to Auditors :		
As Auditor:		
Audit Fee	16.10	16.03
Tax Audit fee	8.05	8.02
Limited Review	3.45	3.43
Corporate Governance	1.15	1.15
In other capacity :		
Taxation matters	3.56	9.06
Certification fee	2.52	3.21

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Reimbursement of expenses	3.54	5.09
Advertisement expenses	347.33	487.95
Selling and Distribution expenses	1934.55	1699.54
Warehouse and logistics	194.55	293.06
Freight outwards	8329.95	7562.15
Directors' sitting fees	18.16	13.89
Provision for bad and doubtful advances	29.00	47.11
Bad Debts written off	22.53	42.82
Bad and doubtful advances written off	7.65	13.13
Provision for doubtful debts	45.71	78.63
Loss on sale/discard of fixed assets (net)	17.45	-
Impairment loss on fixed assets	84.88	51.56
Recruitment and Training expenses	66.19	60.11
Contribution to Heritage Farmers Welfare Trust	180.66	160.16
Exchange differences (net) (other than considered as finance cost)	14.76	3.75
Prior Period items (net) *	0.72	(11.58)
Corporate Social Responsibility expenditure (Ref Note.45)	137.93	99.16
Miscellaneous expenses	28.27	32.42
Loss on Sale of Investments	2.71	-
Diminution in value of investments	-	-
Total	**19961.37**	**20168.27**
*Prior period items (net):		
Debits relating to earlier years	0.80	6.51
Credits relating to earlier years	0.08	18.09
Total	**0.72**	**(11.58)**

Note 29: Exceptional item :

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Nil (Previous Year : Exceptional items related to additional provision for bonus for the year 2014-15 as per the Payment of Bonus (Amendment Act),2015.)	-	136.95

Note 30: Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	99.96	332.32
Sales Tax	166.38	166.38
The Andhra Pradesh VAT Act	1.79	128.86
Excise duty	-	13.26
b) Others	3.24	16.20
ii. Guarantees	213.06	230.24
iii. Other money for which the company is contingently liable :		

Particulars	As at March 31, 2017	As at March 31, 2016
a) 'C' forms under collection	182.66	694.63
(Against all the above ₹ Nil (Previous year : 138.77 lakhs)was paid under protest) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of A(i) pending resolution of the respective proceedings.		
b) Land is under dispute	-	15.69
B. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	188.02	84.72
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	1937.87	3725.44

Note 31: Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unclaimed Dividend		
Opening Balance	64.44	52.80
Less Claims during the year	1.28	1.10
Less: Transfer to IEPF	-	5.30
Add: Current year's unclaimed dividend	17.72	18.04
Closing Balance (Refer Note 10)	80.88	64.44
There is no amount outstanding to be credited to the Investor Education and Protection Fund		

Note 32: 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, 2017	Year Ended March 31, 2016
Employers Contribution to Provident Fund	456.16	494.19

Defined Benefit Plan :

Gratuity (Funded) : Based on Acturial Report

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
1. Assumption		
Discount Rate	7.40%	7.90%
Salary Escalation	5.00%	5.00%
Rate of Return on Plan Assets	8.25%	9.00%
Expected Average remaining working lives of employees (years)	28 yrs	29 yrs
2. Table showing change in present value of obligations		
Present value of obligations as at beginning of year	614.22	540.33
Acquisition adjustments	-	-
Interest cost	48.52	42.15
Current Service Cost	127.38	107.00
Curtailment Cost / (Credit)	-	-

Particulars	As at March 31, 2017	As at March 31, 2016
Settlement Cost / (Credit)	-	-
Benefits paid	(46.48)	(87.59)
Acturial (gain)/ loss on obligations	9.37	12.34
Present value of obligations as at end of year	753.02	614.22
Less: Transferred pursuant to the Composite Scheme of Arrangement (as per Acturial valuation)	223.44	-
Present value of obligation as at end of year	529.58	614.22
3. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	594.70	550.80
Opening balance adjustment	39.61	2.00
Acquisition adjustments	-	-
Expected return on plan assets	50.74	3.70
Contributions	101.57	125.80
Expenses	(4.61)	-
Benefits paid	(46.48)	(87.59)
Acturial gain / (loss) on plan assets	-	-
Fair value of plan assets at end of year	735.54	594.70
Less: Transferred pursuant to the Composite Scheme of Arrangement (as per Acturial valuation)	223.44	-
Fair value of plan asset at the end of year	512.10	594.70
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	594.70	550.80
Acquisition adjustments	39.61	2.00
Actual return on plan assets	50.74	3.70
Contributions	101.57	125.80
Expenses	(4.61)	-
Benefits paid	(46.48)	(87.59)
Fair value of plan assets at the end of year	512.10	594.70
Funded Status	(17.48)	(19.52)
Excess of Actual over estimated return on plan assets	-	-
5. Acturial Gain / Loss recognised		
Acturial (gain)/ loss on obligations	(9.37)	(12.34)
Acturial (gain)/ loss for the year -plan assets	-	-
Total (gain) / loss for the year	9.37	12.34
Acturial (gain)/ loss recognised in the year	9.37	12.34
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	529.58	614.22
Fair value of plan assets as at the end of the year	512.10	594.70
Funded Status	(17.48)	(19.52)
Net asset/ (liability) recognised in balance sheet	(17.48)	(19.52)
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	127.38	107.00
Opening balance adjustment	(39.61)	-
Past Service Cost	-	-
Interest cost	48.52	42.15
Expected return on plan assets	(50.74)	(3.70)

Particulars	As at March 31, 2017	As at March 31, 2016
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Acturial (gain) / loss recognised in the year	9.37	12.34
Expenses recognised in statement of profit and loss (Refer Note 25) included in salaries, wages, bonus and allowances	94.93	157.79

Amounts for the current and previous four financial years (for Gratuity)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Present value of defined benefit obligations	529.58	614.22	540.33	405.76	369.92
Fair value of plan assets	512.10	594.70	550.80	486.84	382.06
Deficit /(Surplus) in the plan assets	17.48	19.52	(10.47)	(81.08)	(12.14)

Note: Details of experience adjustments arising on plan liabilities and plan assets have not been disclosed in the absence of relevant information
Defined Benefit Plan :

Defined Benefit Plan :

Earned Leave & Sick Leave(Unfunded): As per Acturial Report

(₹ in lakhs)

Particulars	Earned Leave		Sick Leave	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1. Assumptions				
Discount Rate	7.40%	7.90%	7.40%	7.90%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	-	-	-	-
Expected Average remaining working lives of employees (years)	28 yrs	29 yrs	24 Yrs	24 Yrs
2. Reconciliation of Defined benefit obligation				
Present Value of Obligation as at the beginning of the year	924.29	614.89	187.19	111.26
Acquisition adjustment	-	-	-	-
Interest Cost	70.11	47.96	18.06	8.68
Past Service Cost	-	-	-	-
Current Service Cost	208.67	309.40	38.34	75.93
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(199.22)	(189.30)	(3.63)	(22.56)
Actuarial (gain)/ loss on obligations	160.69	141.34	8.84	13.88
Present Value of Obligation as at the end of the year	1164.54	924.29	248.80	187.19
Less: Transferred pursuant to the Composite Scheme of Arrangement	(262.65)	-	(80.31)	-
Present value of obligation as at the end of year	901.89	924.29	168.49	187.19
3. Acturial Gain / Loss Recognised				
Actuarial (gain)/loss for the year – Obligation	(160.69)	(141.34)	(8.84)	(13.88)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-
Total (gain) / loss for the year	160.69	141.34	8.84	13.88
Actuarial (gain) / loss recognized in the year	160.69	141.34	8.84	13.88
Unrecognized actuarial (gains) / losses at the end of year	-	-	-	-

(₹ in lakhs)

Particulars	Earned Leave		Sick Leave	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
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	901.89	924.29	168.49	187.19
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(901.89)	(924.29)	(168.49)	(187.19)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(901.89)	(924.29)	(168.49)	(187.19)
5. Expenses Recognized in the statement of Profit & Loss				
Current Service Cost	208.67	309.40	38.34	75.93
Past Service Cost	-	-	-	-
Interest Cost	70.11	47.96	18.06	8.68
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	160.69	141.34	8.84	13.88
Expenses Recognized in the statement of Profit & Loss (Refer Note 25 - included in Salaries, wages ,bonus and allowances)	439.47	498.70	65.24	98.49

Amounts for the current and previous four financial years (for Earned Leave) (₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Present value of defined benefit obligations	901.89	924.29	614.89	472.47	429.55
Deficit in the plan assets	(901.89)	(924.29)	(614.89)	(472.47)	(429.55)

Amounts for the current and previous four financial years (for Sick Leave) (₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Present value of defined benefit obligations	168.49	187.19	111.26	94.42	84.43
Deficit in the plan assets	(168.49)	(187.19)	(111.26)	(94.42)	(84.43)

Note: Details of experience adjustments arising on plan liabilities have not been disclosed in the absence of relevant information

Note: 33 Segment reporting for the year ended March 31, 2017

As per the Accounting Standard (AS- 17), the Company has identified Dairy, Retail, Agri, Bakery, Renewable Energy and Vetca segments as reportable segments.

Dairy segment mainly deals with procuring milk ,processing and selling of milk, value added products, fat products, Skimmed milk powder ,Tradable goods and job work. Retail segment mainly deals with buying and selling of FMCG-Food, FMCG-Non-Food and Fruits and vegetables. Agri segment mainly deals with procuring , processing and selling of Fruits and Vegetables, job works. Vetca segment mainly deals with Tradable goods. Bakery segment mainly deals with procurement, production and selling of bakery products. Renewable Energy segment mainly deals with generating and supply of solar power and wind power to the Dairy segment for its captive consumption.

(₹ in lakhs)

Particulars	Year Ended March 31, 2017			Year Ended March 31, 2016		
	External Revenue	Inter-segment Revenue	Total	External Revenue	Inter-segment Revenue	Total
1. Segment Revenue:						
a. Dairy	183250.70	3759.63	187010.33	174276.95	2603.18	176880.13
b. Renewable Energy	71.86	449.43	521.30	59.50	244.80	304.30
c. Retail	40817.79	170.06	40987.85	58041.54	244.95	58286.49
d. Agri	1392.13	1599.09	2991.22	1975.24	1896.90	3872.14
e. Bakery	451.13	299.66	750.79	601.85	210.19	812.04
f. Vetca	1,356.55	1857.22	3213.77	3,103.26	2,592.32	5,695.58
Total	**227340.16**	**8135.09**	**235475.26**	**238058.33**	**7792.34**	**245850.68**
Inter-segment-eliminations	-	8135.09	8135.09	-	7792.34	7792.34
Net Sales / Income from Operations	**227340.16**	**-**	**227340.16**	**238058.33**	**-**	**238058.33**

	As at March 31, 2017	As at March 31, 2016
2. Segment Results		
Profit / (Loss) before finance costs and tax		
a. Dairy	12169.46	11532.20
b. Renewable Energy	250.25	126.17
c. Vetca	69.47	177.37
d. Retail	(1463.97)	(1380.99)
e. Agri	(197.96)	(309.78)
f. Bakery	(9.12)	(61.52)
Total	**10818.13**	**10083.45**
Less: Finance costs	1114.17	1549.27
Add: Interest income	33.68	61.00
Add: Net Unallocable Income / (Expenditure)	4.00	3.06
Profit / (Loss) before Extra-ordinary items and Tax	9741.64	8598.25
Less: Extra-ordinary items	-	-
Profit / (Loss) before Tax	9741.64	8598.25
Less:		
a. Current tax	2707.50	3086.50
b. Prior period tax	(107.43)	(18.06)
c. Deferred tax	459.11	(13.34)
Net Profit / (Loss)	**6682.46**	**5543.15**
3. Segment Assets		
a. Dairy	37507.26	30744.63
b. Renewable Energy	5356.42	2944.89
c. Vetca	-	849.77
d. Retail	-	13665.99
e. Agri	-	3092.16
f. Bakery	-	1130.32
Unallocated Assets	16380.75	1321.59
Total	**59244.43**	**53749.36**

	As at March 31, 2017	As at March 31, 2016
4. Segment Liabilities		
a. Dairy	13208.25	11170.97
b. Renewable Energy	635.91	335.74
c. Vetca	-	482.76
d. Retail	-	5031.16
e. Agri	-	247.88
f. Bakery	-	66.01
Unallocated Assets	3506.83	1623.39
Total	**17350.99**	**18957.91**
5. Capital Expenditure incurred during the year		
a. Dairy	5961.64	3869.29
b. Renewable Energy	2282.88	1402.39
c. Vetca	177.74	-
d. Retail	887.71	1337.02
e. Agri	32.36	38.55
f. Bakery	33.24	100.31
Total Segment Capital Expenditure	**9375.57**	**6747.56**
Add: Unallocated Capital Expenditure	130.80	49.36
Total Capital Expenditure	**9506.37**	**6796.92**
6. Depreciation and Amortisation for the year		
Segment Depreciation		
a. Dairy	2213.37	2021.84
b. Renewable Energy	178.33	81.92
c. Vetca	0.10	0.01
b. Retail	557.22	922.91
c. Agri	132.38	229.00
d. Bakery	50.39	80.90
Total Segment Depreciation and Amortisation	**3131.79**	**3336.57**
Add: Unallocated Depreciation	120.08	114.64
Total Depreciation and Amortisation	**3251.87**	**3451.21**
7. Significant Non Cash Expenditure (excluding depreciation and amortisation)	**694.48**	**830.43**

Note: 34 Related party disclosures as per AS-18 :

A. Relationships :

i) Subsidiary Companies
- a) Heritage Foods Retail Limited
- b) Heritage Conpro Limited

ii) Associate :
- a) SKIL Raigam Power (India) Limited

iii) Key Management Personnel :
- a) N Bhuvaneswari - Vice Chairperson & Managing Director
- b) N Brahmani - Executive Director
- c) A Prabhakara Naidu - Chief Financial Officer
- d) Umakanta Barik - Company Secretary

iv) Other Related Parties :
- a) Heritage Farmers Welfare Trust
- b) Heritage Finlease Limited
- c) Heritage Employee Welfare Trust

v) Relatives of Key Management Personnel and their enterprises

A) where transactions have taken place
- a) NTR Memorial Trust
- b) N Lokesh - Non-Executive Director

B) where no transactions have taken place
- a) Nirvana Holdings Private Limited

Name of the related party Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	A Prabhakara Naidu	Umakanta Barik	NTR Memorial Trust	Heritage Farmers Welfare Trust	Heritage Employee Welfare Trust
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Key Management Personnel (Executive Director)	Relative of Key Management Personnel (Non-Executive Director)	Key Management Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Subsidiary	Subsidiary (Upto 31.12.2016)	Associate	Key Management Personnel (CFO)	Key Management Personnel (CS)	Key Management Personnel of Heritage Foods Ltd are Trustees of NTR Memorial Trust	Key Management Personnel of Heritage Foods Ltd are Trustees of Heritage Farmers Welfare Trust	Key Management Personnel of Heritage Foods Ltd are Trustees of Heritage Employee Welfare Trust
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Sitting Fee	a) Investment b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	Investment	Investment	Investment	Service	Service	CSR Activity	Contributions made by the Company	Contributions made by the Company

Name of the related party Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	A Prabhakara Naidu	Umakanta Barik	NTR Memorial Trust	Heritage Farmers Welfare Trust	Heritage Employee Welfare Trust
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 120 lakhs (Previous year:₹ 102 lakhs) b) PF contribution of ₹ 8.64 lakhs (Previous year:₹ 7.34 lakhs) c) Perks ₹ 10.61 lakhs (Previous year:₹ 10.54 lakhs) d) Commission: ₹ 397.58 lakhs (Previous year : ₹ 365.61 lakhs) e) Office rent of ₹ 55.71 lakhs paid by Company (Previous year :₹ 52.60 lakhs)	a) Managerial Remuneration of ₹ 60 lakhs (Previous year:₹ 57.83 lakhs) b) PF contribution of ₹ 4.32 lakhs (Previous year:4.16 lakhs) c) Perks : 5 lakhs (Previous Year: 5 lakhs) d) Commission: ₹ 357.30 lakhs (Previous year: 319.69 lakhs)	Sitting Fee of ₹ 2.90 lakhs (Previous year: ₹ 1.90 lakhs)	a) Share Capital ₹ 20 lakhs (Previous year:₹ 20 lakhs) b) Dividend Received ₹ 4 lakhs (Previous year:₹ 3 lakhs) c) Cattle loans of ₹ 6795 lakhs (Previous year: ₹ 6606 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	a) Share Capital ₹ 50.00 lakhs (Previous year: ₹ 16.50 lakhs) b) Purchases from HFRL by HFL ₹1653.54 lakhs From 01.11.2016 to 31.03.2017 c) Sales to HFRL by HFL ₹ 1737.28 lakhs From 01.11.2016 to 31.03.2017	a) Share Capital Nil (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	a) Salary :43.09 lakhs (Previsou Year :₹ 39.05 lakhs) b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs) c) PF Contribution of ₹ 2.34 lakhs (Previous Year: ₹ 2.11 lakhs) d) Variable Pay: ₹ 3.92 lakhs (Previous Year: Nil)	a) Salary :21.33 lakhs (Previous year : ₹ 19.32 lakhs) b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs) c) PF Contribution of ₹ 1.16 lakhs (Previous Year: ₹ 1.05 lakhs) d) Variable Pay: ₹ 1.95 lakhs (Previous Year: Nil) e) Leave Encashment : ₹ 1.40 lakhs (Previous year: Nil)	Contributions by the Company during the year: ₹ 137.93 lakhs (Previous year: 99.16 lakhs)	Contributions by the Company during the year: ₹ 180.66 lakhs (Previous year: 160.16 lakhs)	Contributions by the Company during the year: ₹ 67.76 lakhs (Previous year: 69.09 lakhs)
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders		NIL	Slump sale in pursuant to the Composite Scheme of Arrangement (Ref. Note. 43)	NIL	NIL	Nil	Nil	NIL	NIL	NIL
Guarantees and collaterals	NIL	NIL		NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 379.89 lakhs (Previous year: ₹ 347.80 lakhs)	₹ 358.85 lakhs (Previous year :₹ 321.24 lakhs)	NIL	₹ 265.55 lakhs is outstanding to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has been remitted subsequently (Previous year: ₹ 201.82 lakhs)	Outstanding advance amount receivable ₹ 1057.82 lakhs (previous year Nil)	NIL	NIL	Nil (Previous year: Nil)	₹ 0.01 lakhs (Previous year: Nil)	Nil	Contribution amount outstanding: ₹ 22.85 lakhs the same has been remitted subsequently (Previous year : ₹ 20.87 lakhs)	Contribution amount outstanding: ₹ 17.88 lakhs the same has been remitted subsequently (Previous year : ₹ 19.81 lakhs)

Name of the related party Particulars	N Bhu-vaneswari	N Brahmani	N Lokesh	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	A Prabha-kara Naidu	Umakanta Barik	NTR Memo-rial Trust	Heritage Farmers Wel-fare Trust	Heritage Employee Welfare Trust
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL				NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	Nil (Previous Year: ₹ Nil)	Nil (Previous Year: ₹ Nil)	NIL				NIL	NIL

Note: 35 Lease

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
a) Non-cancellable Operating Leases:		
Data Processing Equipments obtained on non-cancellable operating lease		
The aggregate future minimum lease rentals payable:		
i) for a period not later than one year	-	23.23
ii) for a period later than one year and not later than five years	-	-
iii) for a period later than five years	-	-

Total operating lease expenses debited to statement of profit and loss is ₹ 3739.15 lakhs (Previous year : ₹ 3162.88 lakhs) Total sub-lease payments received / (receivable) credited to statement of profit and loss is ₹ Nil (Previous year : ₹ Nil)

b) Outstanding lease obligations:

Finance lease obligations

Leasehold Office Equipment include Data Processing Equipment obtained on finance lease. The term of lease is for 5 years. The future minimum lease payments and their present values as at March 31, 2017 and as at March 31, 2016 are as follows.

₹ in lakhs

Particualrs	Total Minimum Lease Payments Outstanding as at		Future Interest on outstanding Lease Payments as at		Present Value of minimum lease payments as at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Not later than one year	-	44.85	-	13.24	-	31.61
ii) Later than one year and not later than five years	-	134.54	-	19.25	-	115.29
iii) Later than five years		-	- -	-	-	-
Total	**-**	**179.39**	**-**	**32.49**	**-**	**146.89**

Note: 36 Earning per share (EPS)

	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Calculation of weighted average number of equity shares of ₹ 10/-each Number of Equity Shares outstanding at the beginning of the year	23199000	23199000
Add: Issue of Equity shares during the year	-	-
Number of Equity shares outstanding at the end of the year	23199000	23199000
Weighted average number of equity shares outstanding during the year	23199000	23199000
The nominal value per share (₹)	10	10
b) Net Profit / (Loss) before tax	9741.64	8598.25
c) Net Profit / (Loss) after tax before extraordinary items	6682.46	5543.15
d) Net Profit / (Loss) after tax and extraordinary items	6682.46	5543.15
e) Basic and diluted Earnings per share (Before Extraodrdinary items) of ₹ 10 each (₹)	28.80	23.89
f) Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	28.80	23.89

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

₹ in lakhs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Capital Goods	245.33	6.87
Total	**245.33**	**6.87**

Note: 38 Expenditure in Foreign Currency on account of :

₹ in lakhs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Interest	-	-
b) Foreign travel	0.31	0.81
c) Commission	2.95	4.43
Total	**3.26**	**5.24**

Note: 39 Earnings in Foreign Currency :

₹ in lakhs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Export of goods calculated on FOB basis *	3995.13	1416.46
Total	**3995.13**	**1416.46**

* Exports to Nepal in INR during the year 2016-17 ₹ Nil (Prev.year ₹ 46.50 lakhs) is not included in Earnings in Foreign Currency

Note: 40 Consumption of Materials:

₹ in lakhs

	%	2016-17	%	2015-16
a) Raw Materials (Refere Note 22)				
i) Indigenous	100.00	138176.77	100.00	141378.79
ii) Imported		-		-
b) Stores, spares and consumables (Refer Note 28)				
i) Indigenous	100.00	1523.17	100.00	1365.68
ii) Imported		-		-

Note: 41 Remittance in Foreign Currency on account of dividends :

₹ in lakhs

	2016-17	2015-16
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: 42 Disclosures in respect of derivative instruments :

a) Derivative instruments outstanding at the balance sheet date

(₹ in lakhs)

Particulars	March 31, 2017		March 31, 2016	
	USD	INR	USD	INR
i) Forward :	-	-	-	-
ii) Option :	-	-	-	-
iii) Swap :	-	-	-	-

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

Particulars	March 31, 2017		March 31, 2016	
	Forreign Currency	INR (in lakhs)	Forreign Currency	INR (in lakhs)
Trade receivables	$ 6.26 lakhs	405.84	$ 1.62 lakhs	107.45
Advance from customers	$ 1.66 lakhs	107.31	$ 0.09 lakhs	6.21

Note 43: Composite Scheme of Arrangement among the Company, Heritage Foods Retail Limited, Future Retail Limited and their respective shareholders and creditors

1. The National Company Law Tribunal ("NCLT") for the state of Telangana and Andhra Pradesh has approved the Composite Scheme of Arrangement between the Company ("Transferor Company" or "HFL"), Heritage Foods Retail Limited (Wholly owned subsidiary of HFL) ("Transferee Company" or "Demerged Company" or "HFRL"), Future Retail Limited ("Resulting Company" or "FRL") and their respective shareholders and creditors vide its order dated 03.05.2017. The composite scheme of arrangement has been implemented by HFL and HFRL as below:

A. The Company transferred its 'Retail undertaking' (comprising Retail, Agri and Bakery business segments) and 'VetCa undertaking' (comprising VetCa business segment) by way of Slump Sale to the HFRL with effect from the slump sale appointed date (i.e., Commencement of Business on 01.11.2016) for a lump sum consideration.

From the slump sale appointed date and to the effective date, the company has been carrying on the business of 'Retail Undertaking' and 'VetCa Undertaking' on the behalf of transferee company

B. HFRL demerged the 'Retail undertaking' to FRL with effect from the demerger appointed date (i.e., Close of business on 31.03.2017).

C. HFRL reduced its share capital through cancellation of shares held by its existing shareholders by utilising its Security premium.

In accordance with the scheme, applicable accounting standards and Generally Accepted Accounting Principles (GAAP), the accounting treatment of each of the above has been given in the financial statements as below.

A. The company has transferred net assets of ₹ 13449.02 Lakhs (Assets of ₹ 20538.94 Lakhs and Liabilities of ₹ 7089.92 Lakhs) as at commencement of business on 01.11.2016 of 'Retail undertaking' and 'VetCa undertaking' to the transferee company for a lump sum consideration of ₹ 13500 lakhs, which is agreed to be discharged by the transferee company by way of allotment of 1,40,00,000 equity shares at ₹ 96.43 per share having face value ₹ 10 each and at a premium of ₹ 86.43 per share to the company. The company accounted the consideration of ₹ 13500 lakhs as investment in HFRL. The difference of ₹ 50.98 Lakhs between the value of consideration and net value of assets and liabilities has been accounted as Capital reserve.

The business transactions of 'Retail Undertaking' and 'VetCa Undertaking' from 01.11.2016 to 31.03.2017 have been reported in the standalone financial statements of the transferee company i.e., HFRL

B. HFRL has transferred the net assets of ₹ 13684.84 Lakhs (Assets of ₹ 19571.21 lakhs and Liabilities of ₹ 5886.37 Lakhs) as at close of business on 31.03.2017 of Retail undertaking to FRL for a consideration of 1,78,47,420 equity shares of FRL having face value of ₹ 2 per share agreed to be allotted by FRL to the shareholders of HFRL i.e., HFL.

The company has recorded the equity shares of FRL as investment in FRL at a cost of ₹ 13466.56 lakhs by reducing the cost of investment in HFRL.

2. In accordance with the scheme, applicable accounting standards, and Generally Accepted Accounting Principles (GAAP), directly attributable cost of ₹ 382.49 lakhs pertaining to slump sale is accounted as capital reserve and ₹ 1338.04 lakhs pertaining to demerger is considered as cost of investment in FRL.

Note 44: Disclosure as required by AS 24 Discontinuing Operations

As the Composite Scheme of Arrangement referred in Note no. 43, is implemented by the company, 'Retail Undertaking' i.e., Retail, Agri and Bakery, Vetca undertaking i.e. Vetca business segments are considered as discontinued operations

The carrying amounts of the total assets and liabilities of discontinued operations are as follows. Comparative information of discontinued segments is included in accordance with AS 24 Discontinuing Operations.

(₹ In lakhs)

Particulars	Continuing Operations		Discontinued Operations		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Assets :						
Fixed assets (Net)	28881.04	22758.84	-	9402.50	28881.04	32161.35
Non-current investments	14927.18	94.39	-	1.80	14927.18	96.19
Long term loans and advances	1653.84	389.82	-	1981.70	1653.84	2371.52

(₹ In lakhs)

Particulars	Continuing Operations		Discontinued Operations		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Other non-current assets	77.04	55.69	-	12.68	77.04	68.37
Current Investments	1.17	0.90	-	0.75	1.17	1.65
Inventories	11648.50	9601.92	-	4889.18	11648.50	14491.11
Trade receivables	1129.93	737.58	-	2141.02	1129.93	2878.60
Cash and Bank balances	4596.91	3918.10	-	604.61	4596.91	4522.71
Short-term loans and advances	792.48	448.05	-	232.84	792.48	680.89
Other current assets	106.51	133.78	-	86.36	106.51	220.14
Total Assets	**63814.60**	**38139.08**	**-**	**19353.45**	**63814.59**	**57492.52**
Liabilities :						
Long Term Borrowings	6945.05	5023.58	-	1561.14	6945.05	6584.71
Deferred Tax Liabilities	1908.35	1431.67	-	436.05	1908.35	1867.72
Other Long Term Liabilities	1148.10	1003.41	-	41.91	1148.10	1045.32
Long Term Provisions	489.58	393.34	-	158.20	489.58	551.54
Short Term Borrowings	6587.71	3951.72	-	(26.56)	6587.71	3925.16
Trade Payables	5075.99	4601.65	-	3865.29	5075.99	8466.93
Other Current Liabilities	10716.38	7219.45	-	2250.26	10716.38	9469.71
Short Term Provisions	598.27	1483.53	-	98.62	598.27	1582.15
Total Liabilities	**33469.44**	**25108.33**	**-**	**8384.91**	**33469.44**	**33493.24**

The following statement shows the revenue and expenses of continuing and discontinued operations

Particulars	Continuing Operations		Discontinued Operations		Total	
	2016-17	2015-16	2016-17**	2015-16	2016-17	2015-16
Revenue from Operations (Net)	183322.57	174336.45	44017.60	63721.89	227340.16	238058.33
Intersegment Revenue	4209.06	2847.98	3926.03	4944.36	8135.09	7792.34
Other Income	334.82	380.27	110.36	274.68	445.17	654.96
Total Revenue	**187866.45**	**177564.70**	**48053.98**	**68940.93**	**235920.43**	**246505.63**

(₹ In lakhs)

Particulars	Continuing Operations		Discontinued Operations		Total	
	2016-17	2015-16	2016-17**	2015-16	2016-17	2015-16
Expenses:						
Cost of Materials Consumed	135056.01	137646.15	3120.76	3732.64	138176.77	141378.79
Intersegment Expenses	4362.97	3243.91	3772.12	4548.44	8135.09	7792.34
Purchase of Stock-in-Trade	3053.10	1017.00	33599.60	48279.65	36652.70	49296.66
Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	3342.25	(2429.19)	(978.47)	(379.26)	2363.78	(2808.46)
Power and fuel	2607.51	2792.11	106.20	151.13	2713.71	2943.24
Employee benefits expense	9784.04	8518.65	4025.29	5480.46	13809.34	13999.11
Depreciation and amortization expense	2511.78	2218.40	740.09	1232.81	3251.87	3451.21
Other expenses	14697.69	12776.29	5263.68	7391.97	19961.37	20168.27
Total Expenses Excluding finance cost	**175415.35**	**165783.33**	**49649.27**	**70437.83**	**225064.63**	**236221.16**
Profit/(Loss) before finance cost and tax	12451.09	11781.38	(1595.28)	(1496.90)	10855.80	10284.47
Finance Cost	929.90	1106.51	184.27	442.76	1114.17	1549.27
Profit/(Loss) before tax and exceptional items	11521.19	10674.86	(1779.55)	(1939.66)	9741.64	8735.21
Exceptional Items	-	93.36	-	43.59	-	136.95
Tax expenses	3076.74	3211.82	(17.57)	(156.72)	3059.18	3055.10
Profit/ (Loss) after tax	8444.45	7369.68	(1761.98)	(1826.53)	6682.46	5543.15

** The revenue and expenses of discontinuing operations are for the period ended October 31, 2016

The net cash flows attributable to the continuing and disconinuing operations are as follows:

Particulars	Continuing Operations		Discontinued Operations		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Operating activities	11900.07	12550.18	(2155.54)	(58.10)	9744.53	12492.07
Investing activities	(8375.86)	(5217.03)	(1466.70)	(1369.36)	(9842.57)	(6586.39)
Financing activities	1015.48	(4164.26)	-	(1292.93)	1015.48	(5457.19)
Net Cash inflows/ (outflows)	4539.68	3168.88	(3622.24)	(2720.39)	917.44	448.49

Note: 45: Statement Showing "Specified Bank Notes" held and transacted during the period from November 8, 2016 to December 30, 2016 (in accordance with the clause 'X' to part-1 of Division-1 Schedule - III of Companies Act, 2013)

(₹ In lakhs)

Particulars	Specified Bank Notes (INR 500 and INR 1000) Amount	Other denomination notes Amount	Total Amount
Closing Cash in hand as on November 8, 2016	106.37	36.27	**142.64**
(+) Permitted Receipts	2140.85	11936.30	**14077.14**
(-) Permitted Payments		198.26	**198.26**
(-) Amount deposited in Banks	2247.22	11634.66	**13881.88**
Closing cash in hand as on December 30, 2016	-	139.64	**139.64**

Note: 46 The Company has acquired the Dairy business of Reliance Retail Limited through slump sale during the month of April'2017.

Note: 47 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: 48 Details of Corporate Social Responsibility (CSR) expenditure :

a) Gross amount required to be spent by the company during the year : ₹ 137.93 lakhs (Previous year : ₹ 99.16 lakhs)

b) Amount spent during the year :

	Paid	Yet to be paid	Total
i. Construction /acquisition of any asset	Nil	Nil	Nil
ii. On purposes other than (i) above contribution made to a registered Trust*	₹ 137.93 lakhs	Nil	₹ 137.93 lakhs

* Contribution made to a Registered Trust named NTR Memorial Trust of ₹ 137.93 lakhs during the Financial Year 2016-17 (Previous year : ₹ 99.16 lakhs).

Note: 49 The financial statements for the year ended March 31, 2017 are presented as per Schedule III of the Companies Act, 2013 as near as thereto.

Note: 50 Previous year figures are regrouped / reclassified, wherever necessary. The comparison of the results with previous year is subject to the accounting effect of the Composite Scheme of Arrangement.

Note: 51 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)

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

Independent Auditor's Reports on Consolidated Financial Statements

To
The Members of Heritage Foods Limited
(Formerly known as Heritage Foods (India) Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HERITAGE FOODS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.

The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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,

i. in the case of the consolidated Balance Sheet, state of affairs of the Group and its associate as at 31 March 2017;

ii. in the case of the consolidated Statement of Profit and Loss, profit of the Group and its associate for the year ended on that date; and

iii. in the case of the consolidated Cash Flow Statement, cash flows of the Group and its associate for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its associate company, none of the Directors of the Group companies and associate company incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure to the Audit Report"; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. there were no pending litigations which would impact the consolidated financial position of the Group and its associate, except as listed in note no. 30 of holding company's financial statements.

ii. the Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

iv. the company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. (note: 45)

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

M Siva Ram Prasad
Partner
M. No.: 018943

Date : 25.05.2017
Place : Hyderabad

Annexure to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Heritage Foods Limited ("the Holding Company"), its subsidiary companies and its associate company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

M Siva Ram Prasad
Partner
M. No.: 018943

Date : 25.05.2017
Place : Hyderabad

Consolidated Balance Sheet

AS AT MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No	As at March 31, 2017	As at March 31, 2016
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	2319.90	2319.90
b. Reserves and Surplus	3	27747.61	21670.36
Sub-Total Shareholders' funds		**30067.51**	**23990.26**
2. MINORITY INTEREST		-	1.57
3. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	7445.05	6584.71
b. Deferred tax liabilities (Net)	5	1975.48	1867.72
c. Other Long term liabilities	6	1148.10	1045.32
d. Long term provisions	7	489.58	551.54
Sub-Total Non-Current Liabilities		**11058.21**	**10049.29**
4. CURRENT LIABILITIES			
a. Short-term borrowings	8	6587.71	3925.16
b. Trade payables :	9		
(i) Total outstanding dues of micro enterprises and small enterprises		649.49	474.03
(ii) Total outstanding dues of creditors other than micro enterprises & small enterprises		5365.57	7992.90
c. Other current liabilities	10	11252.85	9470.59
d. Short-term provisions	11	713.49	1582.15
Sub-Total Current Liabilities		**24569.11**	**23444.83**
TOTAL EQUITY AND LIABILITIES		**65694.83**	**57485.95**
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	12	29659.55	31038.44
ii) Intangible assets	12	46.93	164.12
iii) Capital work-in-progress	12	788.49	958.79
Total -a		**30494.97**	**32161.35**
b. Non-current investments	13	14882.24	79.85
c. Long term loans and advances	14	615.41	2371.52
d. Other non-current assets	15	77.04	68.37
Sub-Total Non-Current Assets		**46069.66**	**34681.09**
2. CURRENT ASSETS			
a. Current Investments	13	1.17	1.65
b. Inventories	17	12268.96	14491.11
c. Trade receivables	18	1559.90	2878.60
d. Cash and Bank balances	19	4702.82	4532.48
e. Short-term loans and advances	14	982.70	680.88
f. Other current assets	16	109.62	220.14
Sub-Total Current Assets		**19625.17**	**22804.86**
TOTAL ASSETS		**65694.83**	**57485.95**
Significant Accounting Policies	1		
Notes on Accounts	(2 to 52)		

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

Particulars	Note No	Year Ended March 31, 2017	Year Ended March 31, 2016
1. Revenue from operations (Gross)	20	264393.14	238162.13
Less : Excise Duty		104.22	103.80
Revenue from operations (Net)		**264288.92**	**238058.33**
2. Other Income	21	599.55	654.96
3. TOTAL REVENUE (1 +2)		**264888.47**	**238713.29**
4. EXPENSES:			
a. Cost of materials consumed	22	140346.10	141378.79
b. Purchase of Stock-in-Trade	23	63932.07	49296.66
c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	2002.02	(2808.46)
d. Power and fuel		2788.56	2943.24
e. Employee benefits expense	25	16472.83	13999.11
f. Finance costs	26	1122.21	1549.27
g. Depreciation and amortization expense	27	3780.63	3451.21
h. Other expenses	28	24616.21	20168.69
TOTAL EXPENSES		**255060.63**	**229978.50**
5. Profit before exceptional and extraordinary items and tax (3-4)		9827.84	8734.79
6. Exceptional Items	29	-	136.95
7. Profit before extraordinary items and tax (5 -6)		**9827.84**	**8597.83**
8. Extraordinary Items		-	-
9. Profit before tax (7 - 8)		9827.84	8597.83
10. Tax expense:			
a. Current tax		2808.97	3086.50
b. Prior period tax		(107.43)	(18.06)
c. Deferred tax		444.32	(13.34)
11. Profit for the year (9-10) before minority interest and share of profit/(loss) of associates		**6681.98**	**5542.73**
Less: Minority interest		-	(0.04)
Add: Share of profit / (loss) of associates		(0.09)	(0.09)
Profit for the year after minority interest and share of profit/(loss) of associates		**6681.89**	**5542.69**
12. Profit/(Loss) before tax from continuing operations		11335.15	10761.69
13. Tax expense of continuing operations		3162.34	3801.20
14. Profit/(Loss) after tax from continuing operations (12 - 13)		**8172.81**	**6960.49**
15. Profit/(Loss) before tax from discontinued operations		(1507.31)	(2163.85)
16. Tax expense of discontinued operations		(16.48)	(746.09)
17. Profit/(Loss) after tax from Discontinued operations (15 - 16)		**(1490.83)**	**(1417.76)**
18. Profit/(Loss) for the period (14 +17)		**6681.98**	**5542.73**
19. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		28.80	23.89
ii. Diluted		28.80	23.89
b. After Extraordinary items			
i. Basic		28.80	23.89
ii. Diluted		28.80	23.89
Significant Accounting Policies	1		
Notes on Accounts	(2 to 52)		

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

PARTICULARS	Year Ended March 31, 2017		Year Ended March 31, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax and extra-ordinary items	9,827.84		8597.84	
Non-cash adjustments:				
Depreciation / amortization	3,780.63		3451.21	
Loss on Impairment of Assets	348.99		51.56	
Diminution in value of Investments	-		-	
Interest expense	1,049.87		1463.73	
Foreign exchange (gain)/loss , net	12.20		1.99	
Subsidy transferred to P&L	(7.35)		(7.38)	
Interest income	(34.76)		(61.01)	
Provision for Interest on income tax	12.00		37.85	
Provisions no longer required and Credit balances written back	(242.33)		(214.42)	
Provision for Unavailed Leave	(29.40)		404.85	
Bad Debts / Advances written off	30.28		55.95	
Provision for doubtful debts/ advances	396.08		125.74	
Dividend received	(4.00)		(3.06)	
Operating cash flow before Working Capital Changes	**15,140.06**		**13904.85**	
Movements in working capital :				
Increase / (decrease) in trade payables	980.26		928.66	
Increase / (decrease) in long term provisions	196.91		-	
Increase / (decrease) in short term provisions	92.93		-	
Increase / (decrease) in other current liabilities	2,382.41		2054.60	
Increase / (decrease) in other long term liabilities	87.35		45.55	
Decrease/ (increase) in trade receivables	(632.12)		(576.48)	
Decrease/ (increase) in inventories	(3,605.55)		(554.23)	
Decrease / (increase) in long term loans and advances	(276.51)		(321.52)	
Decrease / (increase) in short term loans and advances	(334.19)		34.68	
Decrease / (increase) in other current assets	39.94		(63.52)	
Decrease / (increase) in other non-current assets	(2.77)		1.42	
Cash Generated from /(used in) operations	14,068.72		15454.01	
Direct taxes paid (net of refunds)	(2,874.18)		(2962.39)	
Net Cash flow from/(used) in Operating activities before extra-ordinary items	**11,194.54**		**12491.62**	
Less: Extra-ordinary items	-		-	
Net Cash flow from /(used) in Operating activities (A)		**11194.54**		**12491.62**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	(12,054.57)		(6837.72)	
Proceeds from sale of Fixed Assets	212.64		180.71	
Purchase of Current / non-current investments	0.02		(0.25)	
Investment in Subsidiaries	(0.06)		-	
Disinvestment of Shares	-		-	
(Investment) in / redemption of bank deposits having original				

Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

PARTICULARS	Year Ended March 31, 2017		Year Ended March 31, 2016	
maturity more than three months	(21.82)		6.78	
State Subsidy received	-		-	
Interest received	34.76		61.01	
Dividend received	4.00		3.06	
Net Cash used in Investing Activities (B)		**(11825.03)**		**(6586.41)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Equity Shares	-		-	
Proceeds from long-term borrowings	4,585.84		3171.75	
Repayment of long-term borrowings	(3,896.22)		(1560.96)	
Short-term borrowings (net)	2,662.54		(4748.33)	
Interest paid	(1,111.12)		(1470.35)	
Change in Unclaimed dividend	(16.44)		(11.65)	
Repayment of Share Capital to the shareholders of subsidiary	(0.73)		-	
Dividend paid (including dividend tax)	(837.65)		(837.65)	
Net Cash flow from /(Used) in Financing Activities (C)		1,386.22		(5457.19)
Net increase /(decrease) in cash and cash equivalents (A+B+C)		**755.73**		**448.02**
Cash and Cash equivalents at the beginning of the year		4,449.96		4003.93
Cash and cash equivalents adjustment in pursuant to the Composite Scheme of Arrangement (Ref Note 43)		(602.00)		-
Effect of foreign exchange gain /(loss)		(12.20)		(1.99)
Cash and Cash equivalents at the end of the year		**4591.49**		**4449.96**
Components of cash and cash equivalents				
Cash on hand		152.54		265.58
Cheques / drafts on hand		-		
Balances with banks in current accounts		4438.95		4184.38
Total cash and cash equivalents		**4591.49**		**4449.96**

Significant accounting policies (1)

Notes on accounts (2 to 52)

Note: The effect of composite scheme of arrangement except cash and cash equivalent being non-cash transaction is excluded in the cash flow statement (refer note 43)

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

Consolidated Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

1.1 Basis of Preparation of Consolidated financial statements

The consolidated financial statements of Heritage Foods Limited (referred to as "the Company") and its Subsidiaries Heritage Foods Retail Limited, Heritage Conpro Limited (collectively referred to as "the Group") have been prepared under the historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles , applicable provisions of Companies Act,2013, and as per the Accounting standards specified under section 133 of the Companies Act, 2013 as amended from time to time. The Financial have been prepared as per the schedule III of Companies Act,2013.

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

i) The Financial Statements of the Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

ii) Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from such transactions are also eliminated unless cost cannot be recovered.

iii) Minority Interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

iv) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

v) 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.

The Subsidiaries / Associates considered in the Consolidated Financial Statements are :

Company status / Name	Country of Incorporation	Ownership interest/ % voting power held as at Mach 31, 2017	Ownership interest / % voting power held as at Mach 31, 2016
i) Subsidiary:			
a) Heritage Foods Retail Limited	India	100.00%	99.64%
b) Heritage Conpro Limited	India	75.70% (Under Liquidation)	75.70%
ii) Associate:			
a) SKIL Raigam Power (India) Limited	India	44.83%	44.83%

1.3 Changes in Accounting Policies

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

1.4 Use of estimates

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

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

1.5 Revenue Recognition

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

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

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

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

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.

Incentives which are ascertainable are recognized as and when accrued.

1.6 Fixed Assets

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

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

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

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

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

1.7 Depreciation and Amortization

Depreciation on Property, Plant and Equipment: Depreciation on Property, Plant and Equipment is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets where useful life is different from than those described in Schedule II

Plant and Machinery : Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years. Useful life of each assets is determined based on internal and external technical evaluation.

Improvements to leasehold property : Depreciation on Improvements to leasehold property is provided over a period of lease.

Depreciation on assets which are commissioned during the year is charged on pro-rata basis from the date of commissioning.

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

Amortization on Intangible Assets : Intangible assets are amortized over their respective individual estimated useful lives not exceeding five years on a straight-line basis in the manner as prescribed in the Schedule II of the Companies Act,2013.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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 Projected Unit Credit (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 Projected Unit Credit (PUC) Method at the end of the year and provided in accounts as per AS-15.

1.13 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.

1.14 Leases

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

Finance leases (Lessee) : A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account.

1.15 Inventories : Inventories are valued as under

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

1.16 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.

1.17 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.

1.18 Cash and Cash Equivalents

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

1.19 Earnings Per Share

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

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

1.20 Segment Reporting

The Company is engaged in Dairy, Retail, Agri, Bakery, Renewable Energy and Vetca 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.

1.21 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.

1.22 Contingent Liabilities

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

Notes to the Consolidated Financial Statements

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Authorised Share Capital		
i) **Equity Share Capital**		
4,80,00,000 Equity Shares of ₹ 10/- each (Previous year : 4,80,00,000 Equity Shares of ₹ 10/- each)	4800.00	4800.00
ii) **Convertible cumulative Preference Share Capital**		
20,00,000 Preference Shares of ₹ 10/- each (Previous Year 20,00,000 Convertible cumulative Preference Shares of ₹ 10/- each)	200.00	200.00
Total	**5000.00**	**5000.00**
b) Issued,Subscribed and Paidup Share Capital :		
Equity Share Capital		
2,31,99,000 Equity Shares of ₹ 10/- each	2319.90	2319.90
(Previous year 2,31,99,000 Equity Shares of ₹ 10/- each)		

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

Particulars	March 31, 2017		March 31, 2016	
	Number of Shares	Amount (₹ in lakhs)	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	23199000	2319.90	23199000.00	2319.90
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	23199000	2319.90	23199000.00	2319.90

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, 2017		March 31, 2016	
	No.of Shares held	% of holding	No.of Shares held	% of holding
Equity Shares of ₹ 10/- each fully paid				
1. Nara Bhuvaneswari	5330826	22.98	5330826	22.98
2. Nirvana Holdings Private Limited	2572842	11.09	2572842	11.09
3. Nara Lokesh	2366400	10.20	2366400	10.20
4. Megabid Finance & Investment Pvt Ltd	1223800	5.28	1223800	5.28
5. V Sudha Sarada	1162750	5.01	1191182	5.13

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

Particulars	March 31, 2017 No.of Shares	March 31, 2016 No.of Shares	March 31, 2015 No.of Shares	March 31, 2014 No.of Shares	March 31, 2013 No.of Shares
Equity Shares alloted as fully paid up as Sweat Equity shares for consideration other than cash	70000	70000	70000	70000	-
Equity Shares alloted as fully paid-up as Bonus shares for consideration other than cash	11599500	11599500	11599500	11,599,500	-

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Capital Reserve		
Opening Balance	-	-
Add: On account of slump sale pursuant to Composite Scheme of Arrangement (Ref. Note 43)	-	-
Add: Directly attributable cost On account of slump sale pursuant to Composite Scheme of Arrangement (Ref. Note 43)	(382.49)	-
Add: On account of Demerger pursuant to Composite Scheme of Arrangement (Ref.No.43)	(13684.85)	
Add: Utilisation of Security Premium pursuant to Composite Scheme of Arrangement (Ref.No.43)	12100.00	
Add: Reduction of Share Capital pursuant to Composite Scheme of Arrangement (Ref.No.43)	1366.56	-
Less: Transferred during the year	-	
Closing Balance	**(600.78)**	**-**
b) Capital Reserve (Deferred Government Grants)		
Opening Balance	52.14	59.52
Add: Subsidy Received during the year	-	-
Less: Transfer to Statement of Profit and Loss	7.35	7.38
Closing Balance	**44.79**	**52.14**
c) Capital Redemption Reserve		
Opening Balance	81.00	81.00
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	**81.00**	**81.00**
d) Securities Premium Reserve		
Opening Balance	3784.14	3784.14
Add: Increase on Account of slump sale pursuant to the composite scheme of arrangement (Refer Note No.43)	12100.00	-
Less: Decrease on Account of reduction of share capital pursuant to the composite scheme of arrangement (Refer Note No.43)	12100.00	-
Closing Balance	**3784.14**	**3784.14**
e) Warrants Money Appropriated		
Opening Balance	318.69	318.69
Add: Current year transfer	-	-
Less: Written back in current year	-	-
Closing Balance	**318.69**	**318.69**
f) General Reserve		
Opening Balance	7427.39	6427.39
Add: Transfer from Surplus	1000.00	1000.00
Closing Balance	**8427.39**	**7427.39**

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
g) Surplus / (Deficit)		
Opening Balance	10007.01	6301.97
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	6685.37	5542.69
Amount available for appropriations	16692.38	11844.66
Appropriations :		
Transferred to General Reserve	1000.00	1000.00
Proposed Dividend amount per share ₹ 4.00 (Previous Year :₹ 3.00 per share) *	-	695.97
Tax on Proposed Dividend	-	141.68
Closing Balance	15692.38	10007.01
Total	**27747.61**	21670.36

* The Board of Directors of the Company has proposed a dividend of ₹ 4/- per share for the F.Y. 2016-17. Reserves and surplus include proposed dividend of ₹ 927.96 lakhs and Dividend Distribution Tax of ₹ 188.91 lakhs which has not been provided as per accounting standard AS-04

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars	Non-Current portion		Current Maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
a) Term Loans				
i) From Banks (secured)				
- Indian rupee loans	6653.23	5604.45	1735.56	2038.49
- Foreign currency loans	-	-	-	-
ii) From others	-	-	-	-
Total a)	**6653.23**	**5604.45**	**1735.56**	**2038.49**
b) Deferred Payment liabilities				
Sales tax deferrement (secured)	791.82	864.98	73.15	22.88
c) Loans and Advances from related parties				
Loan (unsecured)	-	-	-	-
d) Long term maturities of finance lease obligations	-	115.29	-	31.61
Total (a+b+c+d)	**7445.05**	**6584.71**	**1808.71**	**2092.98**

Installments falling due in respect of the above loans upto March 31, 2018 is ₹ 1708.71 lakhs (Installments falling due in respect of loans upto March 31, 2017: (Prv year ₹ 2092.98 lakhs plus ₹ 8.50 lakhs paid during the year 2016-17 out of Term loan drawn during the year 2016-17) have been grouped under " Current maturities of long term borrowings " (Ref Note 10)

Term Loan from Banks (Secured) includes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
a. Indian Rupee Loans from Banks							
1. Rupee Term Loan	ICICI Bank	54.17	270.83	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2017	31.03.2016				
2. Rupee Term Loan	ICICI Bank	-	750.00	2500.00	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum plus applicable interest tax or other statutory levy if any)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012
3. Rupee Term Loan	ICICI Bank	540.00	840.00	1200.00	IMCLR and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum plus applicable interest tax or other statutory levy if any)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014
4. Rupee Term Loan	ICICI Bank	1,350.00	1,432.47	1500.00	IMCLR and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum plus applicable interest tax or other statutory levy if any)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 20 quarterly installments commencing from December, 2016
5. Rupee Term Loan	Bank of Baroda	-	766.67	800.00	@base rate plus 0.75% (Previous year :'@base rate plus 0.75%)	First pari passu charge on entire fixed assets of the Company, second pari passu charge on current assets of the Company along with other lenders	Repayable in 24 quarterly installments commencing from Jan, 2016 (Preclosed in October, 2016)
6. Rupee Term Loan	Andhra Bank	975.00	1,275.00	1500.00	@base rate plus 0.25% (Previous year :''@base rate plus 0.25%)	First pari passu charge on net fixed assets of the Company(Present and future) alongwith other consortium members, second pari passu charge on current assets of the Company along with consortium banks and Yes Bank	Repayable in 16 quarterly installments commencing from Sep, 2015
7. Rupee Term Loan	Yes Bank	-	937.50	1000.00	@base rate plus 1.25% (Previous year :'@base rate plus 1.25%)	First pari passu charge over all fixed assets of the Company, second pari passu charge on all current assets of the Company	Repayable in 20 quarterly installments commencing from Nov, 2015 (Preclosed in October, 2016)
8. Rupee Term Loan	Yes Bank	579.62	649.87	700.00	@base rate plus 0.75% (Previous year :'@base rate plus 0.75%)	First pari passu charge over all fixed assets of the Company, second pari passu charge on all current assets of the Company	Repayable in 20 quarterly installments commencing from Sep, 2015

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2017	Loan Outstanding As on 31.03.2016	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
9. Rupee Term Loan	HDFC Bank	1000.00	720.60	1000.00	0.15% over the banks base rate (Previous year : ' 0.15% over the banks base rate)	Hypothecation of movable assets wrt the Wind Power project being part funded by the bank	Repayable in 24 quarterly installments commencing from May, 2017
10. Rupee Term Loan	ICICI Bank	840.00	-	840.00	One year MCL-R+spread (0.90%)	First pari passu charge on entire movable and immovable fixed assets of the Company, second pari pasu charge on entire current assets of the Company both present and future along with other term lenders	Repayable in 24 quarterly installments commencing from December, 2017
11. Rupee Term Loan	Andhra Bank	1000.00		1000.00	One Year MCLR+0.45%	First pari passu charge on fixed assets of the Company (both Present and future) alongwith other banks, extension of second pari passu charge on current assets of the Company along with consortium banks	Repayable in 24 quarterly installments commencing from June, 2017
12. Rupee Term Loan	Bank of Baroda	1050.00		1050.00	One Year MCLR+0.35%	First pari passu charge on entire fixed assets of the Company, second pari passu charge on current assets of the Company along with other lenders	Repayable in 24 quarterly installments commencing from May, 2018
13. Rupee Term Loan	HDFC Bank	1000.00		1000.00	9.35%	Hypothecation of movable assets wrt the Wind Power project being part funded by the bank. Mortgage of land on which the power project is being developed.	Repayable in 24 quarterly installments commencing from December, 2017
Total rupee loans from banks		**8388.78**	**7642.94**				

Deferred Payment Liabilities

Deferred Payment Liabilities represent sales tax collected under deferrment scheme which shall be repaid by 2024 incase of Gokul plant and by 2023 in case of Bayyavaram Plant.

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	2371.13	2132.61
Add: Deferred Tax Liability during the year on account of :		
Depreciation	513.21	238.52
(On account of composite scheme of arrangement (Ref Note 43)	(537.18)	-
Closing Deferred Tax Liability	**2347.16**	**2371.13**
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	503.41	251.55
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave & Bonus	(13.03)	251.86
(On account of composite scheme of arrangement (Ref Note 43)	(118.69)	-
Closing Deferred Tax Asset-	**371.69**	**503.41**
Net Deferred Tax Liability there on	**1975.48**	**1867.72**

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Major components of deffered tax arising on account of timing differences are:		
a) Deferred Tax liabilities:		
Depreciation	2347.15	2371.13
b) Deferred Tax Asset:		
Provision for unavailed leave & Bonus	371.67	503.41

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Others :		
Security Deposits	1148.10	1045.32
Total	**1148.10**	**1045.32**

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits				
Unavailed Leave	489.58	551.54	594.54	559.95
Gratuity	-	-	17.48	19.52
Other Provisions				
Proposed Dividend	-	-	-	695.97
Provision for tax on dividend	-	-	-	141.68
Provision for Income Tax (Net of Advance tax)	-	-	101.47	165.03
Total	**489.58**	**551.54**	**713.49**	**1582.15**

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Loan Repayable on demand:		
a) Working Capital Loan from banks (secured)	4087.71	3925.16
b) Short -Term Loans from banks (secured)	2500.00	-
c) Inter Corporate Deposit	-	-
Total	**6587.71**	**3925.16**

a) Working Capital Loans from Banks:

(₹ In lakhs)

Name of the Bank	Type of Loan Facility	Loan Outstanding As on		Working Capital Loan Limit	Rate of Interest	Security / Guarantee
		31.03.2017	31.03.2016			
i) Bank of Baroda	Cash Credit	1967.07	885.82	₹ 4000 lakhs (Previous year : ₹ 4000 lakhs sub-limit of ₹ 800 lakhs for Agri Division)	Base rate plus 0.75% (Previous Year: Base rate plus 0.75%)	First pari passu charge on current assets of the Company by way of hypothetication of raw material, work-in- progress, finished goods such as Milk, Milk Powder, Ghee, Skimmed Milk,Butter, Curd etc., and packing materials, spares, stores. Extension of first pari passu charge on the fixed assets of the Company to secure the working capital limits of Bank of Baroda, Andhra Bank and ICICI Bank Limited

Name of the Bank	Type of Loan Facility	Loan Outstanding As on		Working Capital	Rate of Interest	Security / Guarantee	
		31.03.2017	31.03.2016	Loan Limit			
ii) Andhra Bank	Open Cash Credit	1435.04	2268.53	₹ 2500 lakhs (Previous year : ₹ 2500 lakhs)	Base rate plus 0.25% (Previous Year: Base rate plus 0.25%)	Hypothecation of entire current assets of the Company both present and future including inventory and receivables by way of first pari pasu charge along with other consortium banks. Extension of first pari pasu charge on net fixed assets of the Company along with consortium banks and Yes Bank Limited	
iii) ICICI Bank	Cash Credit	685.59	770.81	₹ 3500 lakhs with sublimit of WCDL-Rupee (Previous Year: ₹3500 lakhs (with sublimit of WCDL-Rupee)	I MCLR +6m and 'spread' per annum subject to minimum rate of I -MCLR+6m plus applicable interest tax or other statutory levey, if any. (Previous Year: IBASE and "spread" per annum subject to minimum rate of I Base plus 1.60% per annum plus applicable interest tax or other statutory levey, if any.)	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all movable and immovable fixed assets of the Company.	
Total (i+ii+iii)		**4087.71**	**3925.16**	**10000.00**			
b) Short Term Loans from Banks							
i. HDFC Bank	Short Term Loan	1000.00	-	1000 (Previous Year : ₹ Nil)	9.20% (Previous year :'Nil)	Unsecured	Bullet payment of principal from 180 days from various dates of disbursement
ii. HDFC Bank	Short Term Loan	1500.00	-	1500 (Previous Year : ₹ Nil)	9.20% (Previous year :'Nil)	Unsecured	Bullet payment of principal from 180 days from various dates of disbursement
Total (i+ii+iii)		**2500.00**	**-**				
Total Short Term Borrowings (a+b)		**6587.71**	3925.16				

Note 9 Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Payables :		
(a) Total outstanding dues of micro enterprises and small enterprises	649.49	474.03
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5365.57	7992.90
Total	**6015.05**	**8466.93**

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)

As at	Principal amount out-standing	Interest amount out-standing	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	Interest remaining due until such date when the interest dues are actually paid to the small enterprise (even if paid in succeeding years)
March 31, 2017	**70.65**	**0.48**	**Nil**	**0.48**	**0.48**	**0.48**
March 31, 2016	58.26	1.17	Nil	1.17	1.17	1.17

Note 10 Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of long-term borrowings (Ref Note 4):		
Term Loans	1735.56	2038.49
Finance Lease Obligations	-	31.61
Deferred payment liabilities	73.15	22.88
Total	**1808.71**	**2092.98**
Interest Accrued but not due on borrowings	43.65	25.47
Interest accrued and due on borrowings	-	-
Unpaid Dividends (Ref Note. 31)	80.88	64.44
Other Payables :		
Employee Related payables	1879.63	2164.29
Advance from Customers	317.98	288.20
Capital Creditors	2085.02	878.72
Statutory Payables	424.28	516.93
Security Deposits	391.18	328.87
Freight Payables	763.91	645.77
Other payables	3457.62	2464.92
Total	**11252.85**	**9470.59**

Note 11: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Unavailed Leave	594.54	559.95
Gratuity	17.48	19.52
Other Provisions :		
Proposed Dividend	-	695.97
Provision for tax on proposed dividend	-	141.69
Provision for Income Tax (Net of Advance Tax)	101.47	165.03
Total	**713.49**	1582.15

NON-CURRENT ASSSETS

Note.12 Fixed Assets

(₹ in lakhs)

Particulars	Gross Block					Accumulated Depreciation / Amortization						Net Block	
	Balance as at 01.04.2016	*Additions / other adjust-ments during the year	Deductions / Retire-ment during the year	Deductions (Demerged) during the year	**Balance as at 31.03.2017**	Balance as at 01.04.2016	Deprecia-tion charge for the year	Deductions / adjustments during the year	Deductions (Demerged) during the year	# Impair-ment loss for the year	**Balance as at 31.03.2017**	**Balance as at 31.03.2017**	Balance as at 01.04.2016
a. Property, Plant and Equipment													
i. **Owned Assets :**													
Land	2014.10	238.52	-	163.83	2088.79	-	-	-	-	-	-	2088.79	2014.10
Buildings	11070.52	2274.68	15.66	1703.00	11626.55	3,362.41	383.69	(6.01)	498.41	-	3253.70	8372.85	7708.12
Improvements to leasehold property	1752.01	129.68	120.11	1698.40	63.19	1,116.57	130.20	101.28	1,128.84	15.29	31.93	31.26	635.45
Plant & Machinery	29694.45	8434.21	940.06	8471.28	28717.32	11,525.30	2,641.24	747.69	3,369.66	265.70	10314.89	18402.43	18169.15
Furniture & Fixtures	2203.88	114.64	50.22	2001.92	266.38	951.15	151.61	28.81	964.56	60.88	170.27	96.11	1252.73
Office Equipment	3004.63	424.55	349.87	1986.08	1093.23	2,110.60	272.80	317.40	1,345.81	7.07	727.25	365.98	894.03
Vehicles	402.70	186.53	26.76	11.06	551.39	209.44	67.59	25.36	2.46	0.06	249.27	302.13	193.26
Total - a	**50142.30**	**11802.81**	**1502.67**	**16035.58**	**44406.86**	**19275.47**	**3647.13**	**1214.54**	**7309.74**	**348.99**	**14747.31**	**29659.55**	**30866.83**
ii. **Leasehold Assets :**													
Office Equipment (Leasehold)	192.17	-	-	192.17	-	20.56	30.23	0.06	50.72	-	-	-	171.61
Total - Leased Assets	**192.17**	**-**	**-**	**192.17**	**-**	**20.56**	**30.23**	**0.06**	**50.72**	**-**	**-**	**-**	**171.61**
Total - Tangible Assets	**50334.47**	**11802.81**	**1502.67**	**16227.75**	**44406.86**	**19296.03**	**3677.36**	**1214.60**	**7360.46**	**348.99**	**14747.31**	**29659.55**	**31038.44**
b. Intangible Assets													
Computer Software	1502.71	19.80	(183.38)	1146.32	559.58	1,338.59	103.28	(162.73)	1,091.95	-	512.65	46.93	164.12
Total -b	**1502.71**	**19.80**	**(183.38)**	**1146.32**	**559.58**	**1338.59**	**103.28**	**(162.73)**	**1,091.95**	**-**	**512.65**	**46.93**	**164.12**
Total (a+b)	**51837.18**	**11822.62**	**1319.29**	**17374.07**	**44966.43**	**20634.62**	**3780.63**	**1051.87**	**8452.42**	**348.99**	**15259.96**	**29706.48**	**31202.56**
Previous year	46233.96	6796.92	1193.70	-	51837.18	18168.54	3451.21	1036.69	-	51.55	20634.62	31202.56	
c. Capital Work-in-progress	958.79	11893.01	11822.61	240.70	788.49							788.49	958.79
Previous year	899.68	6856.03	6796.92	-	958.79								

* As per Accounting Standard AS-16, during the year, borrowing cost of ₹ 46.85 lakhs (Previous year :₹ 30.25 lakhs) has been capitalized to Plant & Machinery, ₹ 11.74 lakhs (Previous year: ₹ 9.22 lakhs) to Buildings, ₹2.66 lakhs to Land (Previous Year Nil) and ₹ Nil (Previous year : ₹ 0.11 lakhs) to Office Equipment. It is included in other adjustments.

Details of impairment losses :

Dairy

(₹ in lakhs)

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Balance as at the beginning of the year	104.04	52.48	36.90	5.87	5.53
# Impairment loss during the year	84.88	51.56	15.58	32.49	0.34
Reversal of accumulated impairment loss	-	-	-	1.46	-
Balance as at the end of the year	188.92	104.04	52.48	36.90	5.87

Note 13 : Investments

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A. Trade Investments:				
Other non-current investments	1.13	1.13	-	-
B. Other Investments (Non-Traded):				
I. Investment in Equity Instruments				
a) Subsidiaries	-	-	-	-
b) Associates	56.35	56.44	-	-
Less: Diminuition in value of investments	-	-	-	-
Cost of investment in Associate	56.35	56.44	-	-
Less: Share of Loss	0.09	0.09	-	-
Total -i(b)	**56.26**	**56.35**	**-**	**-**
c) Others	14824.60	20.00	-	-
II. Investment in Government securities	0.25	2.37	1.17	1.65
Total (B)	**14881.11**	**78.72**	**1.17**	**1.65**
Less: Provision for diminution in the value of investments	-	-	-	-
Total (A+B)	**14882.24**	**79.85**	**1.17**	**1.65**

(₹ in lakhs)

Particulars	Book Value		Market value	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Aggregate of quoted investments	14805.73	1.13	47718.30	2.75
Aggregate of un-quoted investments	77.68	80.37		
Total	**14883.41**	**81.50**		

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2017	As at March 31, 2016
A. Details of Trade Investments :			
Andhra Bank 363 Equity Shares of ₹ 10/- each fully paid up (Previous year:363 Equity shares of ₹ 10/- each fully paid up)	Quoted	0.33	0.33
Bank of Baroda 1740 Equity shares of ₹ 2/- each at fully paid up (Previous year:1740 Equity shares of ₹ 2/- each fully paid up)	Quoted	0.80	0.80
Total		**1.13**	**1.13**
Details of Other Investments (Non-Traded):			
1(b) Investment in Equity Shares of Associates :			
Skil Raigam Power (India) Limited		65.00	65.00
Less: Diminuition value of investments *		6.98	6.98
Cost of investment in Associate	Unquoted	58.02	58.02
Less: Share of accumulated losses		1.67	1.58
		56.35	56.44
Less : Share of current loss		0.09	0.09
Carrying Value		**56.26**	**56.35**

* Diminuition in value of investments recognized during the financial year 2011-12 when SKIL Raigam Power (India) Limited ceased to be Subsidiary and became Associate

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2017	As at March 31, 2016
Ic. Others:			
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		**20.00**	**20.00**
Future Retail Limited (Investment in Equity Shares of Future Retail Limited 1,78,47,420 Equity Shares of ₹ 2/- each fully paid up (Refer Note No. 43) (Equity Shares are in the process of Allotment).		14804.60	-
Total		**14804.60**	**-**
Total other investments (Non-traded)		**14882.28**	**80.37**
II. Investment in Government securities			
National Savings Certificates	Unquoted	1.42	4.02
Total		**1.42**	**4.02**

Note: 14 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
a) Capital Advances				
Unsecured , considered good	205.96	44.40		
Doubtful	10.23	10.23		
	216.19	54.63		
Less: Provision for doubtful advances	10.23	10.23		
Total	**205.96**	**44.40**		
b) Security Deposits				
Unsecured , considered good	408.82	2194.16	220.77	309.67
Doubtful	-	-	-	81.89
	408.82	2194.16	220.77	391.57
Less: Provision for doubtful security deposit	-	-	-	81.89
Total	**408.82**	**2194.16**	**220.77**	**309.67**
c) Advances recoverable in cash or kind				
Unsecured , considered good	-	-	643.70	341.47
Doubtful	-	-	7.16	17.05
	-	-	650.86	358.53
Less: Provision for doubtful advances	-	-	7.16	17.05
Total	**-**	**-**	**643.70**	**341.47**
d) Advances to related parties	-	-	-	-
e) Other loans and advances				
Unsecured , considered good				
Advance income tax and TDS receivable (Net of provision for taxation)	-	-	109.09	-
Loans and advances to employees	0.63	5.90	8.59	26.94
Balances with Statutory / Government Authorities	-	127.07	0.55	2.79
Total	**0.63**	**132.97**	**118.23**	**29.73**
Total (a+b+c+d)	**615.41**	**2371.52**	**982.70**	**680.88**

Loans and advances due by directors or other officers etc. (₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Loans and advances due by directors	-	-	-	-
Loans and advances to employees include dues from Other officers of the Company	3.00	4.69	2.55	11.77

Note: 15 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2017	As at March 31, 2016
Others :		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 19)	54.27	50.82
Interest accrued on margin money and other deposits (Ref Note 19)	18.27	12.26
Prepaid expenses	4.51	5.29
Total	**77.04**	**68.37**

Note: 16 Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(Unsecured, considered good unless stated otherwise)		
Prepaid expenses	104.76	214.46
Interest accrued on margin money and other deposits	4.87	5.68
Total	**109.62**	**220.14**

Note 17 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(Valued at lower of cost or net realisable value except Packing Material & stores and spares)		
Raw Materials [(Includes in-transit of ₹ 18.01 lakhs) (Previous year :₹ Nil)]	6001.04	124.94
Work-in-Progress	27.73	42.77
Finished Goods	5277.02	8706.02
Stock-in-Trade	151.66	4742.29
Packing Material (Valued at cost) (Includes in-transit of ₹ 10.07) (Previous year: ₹ 51.24 lakhs)	606.28	672.05
Stores and spares (valued at cost) (Includes in-transit ₹ 12.31) (Previous year: ₹ 27.08 lakhs)	205.24	203.04
Total	**12268.96**	14491.11

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Inventory : Raw Materials		
a) **Dairy**		
Milk	14.56	3.06
Skimmed milk powder	5295.29	34.43
Other materials	111.63	72.29
Total	**5421.47**	**109.78**

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
b) **Bakery**		
Bakery raw materials	-	15.16
Total	**-**	**15.16**
c) **Vetca**		
Vetca raw materials	579.56	-
Total	**579.56**	**-**
Total (a + b+c)	**6001.04**	**124.94**
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	27.73	42.51
b) Bakery-in-process material	-	0.25
Total	**27.73**	**42.77**
C. Inventory: Finished Goods		
a) **Dairy**		
Milk	1186.54	950.94
Value Added Products	585.86	571.53
Fat Products	2256.64	1280.36
Skimmed milk powder	1217.87	5876.98
Total	**5246.91**	**8679.80**
b) **Agri**		
Fruits and vegetables	-	22.71
Total	**-**	**22.71**
c) **Bakery**		
Bakery products	-	3.20
Total	**-**	**3.20**
d) **Renewable Energy**	11.47	0.31
e) **Vetca**		
Cattle feed	18.63	-
Total	**18.63**	**-**
Total (a +b+c+d+e)	**5277.02**	8706.03
D. Inventory: Stock-in-Trade		
a) **Dairy**		
Tradable goods	145.62	51.36
Total	**145.62**	**51.36**
b) **Retail**		
FMCG - Food	-	2424.57
FMCG - Non-food	-	2201.84
Fruits and vegetables	-	61.56
Total	**-**	**4687.97**
c) **Agri**		
Fruits	-	-
Others	-	1.26
Total	**-**	**1.26**
d) **Vetca**		
Others	6.04	1.69
Total	**6.04**	**1.69**
Total (a + b + c + d)	**151.66**	**4742.29**

Note: 18 Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2017	As at March 31, 2016
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	121.93	218.63
b) Unsecured, considered doubtful	349.12	90.84
Total (a+b)	**471.05**	**309.47**
Less : Provision for bad and doubtful receivables	349.12	90.84
Total - A	**121.93**	**218.63**
B. Other trade receivables		
a) Unsecured, considered good	1437.96	2659.97
b) Unsecured, considered doubtful	9.84	8.83
Total (a+b)	1447.81	2668.80
Less : Provision for bad and doubtful receivables	9.84	8.83
Total - B	**1437.96**	**2659.97**
Grand total (A+B)	**1559.90**	**2878.60**

Note: 19 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			4438.95	4184.38
Deposits with original maturity of less than three months			-	-
b) Cheques, drafts on hand			-	-
c) Cash on hand			152.54	265.58
Total Cash and Cash Equivalents			**4591.49**	**4449.96**
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	-	-	80.88	64.44
- Other deposits	17.25	16.09	1.86	1.77
b) Margin money deposit	55.28	46.99	28.59	16.31
c) Deposits with original maturity for more than 12 months	-	-	-	-
Total Other Bank balances	**72.53**	**63.08**	**111.33**	**82.52**
Total Cash and Bank Balances	**72.53**	**63.08**	**4702.82**	**4532.48**

Non-current portion of other bank balances are included in other assets (Ref. Note 15)

Note : 20 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from operations :		
A) Sale of Products		
i) Finished goods		
Domestic Sales	178141.72	172053.78
Export Sales	965.74	544.46
Total (i)	**179107.46**	**172598.24**
ii) Traded goods		
Domestic Sales	74920.68	59092.99
Export Sales	3,038.33	918.50
Total (ii)	**77959.01**	**60011.49**
Domestic Sales	253062.40	231146.77
Export Sales	4004.07	1462.95
Total - A (i+ii)	**257066.47**	**232609.73**
B) Sale of services		
Job work	330.19	389.39
C) Other operating revenues		
Scrap Sales	72.73	75.29
Others :		
i) Display & Visibility Income	480.18	327.51
ii) Promotional Income	6047.89	4462.72
iii) Concessionary income	323.83	237.99
iv) REC Credits	71.86	59.50
Total -C	**6996.49**	**5163.01**
Revenue from operations (gross) (A+B+C)	**264393.15**	**238162.13**
Less: Excise duty	104.23	103.80
Revenue from operations (net)	**264288.92**	**238058.33**
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	116975.86	108961.64
Value Added Produts	42394.33	37183.70
Fat Products	16077.81	23544.85
Skimmed milk powder	983.13	660.27
Total	**176431.14**	**170350.45**
b) Agri		
Fruits and Vegetables	2161.27	1701.85
c) Bakery		
Bakery products	462.84	545.93
d) Vetca		
Cattle Feed	52.21	-
Total (a+b+c+d)	**179107.46**	**172598.24**

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
ii) Traded goods sold		
a) Dairy		
Tradable goods	6638.80	3639.20
Total	**6638.80**	**3639.20**
b) Retail		
FMCG - Food	43552.52	33144.37
FMCG - Non-Food	16067.74	12487.75
Fruits and Vegetables	9179.54	7334.71
Total	**68799.81**	**52966.84**
c) Agri		
Fruits and Vegetables	-	188.50
Other Tradable goods	83.70	44.57
Total	**83.70**	**233.07**
d) Bakery		
Tradable goods	281.16	69.13
Total	**281.16**	**69.13**
e) Vetca		
Tradable Goods	2155.54	3103.26
Total (a+b+c+d+e)	**77959.01**	**60011.48**
B) Details of sale of services		
a) Dairy	265.51	349.81
b) Agri	64.68	39.58
Total (a+b)	**330.19**	**389.39**
C) Details of other operating revenues		
a) Dairy	2.48	27.13
b) Retail	6920.76	5074.70
c) Agri	0.47	0.74
d) Bakery	0.92	0.95
e) Renewable Energy	71.86	59.50
Total (a+b+c+d+e)	**6996.49**	**5163.01**

Note: 21 Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Interest Income on :		
Bank and other deposits	28.02	29.61
Others	6.74	31.39
b) Dividend Income on :		
Long-term investments	4.00	3.06
c) Subsidy transferred from Deferred Govt.grants	7.35	7.38
d) Lease rental income	154.29	161.13
e) Provisions no longer required	241.22	214.42
f) Foreign Exchange fluctuation (net)	-	-
g) Incentives (Includes Export Incentives)	29.14	67.65
h) Profit on Sale of Assets (Net)	-	23.69
i) Other non-operating income	128.77	116.62
Total	**599.55**	**654.96**

Note : 22 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Raw material :		
Inventory at the beginning of the year	124.94	2339.16
Add: Purchases	139829.52	133384.40
	139954.46	**135723.56**
Less: Inventory transferred pursuant to composite scheme of arrangement (Ref Note: 43)	6.93	-
Less: Inventory at the end of the year	6001.03	124.93
Raw Material consumed (a)	**133946.50**	**135598.63**
b) Packing material :		
Inventory at the beginning of the year	672.05	731.47
Add: Purchases	6462.31	5720.74
	7134.36	**6452.21**
Less: Inventory transferred pursuant to composite scheme of arrangement (Ref Note: 43)	128.48	-
Less: Inventory at the end of the year	606.28	672.05
Packing Material Consumed (b)	6399.60	5780.16
Cost of materials consumed (a+b)	**140346.10**	**141378.79**
Details of Raw materials consumed		
a) Dairy		
Raw Milk	122652.94	127539.94
Skimmed Milk Powder	4482.78	3493.50
Other Raw materials	1894.95	1135.80
Total	**129030.68**	**132169.25**
b) Agri		
Fruits and Vegetables	4399.28	3170.69
Total	**4399.28**	**3170.69**
c) Bakery		
Bakery raw materials	458.14	258.69
Total	**458.14**	**258.69**
d) Vetca		
Other raw materials	58.40	-
Total	**58.40**	**-**
Total (a + b + c+d)	**133946.50**	**135598.63**

Note : 23 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
FMCG - Food	36077.24	28,194.95
FMCG - Non-Food	12498.41	10,877.84
Fruits and Vegetables	7110.41	3,736.67
Others	8246.01	6487.20
Total	**63932.07**	**49296.66**
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	3053.10	1017.00
Total	**3053.10**	**1017.00**
b) Retail		
FMCG - Food	36077.24	28194.95
FMCG - Non-Food	12498.41	10877.84
Fruits and Vegetables	7110.42	3736.67
Other Tradable goods	-	-
Total	**55686.07**	**42809.46**

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
c) Agri		
Fruits and Vegetables	-	-
Other Tradable goods	18.57	145.83
Total	**18.57**	**145.83**
d) Bakery		
Tradable Goods	85.71	94.06
Total	**85.71**	**94.06**
e) Vetca		
Cattle Feed	5088.61	5230.31
Total	**5088.61**	**5230.31**
Total (a + b + c+d+e)	**69932.07**	**49296.66**

Note : 24 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
A) Inventory at the end of the year :		
Work-in-progress	27.73	42.77
Finished goods	5277.01	8706.02
Stock-in-Trade	151.66	4742.29
Total - A	**5456.40**	**13491.07**
B) Inventory at the beginning of the year :		
Work-in-progress	42.77	24.51
Finished goods	8706.02	6330.18
Stock-in-Trade	4742.29	4327.93
Total - B	**13491.07**	**10682.62**
C) Change in Inventory Pursuant to the Composite Scheme of Arrangement (Ref Note 43):		
Work-in-progress	(0.09)	-
Finished goods	53.44	-
Stock-in-Trade	5979.30	-
Total - C	**6032.65**	**-**
Changes in inventories of finished goods, work-in-progress and stock-in-trade (B-A-C)	**2002.02**	**(2808.46)**

Note : 25 Employee benefit expense

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries, wages, bonus and allowances (Refer Note 32)	15188.71	12959.03
Contribution to Provident and other funds	718.25	610.43
Staff Welfare Expenses	565.88	429.65
Total	**16472.84**	**13999.11**

Note: 26 Finance costs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Expense	1049.87	1463.73
Other borrowing cost	60.34	47.69
Applicable loss on foreign currency transaction and translation	-	-
Interest on income tax	12.00	37.85
Total	**1122.21**	**1549.27**

Note: 27 Depreciaiton and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Depreciation on tangible assets	3677.36	3354.37
Amortization of Intangible assets	103.28	96.84
Total	**3780.63**	**3451.21**

Note: 28 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Consumption of Stores ,spares and consumables	1561.95	1365.68
Rent (Refer Note 35)	3736.18	3162.88
Bank Charges	168.54	153.47
Insurance	108.79	96.33
Traveling and conveyance	548.85	433.57
Communication cost	307.30	268.87
Safety and Security	897.71	720.10
Printing and Stationery	167.23	142.63
Office Maintenance	88.43	74.92
House Keeping Expenses	239.53	189.60
Books and periodicals	0.86	0.87
Electricity Charges	1408.55	1158.11
Rates and taxes	366.01	277.66
Repairs and maintenance		
Buildings	105.55	69.82
Machinery	301.88	214.48
Others	615.47	514.11
Wheeling Charges	55.75	51.46
Operation & Maintenance Charges	23.91	22.46
Legal and Professional Charges	741.72	571.63
Payment to Auditors :		
As Auditor:		
Audit Fee	16.22	16.21
Tax Audit fee	8.63	8.02
Limited Review	3.74	3.43
Corporate Governance	1.15	1.15
In other capacity :		
Taxation matters	3.56	9.06
Certification fee	2.52	3.21
Reimbursement of expenses	4.38	5.09
Advertisement expenses	492.56	487.95
Selling and Distribution expenses	2324.24	1699.54
Warehouse and logistics	339.47	293.06
Freight outwards	8688.46	7562.15
Directors' sitting fees	18.16	13.89
Provision for bad and doubtful advances	51.17	47.11
Bad Debts written off	22.53	42.82
Bad and doubtful advances written off	7.75	13.13
Provision for doubtful debts	344.91	78.63

Note: 28 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Loss on sale of fixed assets (net)	54.85	-
Impairment loss on fixed assets	348.99	51.56
Recruitment and Training expenses	67.74	60.11
Contribution to Heritage Farmers Welfare Trust	180.66	160.16
Exchange differences (net)	14.81	3.75
Prior Period items *	(0.39)	(11.58)
Corporate Social Responsibility expenditure (Ref Note.46)	137.93	99.16
Miscellaneous expenses	35.30	32.42
Loss on Sale of Investments	2.71	-
Diminution in value of investments	-	-
Total	**24616.21**	**20168.69**
*Prior period items:		
Debits relating to earlier years	0.80	6.51
Credits relating to earlier years	0.08	18.09
Total	**0.72**	**(11.58)**

Note : 29 Exceptional item :

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Nil (Previous Year :Exceptional items related to additional provision for bonus for the year 2014-15 as per the Payment of Bonus (Amendment Act),2015.)	-	136.95

Note: 30 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	99.96	332.32
Sales Tax	166.38	166.38
The Andhra Pradesh VAT Act *	1.79	128.86
Excise duty	-	13.26
b) Others	3.24	16.20
ii. Guarantees	213.06	230.24
iii. Other money for which the company is contingently liable :		
a) 'C' forms under collection		
(Against all the above ₹ Nil (Previous year : 138.77 lakhs)was paid under protest)	182.66	694.63
It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of A(i)		
pending resolution of the respective proceedings.		
b) Land under dispute	-	15.69
B. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	188.02	84.72
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	1937.31	3725.44

Note: 31 Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unclaimed Dividend		
Opening Balance	64.44	52.80
Add: Unclaimed dividend amount of earlier years	-	-
Less Claims during the year	1.28	1.10
Less: Transfer to IEPF	-	5.30
Add: Current year's unclaimed dividend	17.72	18.04
Closing Balance (Refer Note 10)	80.88	64.44

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

Note 32: 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, 2017	Year Ended March 31, 2016
Employers Contribution to Provident Fund	**456.16**	**494.19**

Defined Benefit Plan :

Gratuity (Funded) : Based on Acturial Report (₹ in lakhs)

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016
1.	Assumption		
	Discount Rate	7.40%	7.90%
	Salary Escalation	5.00%	5.00%
	Rate of Return on Plan Assets	8.25%	9.00%
	Expected Average remaining working lives of employees (years)	28 yrs	29 yrs
2.	Table showing change in present value of obligations		
	Present value of obligations as at beginning of year	614.22	540.33
	Acquisition adjustments	-	-
	Interest cost	48.52	42.15
	Current Service Cost	127.38	107.00
	Curtailment Cost / (Credit)	-	-
	Settlement Cost / (Credit)	-	-
	Benefit Paid	(46.48)	(87.59)
	Acturial (gain)/ loss on obligations	9.37	12.34
	Present value of obligations as at end of year	753.02	614.22
	Less: Transferred pursuant to the Composite Scheme of Arrangement (as per acturial valuation)	207.69	-
	Fair value of plant assets at the end of the year	545.33	614.22
3.	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	594.70	550.80
	Opening balance adjustment	39.61	2.00
	Acquisition adjustments	-	-
	Expected return on plan assets	50.74	3.70
	Contributions	101.57	125.80
	Benefits paid	(46.48)	(87.59)
	Acturial gain / (loss) on plan assets	-	-

	Particulars	As at 31-Mar-2017	As at 31-Mar-2016
	Fair value of plan assets at end of year	735.54	594.70
	Less: Transferred pursuant to the Composite Scheme of Arrangement (as per acturial valuation)	207.69	-
	Fair value of plan assets at end of year	527.85	594.70
4.	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	594.70	550.80
	Acquisition adjustments	-	-
	Actual return on plan assets	50.74	3.70
	Contributions	101.57	125.80
	Benefits paid	(46.48)	(87.59)
	Fair value of plan assets at the end of year	527.85	594.70
	Funded Status	(17.48)	(19.52)
	Excess of Actual over estimated return on plan assets	-	-
5.	Acturial Gain / Loss recognised		
	Acturial (gain)/ loss on obligations	(9.37)	(12.34)
	Acturial (gain)/ loss for the year -plan assets	-	-
	Total (gain) / loss for the year	9.37	12.34
	Acturial (gain)/ loss recognised in the year	9.37	12.34
6.	The amounts to be recognised in the balance sheet and statement of profit & loss		
	Present value of obligations as at the end of year	545.33	614.22
	Fair value of plan assets as at the end of the year	527.85	594.70
	Funded Status	(17.48)	(19.52)
	Net asset/ (liability) recognised in balance sheet	(17.48)	(19.52)
7.	Expenses Recognised in the statement of profit and loss		
	Current Service Cost	127.38	107.00
	Opening balance adjustment	(39.61)	-
	Past Service Cost	-	-
	Interest cost	48.52	42.15
	Expected return on plan assets	(50.74)	(3.70)
	Curtailment Cost / (Credit)	-	-
	Settlement Cost / (Credit)	-	-
	Net Acturial (gain) / loss recognised in the year	9.37	12.34
	Expenses recognised in statement of profit and loss (Refer Note 25 - included in salaries, wages, bonus and allowances)	94.93	157.79

Amounts for the current and previous four financial years (for Gratuity)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013
Present value of defined benefit obligations	545.33	614.22	540.33	405.76	369.92
Fair value of plan assets	527.85	594.70	550.80	486.84	382.06
Deficit /(Surplus) in the plan assets	17.48	19.52	(10.47)	(81.08)	(12.14)

Note: Details of experience adjustments arising on plan liabilities and plan assets have not been disclosed in the absence of relevant information

Defined Benefit Plan :

Leave Encashment & Sick Leave(Unfunded): Based on Acturial Report

(₹ in lakhs)

Particulars	Earned Leave		Sick Leave	
	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2017	As at 31-Mar-2016
1 Assumptions				
Discount Rate	0.07	7.90%	0.07	7.90%
Rate of increase in Compensation levels	5% p.a.	5% p.a.	5% p.a.	5% p.a.
Rate of Return on Plan Assets	-	-	-	-
Expected Average remaining working lives of employees (years)	28 yrs	29 yrs	24 Yrs	24 Yrs
2. Reconciliation of Defined benefit obligation				
Present Value of Obligation as at the beginning of the year	924.29	614.89	187.19	111.26
Acquisition adjustment	-	-	-	-
Interest Cost	73.02	47.96	14.79	8.68
Past Service Cost	-	-	-	-
Current Service Cost	217.34	309.40	31.40	75.93
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(240.39)	(189.30)	(22.03)	(22.56)
Actuarial (gain)/ loss on obligations	167.37	141.34	7.24	13.88
Present Value of Obligation as at the end of the year	1141.63	924.29	218.59	187.19
Less: Transferred pursuant to the Composite Scheme of Arrangment	(229.57)	-	(46.52)	-
Present value of obligation at the end of the year	912.06	924.29	172.07	187.19
3. Acturial Gain / Loss Recognised				
Actuarial (gain)/loss for the year – Obligation	(167.37)	(141.34)	(7.24)	(13.88)
Actuarial gain/(loss) for the year - Plan Assets	-	-	-	-
Total (gain) / loss for the year	167.37	141.34	7.24	13.88
Actuarial (gain) / loss recognized in the year	167.37	141.34	7.24	13.88
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	912.06	924.29	172.07	187.19
Value of Plan Provisions as at the end of the year	-	-	-	-
Funded Status	(912.06)	(924.29)	(172.07)	(187.19)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(912.06)	(924.29)	(172.07)	(187.19)
5. Expenses Recognized in the statement of Profit & Loss				
Current Service Cost	217.34	309.40	31.40	75.93
Past Service Cost	-	-	-	-
Interest Cost	73.02	47.96	14.79	8.68
Expected Return on Plan Assets	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	167.37	141.34	7.24	13.88
Expenses Recognized in the statement of Profit & Loss (Refer Note 25 - included in Salaries, wages ,bonus and allowances)	457.73	498.70	53.43	98.49

Amounts for the current and previous four financial years (for Earned Leave)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013
Present value of defined benefit obligations	912.06	924.29	614.89	472.47	429.55
Deficit in the plan assets	(912.06)	(924.29)	(614.89)	(472.47)	(429.55)

Amounts for the current and previous four financial years (for Sick Leave)

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013
Present value of defined benefit obligations	172.07	187.19	111.26	94.42	84.43
Deficit in the plan assets	(172.07)	(187.19)	(111.26)	(94.42)	(84.43)

Note: Details of experience adjustments arising on plan liabilities have not been disclosed in the absence of relevant information

Note: 33 Segment reporting for the year ended March 31, 2017

As per the Accounting Standard (AS- 17), the Company has identified Dairy, Retail, Agri, Bakery, Renewable Energy and Vetca segments as reportable segments. Dairy segment mainly deals with procuring milk ,processing and selling of milk, value added products, fat products, Skimmed milk powder ,Tradable goods and job work. Retail segment mainly deals with buying and selling of FMCG-Food, FMCG-Non-Food and Fruits and vegetables. Agri segment mainly deals with procuring , processing and selling of Fruits and Vegetables, job works. Vetca segment mainly deals with manufacturing of cattle feed and selling of cattle feed. Bakery segment mainly deals with procurement, production and selling of bakery products. Renewable Energy segment mainly deals with generating and supply of solar power and wind power to the Dairy segment for its captive consumption.

(₹ in lakhs)

Particulars	Year Ended March 31, 2017			Year Ended March 31, 2016		
	External Revenue	Inter-segment Revenue	Total	External Revenue	Inter-segment Revenue	Total
1. Segment Revenue						
i. Heritage Foods Ltd:						
a. Dairy	183250.70	3759.63	187010.33	174276.95	2603.18	176880.13
b. Retail	75720.00	301.15	76021.14	58041.54	244.95	58286.49
c. Agri	2310.16	2740.85	5051.01	1975.24	1896.90	3872.14
d. Bakery	728.45	480.30	1208.76	601.84	210.19	812.03
e. Renewable Energy	71.86	449.43	521.30	59.50	244.80	304.30
f. Vetca	2207.75	3445.45	5653.20	3103.26	2592.32	5695.58
ii. Heritage Foods Retail Limited	-	-	-	-	-	-
iii. Heritage Conpro Limited	-	-	-	-	-	-
Total Segment Revenue	**264288.92**	**11176.81**	**275465.73**	**238058.33**	**7792.34**	**245850.68**
Inter-segment-eliminations		11176.81	11176.81		7792.34	7792.34
Net Sales / Income from Operations	**264,288.92**	**-**	**264288.92**	**238058.33**	**-**	**238058.33**

	As at March 31, 2017	As at March 31, 2016
2. Segment Results		
Profit / (Loss) before finance costs and tax		
a. Dairy	12169.46	11532.20
b. Renewable Energy	250.25	126.17
c. Vetca	(184.76)	177.37
d. Retail	(1013.47)	(1380.99)
e. Agri	(296.22)	(309.78)
f. Bakery	(9.13)	(61.52)
Total	**10,916.12**	**10,083.45**
Less: Finance costs	1122.21	1549.27
Add: Interest income	34.76	61.00

	As at March 31, 2017	As at March 31, 2016
Add: Net Unallocable Income / (Expenditure)	(0.84)	2.65
Profit / (Loss) before Extra-ordinary items and Tax	**9827.84**	**8597.84**
Less: Extra-ordinary items	-	-
Profit / (Loss) before Tax	9827.84	8597.84
Less:		
a. Current tax	2808.97	3086.50
b. Prior period tax	(107.43)	(18.06)
c. Deferred tax	444.33	(13.34)
Net Profit / (Loss) before minority interest and share of profit / (Loss) of Associates	**6681.98**	**5542.74**
3. Segment Assets		
a. Dairy	37507.26	30744.63
b. Renewable Energy	5356.42	2944.89
c. Vetca	2873.96	849.77
d. Retail	-	13665.99
e. Agri	-	3092.16
f. Bakery	-	1130.32
Unallocated	16380.75	1321.59
	62118.40	**53749.36**
4. Segment Liabilities		
a. Dairy	13208.25	11170.97
b. Renewable Energy	635.91	335.74
c. Vetca	2447.10	482.76
d. Retail	-	5031.16
e. Agri	-	247.88
f. Bakery	-	66.01
Unallocated	3506.83	1624.27
	19798.09	**18958.79**
5. Capital Expenditure incurred during the year		
a. Dairy	5961.64	3869.29
b. Renewable Energy	2282.88	1402.39
c. Vetca	1608.78	-
d. Retail	1750.92	1337.02
e. Agri	47.38	38.55
f. Bakery	40.21	100.31
Total Segment Capital Expenditure	**11691.81**	**6747.56**
Add: Unallocated Capital Expenditure	130.80	49.36
Total Capital Expenditure	**11822.61**	**6796.92**
6. Depreciation and Amortization for the year		
Segment Depreciation		
a. Dairy	2213.37	2021.84
b. Renewable Energy	178.33	81.92
c. Vetca	3.02	0.01
b. Retail	951.37	922.91
c. Agri	230.12	229.00
d. Bakery	84.34	80.90
Total Segment Depreciation and Amortisation	**3660.56**	**3336.57**
Add: Unallocated Depreciation	120.08	114.64
Total Depreciation and Amortisation	**3780.63**	**3451.21**
7. Significant Non Cash Expenditure (excluding depreciation and amortisation)	**1286.50**	**830.43**

Note: 34 Related party disclosures as per AS-18 :

A. Relationships :

i) Key Management Personnel :

a) N Bhuvaneswari - Vice Chairperson & Managing Director

b) N Brahmani - Executive Director

c) A Prabhakara Naidu - Chief Financial Officer

d) Umakanta Barik - Company Secretary

ii) Other Related Parties :

a) Heritage Farmers Welfare Trust

b) Heritage Finlease Limited

c) Heritage Employee Welfare Trust

iii) Relatives of Key Management Personnel and their enterprises

A) where transactions have taken place

a) NTR Memorial Trust

b) N Lokesh - Non-Executive Director

B) where no transactions have taken place

a) Nirvana Holdings Private Limited

Name of the related party ==> Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	Heritage Finlease Limited	A Prabhakara Naidu	Umakanta Barik	NTR Memorial Trust	Heritage Farmers Welfare Trust	Heritage Employee Welfare Trust
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Key Management Personnel (Executive Director)	Relative of Key Management Personnel (Non-Executive Director)	Key Management Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Key Management Personnel (CFO)	Key Management Personnel (CS)	Key Management Personnel of Heritage Foods Ltd are Trustees of NTR Memorial Trust	Key Management Personnel of Heritage Foods Ltd are Trustees of Heritage Farmers Welfare Trust	Key Management Personnel of Heritage Foods Ltd are Trustees of Heritage Employee Welfare Trust
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Sitting Fee	a) Investment b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	Service	Service	CSR Activity	Contributions made by the Company	Contributions made by the Company

Name of the related party ==> Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	Heritage Finlease Limited	A Prabhakara Naidu	Umakanta Barik	NTR Memorial Trust	Heritage Farmers Welfare Trust	Heritage Employee Welfare Trust
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 120 lakhs (Previous year:₹ 102 lakhs) b) PF contribution of ₹ 8.64 lakhs (Previous year:₹ 7.34 lakhs) c) Perks ₹ 10.61 lakhs (Previous year:₹ 10.54 lakhs) d) Commission: ₹ 397.58 lakhs (Previous year : ₹ 365.59 lakhs) e) Office rent of ₹ 55.71 lakhs paid by Company (Previous year :₹ 52.60 lakhs)	a) Managerial Remuneration of ₹ 60 lakhs (Previous year:₹ 57.83 lakhs) b) PF contribution of ₹ 4.32 lakhs (Previous year:4.16 lakhs) c) Perks : 5 lakhs (Previous Year: 5 lakhs) d) Commission: ₹ 357.30 lakhs (Previous year: 319.68 lakhs)	Sitting Fee of ₹ 2.90 lakhs (Previous year: ₹ 1.90 lakhs)	a) Share Capital ₹ 20 lakhs (Previous year:₹ 20 lakhs) b) Dividend Received ₹ 4 lakhs (Previous year:₹ 3 lakhs) c) Cattle loans of ₹6795 lakhs (Previous year: ₹ 6606 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	a) Salary :43.09 lakhs (Previous Year :₹ 39.05 lakhs) b) Perks: ₹0.15 lakhs (Previous year : ₹0.15 lakhs) c) PF Contribution of ₹ 2.34 lakhs (Previous Year: ₹ 2.11 lakhs) d) Variable Pay: ₹ 3.92 lakhs (Previous Year: Nil)	a) Salary :21.33 lakhs (Previous year : ₹ 19.32 lakhs) b) Perks: ₹0.15 lakhs (Previous year : ₹0.15 lakhs) c) PF Contribution of ₹ 1.16 lakhs (Previous Year: ₹ 1.05 lakhs) d) Variable Pay: ₹ 1.95 lakhs (Previous Year: Nil) e) Leave Encashment : ₹ 1.40 lakhs (Previous year: Nil)	Contributions by the Company during the year: ₹137.93 lakhs (Previous year: 99.16 lakhs)	Contributions by the Company during the year: ₹ 180.66 lakhs (Previous year: 160.16 lakhs)	Contributions by the Company during the year: ₹ 67.76 lakhs (Previous year: 69.09 lakhs)
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders		NIL	Nil	Nil	NIL	NIL	NIL
Guarantees and collaterals	NIL	NIL		NIL	Nil	Nil	NIL	NIL	NIL

Name of the related party ==> Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	Heritage Finlease Limited	A Prabhakara Naidu	Umakanta Barik	NTR Memorial Trust	Heritage Farmers Welfare Trust	Heritage Employee Welfare Trust
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 379.89 lakhs (Previous year: ₹ 347.79 lakhs)	₹ 358.85 lakhs (Previous year :₹ 321.23 lakhs)	NIL	₹ 265.55 lakhs is outstanding to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has been remitted subsequently (Previous year: ₹ 201.82 lakhs)	Nil (Previous year: Nil)	₹ 0.01 lakhs (Previous year: Nil)	Nil	Contribution amount outstanding: ₹ 22.85 lakhs the same has been remitted subsequently (Previous year : ₹ 20.87 lakhs)	Contribution amount outstanding: ₹ 17.88 lakhs the same has been remitted subsequently (Previous year : ₹ 19.81 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL				NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL				NIL	NIL

Note: 35 Lease

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Non-cancellable Operating Leases:		
Data Processing Equipments obtained on non-cancellable operating lease		
The aggregate future minimum lease rentals payable:		
i) for a period not later than one year	-	23.23
ii) for a period later than one year and not later than five years	-	-
iii) for a period later than five years	-	-

Total operating lease expenses debited to statement of profit and loss is ₹ 3739.15 lakhs (Previous year : ₹ 3162.88 lakhs)

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

b) Outstanding lease obligations:

Finance lease obligations

Leasehold Office Equipment include Data Processing Equipment obtained on finance lease. The term of lease is for 5 years. The future minimum lease payments and their present values as at March 31, 2017 and as at March 31, 2016 are as follows.

(₹ in lakhs)

Particualrs	Total Minimum Lease Payments Outstanding as at		Future Interest on outstanding Lease payments as at		Present Value of minimum lease payments as at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Not later than one year	-	44.85	-	13.24	-	31.61
ii) Later than one year and not later than five years	-	134.54	-	19.25	-	115.29
iii) Later than five years	-	-	-	-	-	-
Total	**-**		**-**	**32.49**	**-**	**146.89**

Note: 36 Earning per share (EPS)

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Calculation of weighted average number of equity shares of ₹ 10/-each :		
Number of Equity Shares outstanding at the beginning of the year	23199000	23199000
Add: Issue of Equity shares during the year	-	-
Number of Equity shares outstanding at the end of the year	23199000	23199000
Weighted average number of equity shares outstanding during the year	23199000	23199000
The nominal value per share (₹)	10	10
b) Net Profit / (Loss) before tax	9827.84	8597.83
c) Net Profit / (Loss) after tax before extraordinary items	6681.89	5542.73
d) Net Profit / (Loss) after tax and extraordinary items	6681.89	5542.69
e) Basic and diluted Earnings per share (Before Extraordinary items) of ₹ 10 each (₹)	28.80	23.89
f) Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	28.80	23.89

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

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Capital Goods	245.33	6.87
Total	**245.33**	**6.87**

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
a) Interest	-	-
b) Foreign travel	0.31	0.81
c) Commission	2.95	4.43
Total	**3.26**	**5.24**

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Export of goods calculated on FOB basis	4004.07	1416.46
Total	**4004.07**	**1416.46**

* Exports to Nepal in INR during the year 2016-17 ₹ Nil (Prev. year ₹ 46.50 lakhs) is not included in Earnings in Foreign Currency

Note: 40 Consumption of Materials:

(₹ in lakhs)

	%	2016-17	%	2015 - 16
a) Raw Materials (Refer Note 22)				
i) Indigenous	100.00	140346.09	100.00	141378.79
ii) Imported		-		-
b) Stores, spares and consumables (Refer Note 28)				
i) Indigenous	100.00	1561.95	100.00	1365.68
ii) Imported		-		-

Note: 41 Remittance in Foreign Currency on account of dividends :

(₹ in lakhs)

	2016 - 17	2015 - 16
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: 42 Disclosures in respect of derivative instruments :

a) Derivative instruments outstanding at the balance sheet date

(₹ in lakhs)

Particulars	March 31, 2017		March 31, 2016	
	USD	INR	USD	INR
i) Forward :	-	-	-	-
ii) Option :	-	-	-	-
iii) Swap :	-	-	-	-

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

Particulars	March 31, 2017		March 31, 2016	
	Foreign Currency	INR (in lakhs)	Forreign Currency	INR (in lakhs)
Total receivables	$ 6.26 lakhs	405.84	$ 1.62 lakhs	107.45
Advance from customers	$ 1.66 lakhs	107.31	$ 0.09 lakhs	6.21

Note 43: Composite Scheme of Arrangement among Heritage Foods Limited, Heritage Foods Retail Limited, Future Retail Limited and their respective shareholders and creditors

1. The National Company Law Tribunal ("NCLT") for the state of Telangana and Andhra Pradesh has approved the Composite Scheme of Arrangement between Heritage Foods Limited ("Transferor Company" or "HFL"), Heritage Foods Retail Limited (Wholly owned subsidiary of HFL)("Transferee Company" or "Demerged Company" or "HFRL"), Future Retail Limited("Resulting Company" or "FRL") and their respective shareholders and creditorsvide its order dated 03.05.2017. The composite scheme of arrangement has been implemented by HFL and HFRL as below:

A. HFL transferred its' Retail undertaking' (comprising Retail, Agri and Bakery business segments) and VetCa undertaking' (comprising VetCa business segment) by way of Slump Sale to the HFRL with effect from the slump sale appointed date (i.e., Commencement of Business on 01.11.2016) for a lumpsum consideration.

From the slump sale appointed date and to the effective date, HFLhas been carrying on the business of 'Retail Undertaking' and 'VetCa Undertaking' on the behalf of transferee company.

B. HFRL demerged the 'Retail undertaking'to FRL with effect from the demerger appointed date (i.e., Close of business on 31.03.2017).

C. HFRL reduced itsshare capital through cancellation of shares held by its existing shareholders by utilising its Security premium.

In accordance with the scheme, applicable accounting standards and Generally Accepted Accounting Principles (GAAP), the accounting treatment of each of the above has been given in the financial statements as below:

A. HFL has transferred net assets of ₹ 13449.02 Lakhs (Assets of ₹ 20538.94 Lakhs and Liabilities of ₹ 7089.92 Lakhs) as at commencement of business on 01.11.2016of 'Retail undertaking and VetCa undertaking to the transferee company for a lumpsum consideration of ₹ 13500 lakhs,which is agreed to be discharged by the transferee company byway of allotmentof 1,40,00,000 equity shares at ₹ 96.43 per share having face value ₹ 10 each and at a premium of ₹ 86.43 per share to HFL. HFL accounted the consideration of ₹ 13500 lakhs as investment in HFRL. The difference of ₹ 50.98 Lakhs between the value of consideration and net value of assets and liabilities has been accounted as Capital reserve.

The business transactions of 'Retail Undertaking' and 'VetCa Undertaking' from 01.11.2016 to 31.03.2017 have been reported in the standalone financial statements of the transferee company i.e., HFRL.

B. HFRL has transferred the net assets of ₹ 13684.84 Lakhs (Assets of ₹ 19571.21 lakhs and Liabilities of ₹ 5886.37 Lakhs) as at close of business on 31.03.2017 of Retail undertaking to FRL for a consideration of 1,78,47,420 equity shares of FRL having face value of ₹ 2 per share agreed to be allotted by FRL to the shareholders of HFRL i.e., HFL.

HFL has recorded the equity shares of FRL as investment in FRL at a cost of ₹ 13466.56 lakhs by reducing the cost of investment in HFRL.

C. In the books of HFRL, its equity share capital of ₹ 1366.56 lakhs and securities premium of ₹ 12100 lakhs have been adjusted against the capital reserve for reduction of its share capital.

2. In accordance with the scheme, applicable accounting standards, and Generally Accepted Accounting Principles (GAAP), directly attributable cost of ₹ 382.49 lakhs pertaining to slumpsale is accounted as capital reserve and ₹ 1338.04 lakhs pertaining to demerger is considered as cost of investment in FRL.

Note: 44

As the composite scheme of arrangement referred in note no. 43 is implemented by the company retail undertaking i.e., Retail, Agri and Bakery, Vetca undertaking i.e., Vetca business segments are considered as discontinuing operations.

The carrying amounts of the total assets and liabilities of discontinued operations are as follows. Comparative information of discontinued segments is included in accordance with AS 24 Discontinued Operations.

(₹ In lakhs)

Particulars	Continuing Operations		Discontinued Operations		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Assets :						
Fixed assets (Net)	30494.97	22758.85	-	9402.50	30494.97	32161.35
Non-current investments	14882.24	78.05	-	1.80	14882.24	79.85
Long term loans and advances	615.41	389.82	-	1981.70	615.41	2371.52
Other non-current assets	77.04	55.69	-	12.68	77.04	68.37
Current Investments	1.17	0.90	-	0.75	1.17	1.65
Inventories	12268.96	9601.92	-	4889.18	12268.96	14491.11
Trade receivables	1559.90	737.58	-	2141.02	1559.90	2878.60
Cash and Bank balances	4702.82	3927.87	-	604.61	4702.82	4532.48
Short-term loans and advances	982.70	448.05	-	232.83	982.70	680.88
Other current assets	109.62	133.78	-	86.36	109.62	220.14
Total Assets	**65694.83**	**38132.51**	**-**	**19353.44**	**65694.83**	**57485.96**
Liabilities :						
Long Term Borrowings	7445.05	5023.57	-	1561.14	7445.05	6584.71
Deferred Tax Liabilities	1975.48	1431.67	-	436.05	1975.48	1867.72
Other Long Term Liabilities	1148.10	1003.41	-	41.91	1148.10	1045.32
Long Term Provisions	489.58	393.34	-	158.20	489.58	551.54
Short Term Borrowings	6587.71	3951.72	-	(26.56)	6587.71	3925.16

(₹ In lakhs)

Particulars	Continuing Operations		Discontinued Operations		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Trade Payables	6015.05	4601.65	-	3865.29	6015.05	8466.93
Other Current Liabilities	11252.85	7220.33	-	2250.26	11252.85	9470.59
Short Term Provisions	713.49	1483.53	-	98.62	713.49	1582.15
Total Liabilities	**35627.32**	**25109.21**	**-**	**8384.91**	**35627.32**	**33494.12**

The following statement shows the revenue and expenses of continuing and discontinued operations

Particulars	Continuing Operations		Discontinued Operations		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue from Operations (Net)	184173.76	174336.45	80115.16	63721.89	264288.92	238058.33
Inter-segment Revenue	5797.29	2847.98	5379.52	4944.36	11176.81	7792.34
Other Income	334.82	380.27	264.73	274.68	599.55	654.96
Total Revenue	**190305.87**	**177564.70**	**85759.41**	**68940.93**	**276065.28**	**246505.63**
Expenses:						
Cost of Materials Consumed	135124.04	137646.15	5222.06	3732.64	140346.09	141378.79
Intersegment Expenses	4364.84	3243.91	6811.97	4548.44	11176.81	7792.34
Purchase of Stock-in-Trade	5185.93	1017.00	58746.14	48279.65	63932.07	49296.66
Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	3327.03	(2429.19)	(1325.00)	(379.26)	2002.02	(2808.46)
Power and fuel	2611.32	2792.11	177.23	151.13	2788.56	2943.24
Employee benefits expense	9880.33	8518.65	6592.50	5480.46	16472.83	13999.11
Depreciation and amortization expense	2514.70	2218.40	1265.93	1232.81	3780.63	3451.21
Other expenses	15102.25	12776.53	9513.96	7392.15	24616.21	20168.68
Total Expenses Excluding finance cost	**178110.43**	**165783.57**	**87004.79**	**70438.01**	**265115.23**	**236221.57**
Profit/(Loss) before finance cost and tax	12195.43	11781.14	(1245.38)	(1497.08)	10950.05	10284.06
Finance Cost	931.64	1106.51	190.56	442.76	1122.21	1549.27
Profit/(Loss) before tax and exceptional items	11263.79	10674.63	(1435.94)	(1939.83)	9827.84	8734.79
Exceptional Items	-	93.36	-	43.59	-	136.95
Tax expenses	3245.34	3211.82	(99.18)	(156.72)	3145.87	3055.10
Profit/ (Loss) after tax before minority interest and share of profit/(loss) of associates	**8018.44**	**7369.44**	**(1336.47)**	**(1826.70)**	**6681.98**	**5542.74**

The net cash flows attributable to the continuing and discontinuing operations are as follows:

Particulars	Continuing Operations		Discontinued Operations		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Operating activities	14220.19	12549.89	(3025.64)	(58.27)	11194.54	12491.61
Investing activities	(10072.72)	(5217.03)	(1725.31)	(1369.37)	(11825.03)	(6586.41)
Financing activities	1386.95	(4164.26)	(0.73)	(1292.93)	1386.22	(5457.19)
Net Cash inflows/ (outflows)	**5534.41**	**3168.59**	**4778.68**	**(2720.57)**	**755.73**	**448.02**

Note 45 : Statement Showing "Specified Bank Notes" held and transacted during the period from November 8, 2016 to December 30, 2016 (in accordance with the clause 'X' to part-1 of Division-1 Schedule - III of Companies Act, 2013)

(₹ In lakhs)

Particulars	Specified Bank Notes (INR 500 and INR 1000)	Other denomination notes	Total
	Amount	Amount	Amount
Closing Cash in hand as on November 8, 2016	242.28	79.47	321.75
(+) Permitted Receipts	2140.845	14942.82	17083.66
(-) Permitted Payments		311.57	311.57
(-) Amount deposited in Banks	2383.25	14354.76	16737.89
Closing cash in hand as on December 30, 2016	-	355.95	355.95

Note 46. Disclosures mandated by Schedule III of the Companies Act'2013, by way of additional information.

Name of the Entities	2016 - 17			
	Net Assets i.e total assets minus total liabilities		Share in Profit / (Loss) (after tax)	
	As a % of consolidated net assets	Amount (₹ In Lakhs)	As a % of consolidated Profit or Loss	Amount (₹ In Lakhs)
Parent:				
Heritage Foods Limited	100.92%	30345.16	100.01%	6682.47
Subsidiary:				
Heritage Foods Retail Limited	(0.55%)	(232.71)	0.04%	2.92
Heritage Conpro Limited	0.00%	-	(0.05%)	(3.41)
	100.37%	30112.45	100.00%	6681.98
Inter-company elimination & consolidation adjustments	(0.37%)	(44.94)		-
Grand total	100.00%	30067.51		6681.98
Minority interest in subsidiaries		-		-
Share in profit /(loss) of associates				(0.09)

Name of the Entities	2015 - 16			
	Net Assets i.e total assets minus total liabilities		Share in Profit / (Loss) (after tax)	
	As a % of consolidated net assets	Amount (₹ In Lakhs)	As a % of consolidated Profit or Loss	Amount (₹ In Lakhs)
Parent:				
Heritage Foods Limited	100.03%	23999.27	100.01%	5543.15
Subsidiary:				
Heritage Foods Retail Limited	0.01%	2.47	-0.00%	(0.24)
Heritage Conpro Limited	0.03%	6.42	-0.00%	(0.17)
	100.07%	24008.16	100.00%	5542.73
Inter-company elimination & consolidation adjustments	-0.07%	(16.34)	0.00%	-
Grand total	100.00%	23991.83	100.00%	5542.73
Minority interest in subsidiaries		1.57		(0.04)
Share in profit /(loss) of associates				(0.09)

Note: 47 The Company has acquired the Dairy business of Reliance Retail Limited through slump sale during the month of April'2017.

Note: 48 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: 49 Details of Corporate Social Responsibility (CSR) expenditure :

a) Gross amount required to be spent by the company during the year : ₹ 137.93 lakhs (Previous year : ₹ 99.16 lakhs)

b) Amount spent during the year :

		paid	Yet to be paid	Total
I.	Construction /acquisition of any asset	Nil	Nil	Nil
ii.	On purposes other than (i) above contribution made to a registered Trust*	₹ 137.93 lakhs	Nil	₹ 137.93 lakhs

* Contribution made to a Registered Trust named NTR Memorial Trust of ₹ 137.93 lakhs during the Financial Year 2016-17 (Previous year : ₹ 99.16 lakhs).

Note: 50 The financial statements for the year ended March 31, 2016 are prepared as per Schedule III of the Companies Act, 2013 and in or form as near as thereto.

Note: 51 Previous year figures are regrouped / reclassified, wherever necessary. The comparison of the results with previous year is subject to the accounting effect of the Composite Scheme of Arrangement.

Note: 52 The amounts in the financial statements are presented in Indian Rupees in lakhs

Form AOC-1

(Persuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules 2014)

Statement containing salient feature of the financial statements of subsidiaries/associate companies/joint ventures

(₹ in lakhs)

Part "A" Subsidiaries

Sr.No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	As at					For the year ended						
				Reporting currency and Exchange rate as on the last day of the relevant financial year in the case of foreign subsidiaries	Share cpai-tal	Re-serves & Sur-pluses	Total Assets	Total Lia-bilities	In-vest-ments	Turn over	Profit / (Loss) before taxa-tion	Provision for taxa-tion (Incl. Deferred Tax)	Profit / (Loss) after taxa-tion	Pro-posed Divi-dend	Extent of share holding (%)
1	Heritge Foods Retail Limited (Subsidiary):		Reporting Period												
	As at /Year ended :		Same												
	31.03.2017		Reporting Period	No foreign subsidiaries	50.00	(282.71)	2982.99	3215.70	-	36,948.76	89.61	86.69	2.92	-	100.00
	31.03.2016	01.12.2008	Same	No foreign subsidiaries	16.56	(14.66)	2.94	0.47	-	-	(0.24)	-	(0.24)	-	99.64
2	Heritage Conpro Limited (Subsidiary):		Reporting Period												
	As at /Year ended :		Same												
	31.03.2017		Reporting Period	No foreign subsidiaries	-	-	-	-	-	-	(3.41)	-	(3.41)	-	-
	31.03.2016	10.01.2011	Same	No foreign subsidiaries	10.04	(3.62)	6.82	0.40	-	-	(0.17)	-	(0.17)	-	75.70

During the Financial Year 2016-17, Heritage Conpro Limited a subsidiary of Heritage Foods Limited has been wounded up its business.

Part "B" : Associates and Joint ventures

Statement persuant to Sec 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No	Name of the Associ-ates/Joint Ventures	1. Latest au-dited Balance sheet Date	2. Date on which the Associate or Joint Venture was associated or acquired	3. Shares of Associates/Joint Ventures held by the company on the year end			4. Descrip-tion of how there is signigicant influence	5. Reson why the associate/ Joint venture is not consoli-dated.	6. Net worth attributable to share holding as per latest audited Balance sheet.	7. Proft/ (Loss) for the year	
				No.	Amount of Investment in Associates/Joint Venture (₹ In lakhs)	Extent of Holding (%)				i. Consid-ered in con-solidation	ii. Not con-sidered in Con-solidation
1	Skill Raigam Power (India) Limited (Associate)	31.03.2017	2011-12	650000	65.00	44.83	N.A	N.A	56.26	(0.09)	(0.11)
		31.03.2016		650000	65.00	44.83	N.A	N.A	56.35	(0.09)	(0.11)

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

M SIVARAM PRASAD
Partner
Membership No.018943

Date: May 25, 2017
Place : Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN: 02338940

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

Umakanta Barik
Company Secretary
M.No.FCS 6317

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ATTENDANCE SLIP

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-30685458
E-mail: hfl@heritagefoods.in website: www.heritagefoods.in

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

DP ID*	

Folio Number	

Client ID*	

No. of Shares	

Name & Address (in BLOCK letters):

I/we certify that I/we am/are a registered shareholder(s)/proxy(s) for the registered shareholder of the Company. I/we hereby record my/our presence at the 25th Annual General Meeting of the Company to be held at National Institute for Micro, Small and Medium Enterprises, Yousufguda, and Hyderabad - 500045 on Wednesday, the 23rd August, 2017 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**

PROXY FORM

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-30685458
E-mail: hfl@heritagefoods.in website: www.heritagefoods.in

[Pursuant Section 105(6) of the Companies Act 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014 - Form No. MGT-11

Name of the Member(s):	
Registered address:	
Folio No./Client Id:	DP ID:
E-mail Id:	

I/We, being the member(s) having..... Shares of the above named Company, hereby appoint:

1.	Name :	Address :
	E-mail Id :	Signature :
	or failing him/her	
2.	Name :	Address :
	E-mail Id :	Signature :
	or failing him/her	
3.	Name :	Address :
	E-mail Id :	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, the 23rd August, 2017 at 11.00 a.m. at National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolutions	Vote (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business:				
1.	Adoption of Financial Statement: a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2017, the Reports of the Board of Directors and Auditors thereon ; and b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2017.			
2.	To declare a dividend of ₹ 4.00/- per share (40%) on equity shares of face value of ₹ 10/- each (including the special dividend of ₹ 1.00/- per equity share (10%) on equity shares of ₹ 10/- each on the event of Silver Jubilee year of the Company) for the financial year ended on March 31, 2017.			
3.	To appoint a Director in place of Dr. V Nagaraja Naidu (DIN: 00003730) who retires by rotation and being eligible, offers himself for re-appointment.			
4.	To appointment of auditors of the Company, and to fix their remuneration.			

Signed this_____day of_____2017

Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp

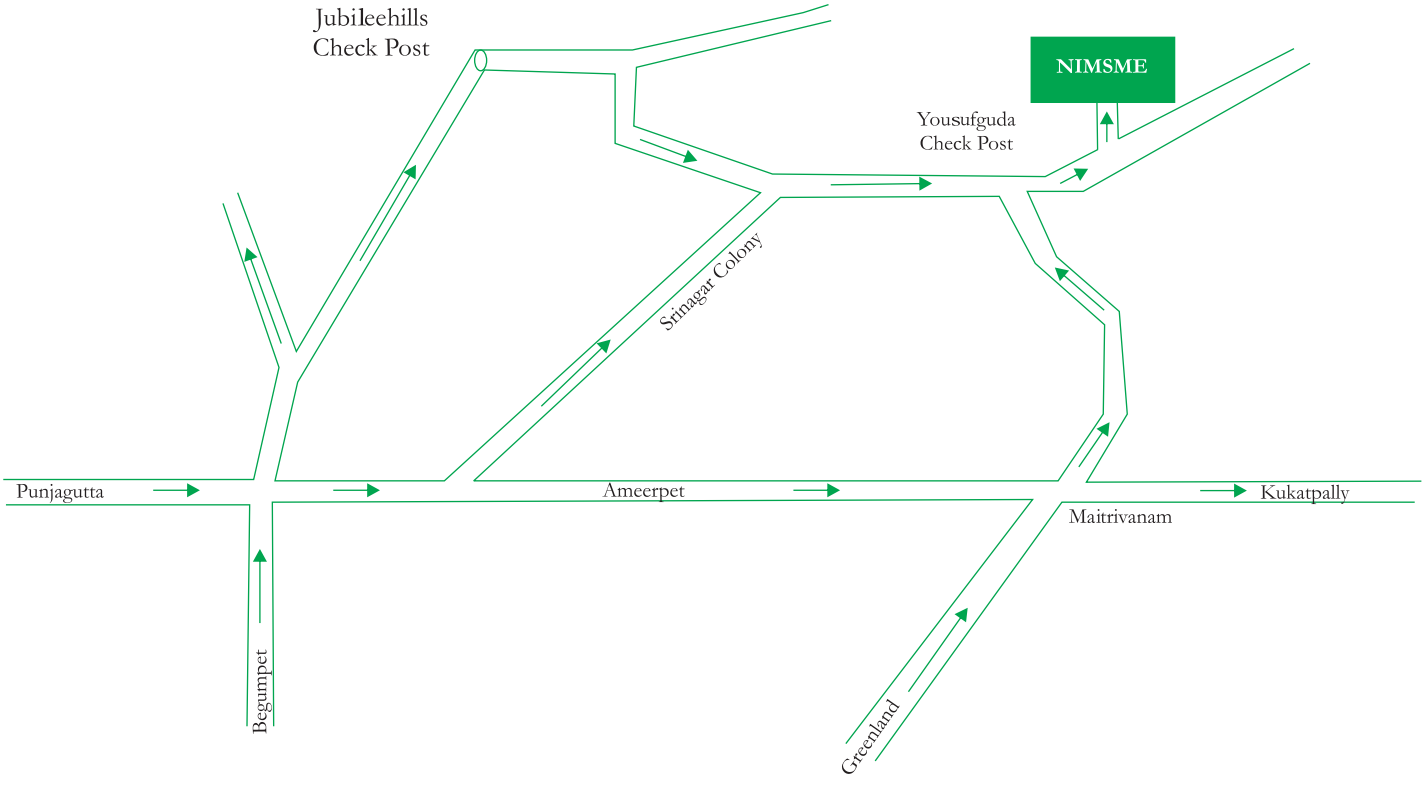
Notes:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. **A Proxy need not be a member of the Company.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders.

Notes

Notes

Rout Map of the Venue of the AGM



Address of AGM Venue:
National Institute for Micro, Small and Medium Enterprises (NIMSME)
Auditorium Hall, 2nd Floor, Training Block,
Yousufguda, Hyderabad – 500 045
Phone: 040-23608544
040-23608317

Heritage Foods Limited
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#6-3-541/C, Panjagutta, Hyderabad-500082, Telangana
Fax: 040-30685458 | Phone: 040-23391221/2
Email:hfl@heritagefoods.in | Website: www.heritagefoods.in

a K&A creation | www.kalolwala.co.in www.kalajyothi.com

Heritage™
HEALTH AND HAPPINESS

25 YEARS OF HERITAGE

FORM - A

Submission of Annual Audit Report (Standalone & Consolidated) as per Regulation 33(3)(d) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 for the Financial Year 31st March, 2017.

1	Name of the company		Heritage Food Limited
2	Annual financial statements for the year ended		31st March, 2017
3	Type of Audit observation		Un-Modified
4	Frequency of observation		NA
5	**Name**	**Designation**	**Signature**
Sri. D Seetharamaiah		Chairman Audit Committee (DIN: 00005016)	
Smt. N Bhuvaneswari		Vice Chairperson & Managing Director (DIN: 00003741)	
Sri. A Prabhakara Naidu		Chief Financial Officer (M. No: 200974)	
Sri M Siva Ram Prasad		Partner M/s. Raju & Prasad Statutory Auditors (FRN: 003475s)	

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HEALTH AND HAPPINESS