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7th Annual Report
2013-14

Bharti Retail Limited

easyday

REPORT OF THE BOARD OF DIRECTORS

To the Members
Bharti Retail Limited

Your Directors have pleasure in presenting their Seventh Annual Report of the Company together with Audited Accounts for the financial period starting from 1st January 2013 to 31st March 2014.

FINANCIAL HIGHLIGHTS

The summarized financial result for the period from 1st January 2013 to 31st March 2014 as compared with the earlier year is as under:

Particulars	For the Period ended March 31, 2014	For the Period ended December 31, 2012
Income	27,484,454,072	15,816,312,277
Total Expenditure	30,630,566,503	21,197,278,069
Net Profit/(Loss)	3,146,112,431	(5,380,965,792)
Earnings Per Share	(5.42)	(10.18)

OPERATIONS

Your Company has consolidated its presence with the increase in sales volume and taking the business towards growth. Your company is now operating 186 "easyday" stores and 20 "easyday Market" in the northern, southern and western region of the country and has plans to launch more stores in the coming year.

During the period, the supply & franchisee agreements with Bharti Wal-Mart Private Limited and WM India Technical and Consulting Services Private Limited were terminated and Company has successfully gone through the transition.

DIVIDEND

In view of the accumulated losses, Board of Directors of the Company is unable to recommend any dividend for the financial period under review.

RESERVES

The Company has a total negative reserves and surplus of INR 14,410,486,131 as on March 31, 2014.

DIRECTORS

Mr. Devendra Khanna is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. The Board recommends his reappointment for your approval.

Mr. Raj Kumar Jain was appointed as an Additional Director of the Company on 01.04.2014 and hold office only up to the date of the ensuing Annual General Meeting. Pursuant to Section 161 of the Companies Act, 2013 the company has received a notice from a shareholder proposing his candidature for the post of the director of the company. The Board of Directors recommends the same for your approval.

The Board of Directors of the company has noted that none of the directors is disqualified under section 274(1)(g) of the Companies act, 1956 during the year.

During the period Mr. Mukesh H Bhavnani and Mr. Manoj Kumar Kohli resigned from the Board of the Company. The Board taken on record their appreciation for the contribution made by them during their directorship in the Company.

AUDITORS

M/s S.R. Batliboi & Co. LLP, Chartered Accountants (bearing ICAI Regn. No. 301003E), the Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting of the Company. The Company has received their willingness for re-appointment as the Statutory Auditors of the Company and simultaneously their eligibility certificate pursuant to section 139 and 141 of the Companies Act, 2013 and rules made thereunder that the appointment, if made, will be in accordance within the limits. As per the provisions of section 139 of the Companies Act, 2013, statutory auditors will be appointed for a term of three consecutive years by the Shareholders at the Annual General Meeting subject to ratification of appointment at every Annual General Meeting. The Board of Directors recommends the same for your approval.

AUDITOR'S REPORT

The Board has duly examined the Statutory Auditors' report to the accounts, which is self explanatory and clarifications wherever necessary, have been included in the Notes to Accounts section of Annual Report.

As regards the comments under para (x) of the annexure to the Independent Auditors' Report regarding accumulated losses at the end of the financial year are more than fifty percent of its net worth and cash losses during current year and previous year, the Company is in the initial gestation period and had to incur losses for carrying retail losses in India. The accumulated losses of the Company are envisaged and mainly towards development of Infrastructure to support the long term growth plan.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

AUDIT COMMITTEE

The Company has constituted the Audit Committee. The Composition of Audit Committee is as following:

MEMBERS:

Mr. Raj Kumar Jain
Mr. Inderjit Walia
Mr. Devendra Khanna

PARTICULARS OF EMPLOYEES

The list of the employees whose particulars are to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached as **Annexure A**.

STATUTORY STATEMENTS

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

In terms of section 217(1)(e) read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 of the Companies Act, 1956 your directors furnish the information as below:

PARTICULARS	DESCRIPTION
Conservation of Energy	Creating awareness among staff to conserve energy. Energy conservation is considered as a major factor. In the Company this is achieved and maintained at every operation stage. Use of energy saving Equipments.
Technology absorption	NIL
Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.	The Company is not engaged in any Export activities.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	For the period ended 31st March 2014 (Amount in INR)	For the period ended 31st December 2012 (Amount in INR)
Foreign Exchange Earnings	Rs. Nil	Rs. Nil
Foreign Exchange Outgo	Rs. 39,911,710	Rs. 22,416,011

DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217(2AA)

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

(1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(2) 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 period from 1st January 2013 to 31st March, 2014 and of the loss of the company for that period;

(3) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(4) they have prepared the annual accounts on a going concern basis.

CHANGE OF FINANCIAL YEAR OF THE COMPANY

Presently, the Company was having its financial from 1st January to 31st December. During the year, the financial Year has been changed from 1st January to 31st December to 1st April to 31st March which is in line with the provisions of section 2(41) of the Companies Act 2013. The financial Year for the current year be fixed as 15 months commencing from 1st January 2013 to 31st March 2014 and the subsequent financial years of the Company be the period from 1st April to 31st March in each year.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the valuable contribution and dedicated efforts put in by the employees and for the assistance provided by the Bankers and other associates during the year.

ON BEHALF OF THE BOARD
FOR BHARTI RETAIL LIMITED

Raj Kumar Jain
Managing Director
DIN-01741527

Devendra Khanna
Director
DIN- 01996768

Date: ----------
Place: ----------

Bharti Retail Limited

REGD. OFFICE:- BHARTI CRESCENT, 1, NELSON MANDELA ROAD, PHASE-II, VASANT KUNJ, NEW DELHI-110070

Statement of particulars under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the period ended March 31, 2014 and forming part of the Directors' Report

Sl. No.	Name	Designation	Qualification(s)	Age (in years)	Date of Commencement of Employment	Total Previous Years of Experience(Yrs Days)	Gross Remuneration (in Rs.)	Previous Employment / Designation	% of Equity Capital held
(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR									
1	C S Muddaiah	General Manager.Loss Prevention & Safety	MBA	46	15-Jan-08	14.30	6,594,232.00	Wadhawan Food Retail Ltd (Spinach) / General Manager Operations	Nil
2	Sanjay Jha	General Manager.Commercial.Corporate Office	PGDBM	44	4-Aug-08	10.210	6,710,755.00	Coca-Cola India Ltd / Sr.Manager	Nil
3	Sandeep Gautam	Head.People	LLB, Masters - HR	45	10-Mar-10	17.000	7,257,736.00	DLFLAING O ROURKE I LTD / Asst. VP - HR & People Development	Nil
4	John Lee Wilcox	Senior Vice President.Operations	NA	48	9-May-11	26.330	18,036,680.00	Hypercity Retail / COO	Nil
(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR									
1	Viresh Dayal	Chief Commercial Officer	PGDBM	39	21-Oct-07	17.188	31,663,858.00	Bharti Enterprises - Corporate Director-Project	Nil
2	Pankaj Madan	Chief Financial Officer	MBA	49	1-Jan-14		2,034,342.00	Bharti Airtel Services Ltd / Finance Head	Nil
3	Raj Kumar Jain	Chief Executive Officer	Mechinical Engg.	55	1-Jan-14		7,135,660.00	Bharti Enterprises Ltd / Advisor	Nil
4	Manish Sabnis	Senior Vice President.SF - Store Operations	MBA	45	1-Feb-13	19.120	10,642,128.00	Bharti Walmart -Senior Vice President - Sales & BD	Nil
5	Anupam Goyal	Financial Controller.	Bachelor of Commerc	53	1-Jan-14	28.32	1,454,151.00	Bharti Walmart / Financial Controller	Nil
6	Bharath Upalliappan	Head.Food	MBA	42	1-Jan-14	18.213	1,911,621.00	Bharti Walmart /Head - Merchandising - Food & Private Label	Nil
7	Purandhar Potineni	GMM.Hardlines & Electronics	Post Graduation	41	1-Jan-14	16.213	1,179,957.00	Bharti Walmart /GMM - Hardline & Electronics	Nil
8	Parag Rastogi	GMM.Dry Grocery.Corporate Office	PGDBM	46	1-Jan-14	21.87	1,407,957.00	Bharti Walmart / GMM - Dry Grocery	Nil
9	Amit Chopra	GMM.Softlines & Home Soft	Bachelor of Arts	39	1-Jan-14	18.55	1,400,139.00	Bharti Walmart / GMM - Softlines	Nil
10	Hardeep Singh	Senior Vice President.Supply Chain & Logistics	Masters	45	1-Jan-14	19.301	2,557,834.00	Bharti Walmart /Senior Vice President - Supply Chain	Nil
11	Rajanikanth Pillutla	Head.Real Estate Development	PG Diploma	39	1-Jan-14	13.270	1,228,050.00	Bharti Reality Holdings Ltd	Nil
12	Sneer Chopra	Vice President.Business Controlling	CA	45	7-Jan-14	21.150	1,037,709.00	Bharti Walmart (BWM) /Vice President - Merchandising Planning	Nil

Notes: 1. Gross Remuneration comprises of Salary, Taxable Allowances & Perquisites and Company's contribution to Provident Fund

2. The employee would qualify for being included in Category (A) or (B) on the following basis:
   For (A) if the aggregate remuneration drawn by him during the year was not less than Rs. 60,00,000 p.a.
   For (B) if the aggregate remuneration drawn by him during the part of year was not less than Rs. 5,00,000 p.m

3. None of the employees mentioned above is a relative of any Director of the Company

4. None of the employees mentioned above holds 2% or more share capital of the Company

5. The employees are governed by the general terms and conditions of employment and the policies of the Company.

Date:
Place: New Delhi

Raj Kumar Jain
(Managing Director)

Devendra Khanna
(Director)

Sandeep Kumar
(Company Secretary)

S.R. BATLIBOI & CO. LLP
Chartered Accountants

5th Floor, Tower A
Building No. 10, DLF Cyber City
Gurgaon 122 002, India
Tel: +91 124 462 8000
Fax: +91 124 462 8001

INDEPENDENT AUDITOR'S REPORT

To the Members of Bharti Retail Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bharti Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the 15 months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss for the 15 months period ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the 15 months period ended on that date.

S.R. Batliboi & Co. LLP, a limited liability partnership firm incorporated in India having its registered office at 22, Camac Street, Block C, 3rd Floor, Kolkata 700 016

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Vikas Mehra**
Partner
Membership Number: 094421
Place: New Delhi
Date: 26/05/2014

S.R. BATLIBOI & Co. LLP
Chartered Accountants

Annexure referred to in Paragraph 3 of our report of even date
Re: Bharti Retail Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the reporting period but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the reporting period.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the reporting period.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and, having regard to the fact that discrepancies identified on physical verification are comparable to or better than the corresponding industry standards / benchmarks, as informed to us, such discrepancies were not material and have been properly dealt within the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the reporting period, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the reporting period end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth tax, service tax, sales-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (In Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	417,010	FY 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	1,709,090	FY 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	7,032,489	FY 2011-12	Commissioner of Income Tax (Appeals)
Total		9,158,589		

(x) *The Company's accumulated losses at the end of the reporting period are more than fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding reporting period.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debenture during the period.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the Company has used funds amounting to Rs.126.08 crores raised on short-term basis for long term investment (funding of losses).

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the period.

(xx) The Company has not raised any money through a public issue during the period. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

Bharti Retail Limited
Balance Sheet as at March 31, 2014

Particulars	Notes	March 31, 2014 Rs.	December 31, 2012 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	4	13,986,600,000	5,328,060,000
Reserves and surplus	5	(14,410,486,131)	(15,224,373,700)
		(423,886,131)	(9,896,313,700)
Non-current liabilities			
Long-term borrowings	6	-	3,262,540,000
Trade payables	7	-	175,092,786
Other long-term liabilities	7	1,400,677,083	1,103,525,993
Long-term provisions	8	44,036,327	41,666,903
		1,444,713,410	4,582,925,682
Current liabilities			
Short-term borrowings	9	1,830,000,000	3,007,855,261
Trade payables	10	1,585,238,259	6,731,850,303
Other current liabilities	10	331,525,781	404,818,360
Short-term provisions	8	404,511,359	125,929,112
		4,151,275,399	10,270,453,036
Total		5,172,102,678	4,957,065,018
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	1,406,309,177	1,839,391,302
Intangible assets	12	28,536,632	43,162
Capital work-in-progress		467,115,597	389,941,233
Long-term loans and advances	13	364,790,696	430,234,177
Other non-current assets	14.2	14,913,291	13,462,789
		2,281,665,393	2,673,072,663
Current assets			
Inventories	15	2,235,150,942	1,564,088,350
Trade receivables	14.1	5,625,755	5,429,977
Cash and bank balances	16	224,925,096	373,209,709
Short-term loans and advances	13	423,601,754	340,566,841
Other current assets	14.2	933,738	697,478
		2,890,437,285	2,283,992,355
Total		5,172,102,678	4,957,065,018
Summary of significant accounting policies	3.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: New Delhi
Date: 24/7/2014

For and on behalf of the board of directors of Bharti Retail Limited

Raj Kumar Jain
(Managing Director)

Devendra Khanna
(Director)

Sandeep Kumar
(Company Secretary)

Pankaj Madan
(Chief Financial Officer)

Bharti Retail Limited
Statement of profit and loss for fifteen months period January 1, 2013 to March 31, 2014

Particulars	Notes	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Revenue from operations	17	23,431,198,822	15,782,950,106
Other income	18	94,852,122	33,362,169
Exceptional items	23	3,958,403,128	-
Total Revenue (I)		27,484,454,072	15,816,312,277
Expenses			
Purchase of traded goods	19	22,891,452,072	15,311,361,348
(Increase) in inventories of traded goods	20	(669,548,229)	(28,817,980)
Employee benefits expense	21	1,726,267,974	1,211,670,718
Other expenses	22	5,368,534,390	4,155,030,162
Total (II)		29,316,696,207	20,649,244,248
Earning before interest, tax, depreciation and amortization (EBITDA) (I - II)		(1,832,242,135)	(4,832,931,971)
Depreciation and amortization expense	24	607,063,608	365,554,701
Finance costs	25	706,806,488	182,479,120
(Loss) for the period		(3,146,112,431)	(5,380,965,792)
(Loss) per equity share [nominal value of share Rs. 10 (December 31, 2012: Rs. 10)]	26		
Basic and Diluted		(5.42)	(10.18)
Summary of significant accounting policies	3.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: NEW DELHI
Date: 26/09/2014

For and on behalf of the board of directors of Bharti Retail Limited

Raj Kumar Jain
[Managing Director]

Devendra Khanna
[Director]

Sandeep Kumar
[Company Secretary]

Pankaj Madan
[Chief Financial Officer]

Bharti Retail Limited

Cash flow statement for fifteen months period January 1, 2013 to March 31, 2014

Particulars	January 1, 2013 to March 31, 2014 (Rs.)	January 1, 2012 to December 31, 2012 (Rs.)
A. Cash flow used in Operating activities		
Profit/(Loss) before tax	(3,146,112,431)	(5,360,965,792)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation	607,063,808	365,554,701
Loss on sale of assets /assets written off (net)	199,006,907	35,212,736
Unrealised loss /(gain) on exchange fluctuation	24,494	(1,103,553)
Reversal of Lease equalisation reserve	(23,489,129)	(2,786,377)
Provision for store closure expenses / (written back)	137,060,585	(8,932,875)
Loss by fire	(43,554,830)	40,399,623
Advances / deposits written off	3,058,902	1,392,298
Provision for doubtful debts and advances	18,146,337	606,724
Provision for doubtful capital advance and capital work in progress	20,009,397	16,305,619
Liabilities written back	(3,958,403,128)	-
Net gain on sale of non-trade current investments	(11,250,827)	(8,117,705)
Interest income	(7,670,871)	(8,658,394)
Interest expense	684,334,486	179,831,920
Operating loss before working capital changes	(5,521,776,300)	(4,771,261,075)
Movements in working capital :		
Decrease/(increase) in loans and advances	1,853,445	(124,692,015)
(Increase) / decrease in trade receivables	(1,041,935)	1,604,609
(Increase) in inventories	(641,416,374)	(58,734,720)
(Decrease)/increase in current liabilities and provisions	(865,656,545)	3,596,638,237
Cash generated from operations	(7,028,039,709)	(1,356,444,964)
TDS refund received	-	6,103,430
Taxes paid (TDS)	(8,572,281)	(10,146,343)
Net cash flow used in operating activities - (A)	(7,036,611,990)	(1,360,487,877)
B. Cash flow used in investing activities		
Purchase of fixed assets (including capital work in progress & Capital Advances)	(638,563,944)	(837,454,715)
Interest received	7,026,465	7,994,496
Purchase of non-trade current investment mutual funds	(2,630,000,000)	(980,000,000)
Proceed from sale of non trade current investment in mutual funds	2,641,250,827	988,117,705
Deposits (with maturity more than three months)	(1,042,356)	(2,937,062)
Proceeds from sale of fixed assets/capital work in progress	11,893,495	18,005,263
Net cash flow used in investing activities - (B)	(609,435,513)	(806,274,313)
C. Cash flow from Financing activities		
Proceeds from short term borrowings	72,830,000,000	16,707,855,261
Re-payment from long term borrowings	(354,000,000)	(227,500,000)
Proceeds from long term borrowings	80,000,000	-
Re-payment from short term borrowings	(64,377,855,261)	(13,950,000,000)
Interest paid	(680,381,849)	(173,814,783)
Net cash flow from financing activities - (C)	7,497,762,890	2,356,540,478
Net (decrease) in cash and cash equivalents (A+B+C)	(148,284,613)	189,778,288
Cash and cash equivalents as at the beginning of the period	373,209,709	183,431,421
Cash and cash equivalents as at the end of the period	224,925,096	373,209,709

Bharti Retail Limited
Cash flow statement for fifteen months period January 1, 2013 to March 31, 2014

Particulars		January 1, 2013 to March 31, 2014 (Rs.)	January 1, 2012 to December 31, 2012 (Rs.)
Components of cash and cash equivalents			
Cash on hand		69,612,130	61,694,048
Balances with scheduled banks			
On current account		125,312,966	161,515,661
On deposit accounts with original maturity of less than three months		30,000,000	150,000,000
Cash and cash equivalent in cash flow statement		224,925,096	373,209,709
Summary of significant accounting policies	3.1		

Notes:-

1. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3, cash flow statements, as notified by Companies (Accounting Standards) Rules 2006.
2. Figures in brackets indicate cash out flow.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: NEW DELHI
Date: 26/09/2014

For and on behalf of the Board of Directors of Bharti Retail Limited

Raj Kumar Jain
(Managing Director)

Devendra Khanna
(Director)

Sandeep Kumar
(Company Secretary)

Pankaj Madan
(Chief Financial Officer)

CERTIFIED TRUE COPY

FOR BHARTI RETAIL LIMITED

1 Corporate Information

Bharti Retail Limited ('the Company') is a public Company domiciled in India and incorporated under the provisions of Companies Act,1956 on February 7, 2007.The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

2 Going Concern

The accumulated losses of the Company as at March 31, 2014 amounting to Rs. 14,410,486,131 (Rs. 15,224,373,700 as at December 31, 2012) has resulted in erosion of net worth as on that date. Further, it has incurred negative cash flow from operations of Rs. 7,036,611,990 (Previous year Rs. 1,360,487,877) and loss of Rs. 3,146,112,431 (Previous year Rs. 5,380,965,792) during the 15 months period ended March 31, 2014 and has net current liability of Rs. 1,260,838,114 (Rs. 7,986,460,681 as at December 31, 2012) as at March 31, 2014.

However as the Company had started commercial operations during the year 2008, the management believes that it is in the initial gestation period and had expected to incur losses for carrying out retail business in India. The accumulated losses of the Company are envisaged and mainly towards development of infrastructure to support the long term growth plan. The Company has got a commitment of continued financial support from Parent Company (Bharti Enterprises Limited) to contribute to the shortfall of the capital requirements.

On the above basis, the management is of opinion that there is no going concern issue with the Company and accordingly the financial statements have been prepared on going concern basis.

3 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting Standards notified under the Companies (Accounting Standards) Rule 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

3.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

Assets	Rates (Straight line method)
Plant and Machinery	20.00%
Office Equipments	
- Mobiles	50.00%
- Others	20.00%
Furniture and Fixtures	10.00% - 14.29%
Computers	
- Servers and networks	20.00%
- End user devices, such as, desktops, laptops, etc.	33.33%
Leasehold improvements	
- Electrical installations and Equipment	10.00%
- Leasehold Improvements	lease term or 15 years, whichever is lower

Assets individually costing Rs. 5,000 or less are fully depreciated over a period of 12 months from the date put to use.

d. Intangible assets

Software is stated at cost of acquisition and includes all attributable costs of bringing the software to its working condition for its intended use.

b. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized leased asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act,1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

c. Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

d. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

e. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

f. Inventories

Inventories of Traded goods at retail stores are valued by the retail method of accounting on weighted average basis at the lower of cost or Net realizable value.

Inventories of Traded goods and Stores & supplies at warehouse is valued at lower of cost and net realizable value. Cost of Traded goods and Stores & supplies inventory is determined on weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

g. 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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income form services

Income form services includes:

(a) Income from sub-leasing which is recognised in the Statement of Profit and Loss Account on a straight-line basis over the lease term.

(b) Income from services are recognized on accrual basis as per the terms of agreement as and when such services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Insurance Claims

Insurance claims are accounted only when there is a reasonable certainty of its ultimate collection.

h. Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

i. Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the reporting period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) The Company operate one defined benefit plan for its employees. The cost of providing benefits under Gratuity plan is determined on the basis of an actuarial valuation done using projected unit credit method at the end of each reporting period. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

(iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Liability for long term incentive plan are provided for on the basis of actuarial valuation on projected unit credit method made at the end of each reporting period. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

j. Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities.

k. Earnings / (Loss) Per Share

Basic earnings / (Loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

l. Provisions

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

The expense relating to any provision is presented in the statement of profit and loss account net of any reimbursement.

m. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

o. Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

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4 Share capital

	March 31, 2014 Rs.	December 31, 2012 Rs.
Authorized shares		
1,400,000,000 (December 31,2012 : 800,000,000) equity shares of Rs 10 each	14,000,000,000	8,000,000,000
Issued, subscribed and fully paid-up shares		
1,398,660,000 (December 31, 2012: 532,806,000) equity shares of Rs 10 each fully paid up	13,986,600,000	5,328,060,000
Total issued, subscribed and fully paid-up share capital	13,986,600,000	5,328,060,000

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period

	March 31, 2014		December 31, 2012	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the period	532,806,000	5,328,060,000	513,126,000	5,131,260,000
Issued during the period	865,854,000	8,658,540,000	19,680,000	196,800,000
Outstanding at the end of the period	1,398,660,000	13,986,600,000	532,806,000	5,328,060,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. 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 shareholders.

(c) Shares held by holding / ultimate holding company

Out of the equity shares issued by the Company, shares held by holding / ultimate holding Company are as below:

	March 31, 2014 Rs.	December 31, 2012 Rs.
Cedar Support Services Limited, the holding Company*		
1,398,659,994 (December 31, 2012: 532,805,994) equity shares of Rs. 10 each fully paid	13,986,599,940	5,328,059,940

* 100% subsidiary of Bharti Enterprises Limited (December 31, 2012: 100% subsidiary of Bharti Ventures Limited)

As at March 31, 2014 Six (December 31, 2012: Six) equity shares of Rs 10 each fully paid are held by nominee shareholders of Cedar Support Services Limited.

(d) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2014 Nos.	% holding	December 31, 2012 Nos.	% holding
Equity shares of Rs 10 each fully paid up				
Cedar Support Services Limited, Holding Company	1,398,659,994	99.99%	532,805,994	99.99%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

5 Reserves and surplus

	March 31, 2014 Rs	December 31, 2012 Rs
Capital reserve		
Balance as per last financial statements	-	-
Addition during the period*	3,960,000,000	-
	3,960,000,000	-
Deficit in the statement of profit and loss		
Balance as per last financial statements	(15,224,373,700)	(9,843,407,908)
Loss for the period	(3,146,112,431)	(5,380,965,792)
	(18,370,486,131)	(15,224,373,700)
Total reserves and surplus	(14,410,486,131)	(15,224,373,700)

*During the period, loan of Rs. 3,960,000,000 borrowed by the company from HSBC bank has been paid by Walmart on non-recourse basis. Walmart was holding Compulsorily Convertible Debentures and was a joint venture in the Company's holding company i.e. Cedar Support Services Limited along with the Company's ultimate parent company i.e. Bharti Ventures Limited. This was pursuant to the terms of termination Agreement executed between these two parties earlier during the year basis the terms of which and also the joint venture Agreement, this repayment/waiver is in the nature of a capital contribution and has been accordingly transferred to Capital reserve in the Balance Sheet.

6 Long-term borrowings

	Non-current		Current Maturities	
	March 31, 2014 Rs.	December 31, 2012 Rs.	March 31, 2014 Rs.	December 31, 2012 Rs.
Term loans				
Loan from holding company*	-	3,262,540,000	-	-
	-	3,262,540,000	-	-

*Interest free unsecured loan originally repayable by September 2017, during the current period the loan has been converted into equity shares of the Company.

7 Other long-term liabilities

	March 31, 2014 Rs.	December 31, 2012 Rs.
Trade payables (refer note 34 for details of dues to micro and small enterprises)	-	176,092,786
Others		
Lease equalisation account	1,400,677,083	1,096,066,374
Deferred revenue	-	7,559,619
	1,400,677,083	1,103,625,993
	1,400,677,083	1,278,718,779

8 Provisions

	Long term		Short term	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for long term incentive plan	2,984,386	3,603,130	8,111,961	3,499,834
Provision for gratuity (refer note 27)	41,051,941	38,063,773	26,300,650	16,538,300
Provision for leave benefits	-	-	38,596,387	24,871,495
	44,036,327	41,666,903	73,008,998	44,909,329
Others				
Provision for expected store closure / dropped sites expenses (Refer note 38)	-	-	331,502,361	81,019,783
	-	-	331,502,361	81,019,783
	44,036,327	41,666,903	404,511,359	125,929,112

9 Short-term borrowings

	March 31, 2014	December 31, 2012
	Rs.	Rs.
From bank:		
Secured		
- Overdraft	-	7,855,261
Short-term borrowings		
- Working capital loan		1,600,000,000
Unsecured		
- Working capital loan	500,000,000	500,000,000
From financial institutions:		
Unsecured		
- Inter Corporate Deposits (Unsecured)	-	400,000,000
From related parties:		
Unsecured		
- Loan from related party	1,330,000,000	300,000,000
	1,830,000,000	3,007,855,261
The above amount includes		
Secured borrowings	-	1,607,855,261
Unsecured borrowings	1,830,000,000	1,400,000,000

(i) Unsecured loan from bank is repayable by Apr 2014 and carries an interest rate of 11.20%.

(ii) Unsecured loan from Bharti Venture Limited. The loan carries interest rate of 11% compounded on monthly basis up to January 16, 2014. Thereafter, interest has been waived as per the agreement between the parties.

10 Other current liabilities

	March 31, 2014 Rs.	December 31, 2012 Rs.
Trade payables (refer note 34 for details of dues to micro and small enterprises)	1,585,238,259	6,731,850,303
Other liabilities		
Payable for capital goods	99,851,689	210,310,757
Lease equalisation account	2,572,622	312,188
Deferred revenue	5,648,618	12,566,343
Interest accrued but not due on borrowings	9,734,165	5,781,528
Others		
Security deposits received	3,121,693	2,872,662
Advance from customers	9,344,588	8,678,371
Staff payables	54,752,899	74,256,145
Statutory dues	146,499,507	90,040,366
	331,525,781	404,818,360
	1,916,764,040	7,136,668,663

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11 Tangible assets

(Amounts in Rs.)

	Leasehold Improvements	Plant and Machinery	Office equipments	Furniture and Fixtures	Computers Hardware	Total
Cost						
At 1 January 2012	475,043,036	657,654,995	10,805,238	496,486,580	342,300,447	1,982,290,296
Additions*	206,184,004	200,594,508	3,495,200	225,880,321	96,646,992	732,801,025
Disposals / adjustments during the period	(35,978,408)	(11,479,683)	(846,884)	(24,087,564)	(4,180,686)	(76,573,225)
At 31 December 2012	645,248,632	846,759,820	13,453,554	698,279,337	434,766,753	2,638,518,096
Additions*	74,893,935	123,018,856	1,551,404	114,776,337	53,353,177	366,793,709
Disposals / adjustments during the period	(99,609,851)	(75,618,636)	(2,167,306)	(172,303,188)	(14,303,081)	(363,901,962)
At 31 March 2014	619,732,716	894,270,140	12,837,652	640,752,486	473,816,849	2,641,409,843
Depreciation						
At 1 January 2012	53,295,465	193,829,433	7,207,156	101,999,398	105,523,362	461,944,804
Charge for the year	43,387,786	152,447,933	2,295,025	91,955,019	75,039,162	365,084,925
Disposals / adjustments during the period	(8,647,458)	(6,332,644)	(787,704)	(10,612,460)	(1,523,169)	(27,902,935)
At 31 December 2012	88,035,793	339,944,722	8,764,977	183,341,957	179,039,355	799,126,794
Charge for the year	71,287,590	208,236,879	2,771,295	124,985,640	197,925,105	605,206,509
Disposals / adjustments during the period	(34,402,462)	(49,920,293)	(2,002,070)	(73,872,743)	(10,435,109)	(169,232,637)
At 31 March 2014	124,920,911	499,661,348	9,534,202	234,454,854	366,529,351	1,235,100,666
Net Block						
At 31 December 2012	557,212,849	506,825,098	4,688,577	514,937,380	255,727,398	1,839,391,302
At 31 March 2014	494,811,805	394,608,792	3,303,450	406,297,632	107,287,498	1,406,309,177

* The Company is in the process of opening up of new stores. Accordingly certain capitalization has been made on provisional basis and adjustments, if any, on account of receipt of final bills will be made as and when such bills are received. In view of the management, impact of such adjustments will not be material.

** During the period, the Company based on detailed assessment of the future cash flows at its identified CGUs, has concluded that no further provision for impairment losses other than provision for expected store closure / dropped sites expenses of Rs.331,502,361 is considered necessary.

12 Intangible assets

(Amounts in Rs.)

	Computer Software	Total
Gross block		
At 1 January 2012	2,998,097	2,998,097
Purchases	-	-
At 31 December 2012	2,998,097	2,998,097
Purchases	30,350,769	30,350,769
At 31 March 2014	33,348,866	33,348,866
Amortization		
At 1 January 2012	2,488,159	2,488,159
Charge for the period	468,776	468,776
At 31 December 2012	2,956,935	2,956,935
Charge for the period	1,857,299	1,857,299
At 31 March 2014	4,812,234	4,812,234
Net Block		
At 31 December 2012	43,162	43,162
At 31 March 2014	28,536,632	28,536,632

13 Loans and advances

		Non-current		Current	
		March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
		Rs.	Rs.	Rs.	Rs.
Capital advances					
Unsecured, considered good		44,087,543	13,116,043	-	-
Doubtful		460,178	-	-	-
		44,547,721	13,116,043	-	-
Less: Provision for doubtful capital advances		(460,178)	-	-	-
	A	44,087,543	13,116,043	-	-
Security deposit					
Unsecured, considered good		281,196,020	337,118,956	186,057,326	119,731,215
Doubtful		-	-	12,350,608	5,901,316
		281,196,020	337,118,956	198,407,934	125,632,531
Less: Provision for doubtful security deposit		-	-	(12,350,608)	(5,901,316)
	B	281,196,020	337,118,956	186,057,326	119,731,215
Advances recoverable in cash or kind					
Unsecured considered good		17,566,351	58,927,204	169,861,843	193,052,952
Doubtful		-	-	19,082,057	8,491,347
		17,566,351	58,927,204	188,943,900	201,544,299
Less: Provision for doubtful advances		-	-	(19,082,057)	(8,491,347)
	C	17,566,351	58,927,204	169,861,843	193,052,952
Other loans and advances					
Advance income-tax (net of provision for taxation)		5,881,690	7,752,489	18,497,421	8,054,341
Advance Fringe benefit tax (net of provision for taxation)		-	-	269,138	269,138
Prepaid expenses		836,617	-	33,446,684	10,004,764
Balances with statutory/ government authorities		15,222,475	13,319,485	15,469,342	9,454,431
	D	21,940,782	21,071,974	67,682,585	27,782,674
Total (A+ B + C + D)		364,790,696	430,234,177	423,601,754	340,566,841

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14 Trade receivables and other assets

14.1 Trade receivables

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	69,642	22,873
Doubtful	-	-	271,368	72,594
	-	-	341,010	95,467
Less: Provision for doubtful receivables	-	-	(271,368)	(72,594)
	-	-	69,642	22,873
Other receivables				
Unsecured, considered good	-	-	5,756,113	5,407,104
Doubtful	-	-	516,508	69,125
	-	-	6,272,621	5,476,229
Less: Provision for doubtful receivables	-	-	(516,508)	(69,125)
	-	-	5,756,113	5,407,104
	-	-	5,825,755	5,429,977

14.2 Other assets

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Non Current bank balances (note 16)	13,841,829	12,799,473	-	-
Others				
Interest accrued on fixed deposits	1,071,462	663,316	6,164	30,738
Interest accrued on other	-	-	927,574	666,740
	14,913,291	13,462,789	933,738	697,478

15 Inventories

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Traded goods inventory at retail store (valued at retail method of accounting) (Includes in transit Rs.6,932,764 (December 31, 2012: Rs.15,866,319))	1,617,630,349	1,560,114,874
Traded goods inventory at warehouse (valued at lower of cost and net realisable value) (Includes in transit Rs.955,453 (December 31, 2012: Rs. Nil)]	612,032,754	-
Stores & supplies (valued at lower of cost and net realisable value)	5,487,839	3,973,476
	2,235,150,942	1,564,088,350

Details of Inventory

	March 31, 2014	December 31, 2012
	Rs.	Rs.
Food	961,579,752	546,006,771
Non Food		
FMCG	643,036,339	633,343,880
Others	625,047,012	380,764,223
	2,229,663,103	1,560,114,874

16 Cash and bank balances

	Non-current		Current	
	March 31, 2014	December 31, 2012	March 31, 2014	December 31, 2012
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	125,312,966	161,515,661
- Deposits with original maturity of less than three months	-	-	30,000,000	150,000,000
Cash on hand	-	-	69,612,130	61,694,048
	-	-	224,925,096	373,209,709
Other bank balances				
- Deposits with original maturity for more than 12 months	4,412,621	4,124,911	-	-
- Margin Money deposits	9,429,208	8,674,562	-	-
	13,841,829	12,799,473	-	-
Amount disclosed under non-current assets (note 14.2)	(13,841,829)	(12,799,473)	-	-
	-	-	224,925,096	373,209,709

Margin money deposits

Margin money deposits of Rs. 9,429,208 (December 31, 2012: Rs.8,674,562) are given against bank guarantees. Deposits of Rs. 4,412,621 (December 31, 2012: Rs.4,124,911) given as security to various Tax authorities and Agriculture produce marketing committees.

Bharti Retail Limited
Notes to financial statements for fifteen months period January 1, 2013 to March 31, 2014

17 Revenue from operations

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Revenue from operations		
Sale of products		
Traded goods	23,311,097,407	15,703,686,682
Sale of services		
Sub lease income	60,389,981	41,408,180
Others	20,701,574	18,310,590
Other operating revenues		
Scrap sales	39,009,860	19,544,656
	23,431,198,822	15,782,950,108

Details of product sold (Traded goods)

Particulars	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Food	14,318,484,717	9,675,037,127
Non Food		
FMCG	4,002,283,433	2,669,407,494
Others	4,990,329,257	3,359,162,061
	23,311,097,407	15,703,686,682

18 Other income

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Interest income on		
Bank deposits	7,410,034	6,670,861
Others	260,837	1,987,533
Net gain on sale of non-trade current investments	11,280,827	8,117,705
Provision for expected store closure (net)	-	8,952,875
Reversal of lease equalisation reserve in respect of closed store / dropped sites	23,489,129	2,786,377
Other non operating income	52,441,295	4,666,818
	94,852,122	33,362,169

19 Purchases

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Traded goods purchased	22,891,452,072	15,311,361,348
	22,891,452,072	15,311,361,348

Details of traded goods purchased

	January 1, 2013 to March 31, 2014 Rs.	January 1, 2012 to December 31, 2012 Rs.
Food	14,340,699,666	9,683,208,918
Non Food		
FMCG	3,739,317,795	2,425,935,403
Others	4,811,434,589	3,202,217,027
	22,891,452,072	15,311,361,348

20 (Increase) in inventories of traded goods

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Inventories at the end of the year	2,229,663,103	1,560,114,874
Inventories at the beginning of the year	1,560,114,874	1,531,296,894
	(669,548,229)	(28,817,980)

21 Employee benefit expense

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Salaries, wages and bonus	1,497,745,645	1,052,267,884
Contribution to provident and other fund	94,544,134	53,643,658
Gratuity expense (refer note 27)	36,333,291	19,156,178
Staff welfare expenses	97,634,904	86,602,998
	1,726,257,974	1,211,670,718

22 Other expenses

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Consumable stores	133,237,657	157,987,566
Rates, fees and taxes	30,625,490	36,583,278
Rent	1,485,256,966	1,135,737,507
Legal and professional	382,288,357	194,656,683
Recruitment & training	59,963,653	133,602,216
Insurance	24,373,569	8,703,555
Business support services	448,886,004	517,793,433
Royalty and management fees	206,267,216	156,370,614
Electricity and water	576,851,668	460,477,881
Freight and cartage	13,524,075	7,770,276
Repairs and maintenance - others	712,173,417	486,554,548
Advertising and sales promotion	452,359,109	416,615,699
Printing and stationery	16,951,001	14,587,565
Payment to auditor (refer details below)	8,220,615	6,205,300
Telephone, telex postage and fax	80,827,574	60,320,615
Travelling and conveyance	161,828,572	155,368,624
(Gain) / Loss on exchange fluctuation	45,636	(1,187,952)
Bank and Other Collection charges	124,491,305	84,032,130
Loss on sale of assets (net)	13,921,342	6,395,086
Assets written off*	185,085,565	28,817,650
Provision for doubtful debts and advances	18,146,337	606,724
Provision for doubtful capital advance and capital work in progress*	20,009,397	16,305,619
Provision for expected store closure / dropped sites (net of reversal of lease equalisation reserve of Rs. 113,421,993 (December 31, 2012: Nil)	137,060,585	-
Miscellaneous expenses	76,139,120	70,725,845
	5,368,534,390	4,155,030,162

* Includes fixtures, signages, IT equipment etc. written off / provided for being assets rendered unusable due to remodelling of stores and write off of the assets pertaining to closed stores

Payment to auditor

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
As auditor:		
Audit fee (net of reversal of provision of Rs. 345,000)	2,280,908	2,634,842
Tax audit fee	1,550,568	449,440
Limited review	3,764,060	2,640,460
In other capacity :		
Other services (certification fees)	292,136	224,720
Reimbursement of expenses	332,943	255,838
	8,220,615	6,205,300

Figures above are inclusive of service tax.

23 Exceptional items

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Liability written back	3,958,403,128	-
	3,958,403,128	-

During the period Rs. 3,958,403,128 has been written back which was payable to Bharti Wal-Mart Private Limited under the Supply Agreement with the Company for purchase of merchandise goods. This was pursuant to the terms of the agreement between the parties.

24 Depreciation and amortization expense

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Depreciation of tangible assets	605,206,509	365,084,925
Depreciation of intangible assets	1,857,299	469,776
	607,063,808	365,554,701

During the period, the Company has revised the useful lives of certain fixed assets. Accordingly, the depreciation charge for the current period is higher by Rs. 87,524,050

25 Finance costs

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Interest		
On term loan & bank overdraft	683,668,574	179,376,497
Others	665,912	455,423
Other borrowing cost	22,472,002	2,647,200
	706,806,488	182,479,120

26 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	January 1, 2013 to March 31, 2014	January 1, 2012 to December 31, 2012
	Rs.	Rs.
Net (loss) for calculation of basic and diluted EPS	(3,146,112,431)	(5,380,965,792)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic and diluted EPS (Nominal value of Rs.10 (December 31, 2012: Rs.10) each.	580,380,396	528,504,361

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27 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee irrespective of the year of service shall be paid gratuity at the time of separation with the Company from the period starting with the date of joining till the date of relieving at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	March 31, 2014	December 31, 2012
	Rs.	Rs.
Current service cost	28,660,180	20,919,660
Interest cost on benefit obligation	6,677,090	3,195,540
Net actuarial(gain)/Loss recognized in the	996,021	(4,959,022)
Net benefit expense	36,333,291	19,156,178

Balance sheet

Benefit asset/liability

	Gratuity	
	March 31, 2014	December 31, 2012
	Rs.	Rs.
Present value of defined benefit obligation	67,352,591	54,602,073
Fair value of plan assets	-	-
Plan asset/(Liability)	(67,352,591)	(54,602,073)

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	March 31, 2014	December 31, 2012
	Rs.	Rs.
Opening defined benefit obligation	54,602,073	42,193,838
Current service cost	28,660,180	20,919,660
Interest cost	6,677,090	3,195,540
Acquisitions	55,276	638,790
Liabilities Transfer	-	-
Benefits paid	(23,638,049)	(7,386,733)
Actuarial (gains)/losses on obligation	996,021	(4,959,022)
Closing defined benefit obligation	67,352,591	54,602,073

The principal assumptions used in determining gratuity obligation for the Company's plans is shown below:

	March 31, 2014	December 31, 2012
Discount rate	8.80%	8.20%
Employee turnover:		
-Home Office	20.00%	20.00%
-Stores	36.00%	36.00%

The estimate Rates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	March 31, 2014	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.
Gratuity					
Defined benefit obligation	67,352,591	54,602,073	42,193,838	34,132,050	30,926,440
Plan assets	-	-	-	-	-
Surplus/(deficit)	(67,352,591)	(54,602,073)	(42,193,838)	(34,132,050)	(30,926,440)
Experience adjustments on plan liabilities	(900,231)	2,901,552	4,477,791	1,183,220	(2,301,470)
Experience adjustments on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change on assumption	(95,790)	2,057,470	2,153,710	(479,460)	-

28 Leases

Operating lease: Company as lessee

General description of significant leasing arrangements is as follows:

i) The lease terms for office premises and store sites are for an initial period of three years to thirty years and are cancellable at the option of the Company by serving a pre-defined notice period. Such leases are renewable for 2 to 3 terms of three to ten years each at the option of the Company. Escalation between 12% to 15% is applicable after every 3 to 5 year on previously paid lease rent.

ii) The lease terms for company leased accommodation are for a period of eleven months to three years, and are cancellable at the option of the Company by serving a pre-defined notice period. Escalation between 5% is applicable after every year on previously paid lease rent.

iii) The lease terms for Vehicles obtained on lease are for a period of three years and are cancellable at the option of the Company by serving a pre-defined notice period. There is no escalation clause.

The Company records rent expense for operating leases using the straight-line method over the term of the lease agreement. Deferred rent representing expense recorded in excess of payments made is recorded under Other long-term liabilities / Other current liabilities as Lease equalization account.

The Company has also sub-leased some portion of store/office premises for a period of 3 months to 9 years.

Total lease rentals recognized in the statement of profit and loss for the period is Rs.1,485,256,966 (December 31, 2012: Rs.1,135,737,507).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2014 Rs.	December 31, 2012 Rs.
Within one year	872,685,474	854,035,827
After one year but not more than five years	3,684,307,527	3,681,279,371
More than five years	20,894,777,422	24,489,199,846
Sub-lease payments received (or receivable) recognised in statement of profit and loss for the period	60,389,981	41,408,180
Total future minimum sublease payments expected to be received under non-cancellable subleases	Nil	Nil

Note: Disclosure is given for lease term for which the Company intends to occupy the premises

29 Related party disclosures

a) Names of related parties and related party relationship

Related parties where control exists:	
Ultimate holding company	Bharti Enterprises (Holding) Private Limited Bharti Enterprises Limited (w.e.f. March 31, 2014) Bharti Ventures Limited (up to March 30, 2014)
Holding Company	Cedar Support Services Limited
Related parties with whom transactions have taken place during the year	
Fellow Subsidiary	Bharti Ventures Limited (w.e.f. March 31, 2014)
Enterprises over which, controlling parties either directly or indirectly, an interest in the voting power that gives them control or significant influence over the enterprise, is able to exercise significant influence over the Company.	Bharti Airtel Limited Bharti Airtel Services Limited Bharti Realty Holdings Limited Airtel M Commerce Services Limited Field Fresh Foods Private Limited Nxtra Data Limited Nile Tech Limited Bharti Wal-Mart Private Limited (up to December 31, 2013) Centum Learning Limited Bharti AXA General Insurance Company Limited

harti Retail Limited
otes to financial statements for fifteen months period January 1, 2013 to
arch 31, 2014

Related Party Transactions for the period ended March 31, 2014 (Amount in Rs.)

Particulars	Bharti Airtel Limited	Bharti Airtel Services Limited	Nila Tech Limited	Field Fresh Foods Private Limited	Airtel M Commerce Services Limited	Bharti Realty Holdings Limited	Bharti AXA General Insurance Company Limited	Bharti Enterprises Limited
penses incurred by us on behalf of Related Parties	8,264	-	-	-	-	-	-	-
penses incurred by Related Parties on our behalf	18,239,370	-	-	-	-	807,223	-	7,086,483
nployee Related Liability transfer to Related party	-	-	-	-	-	-	-	-
nployee Related Liability transfer From Related party	55,276	-	-	-	-	-	-	-
yment received against insurance Claim	-	-	-	-	-	-	39,456,868	-
le of Goods	-	-	-	-	-	-	-	-
ceiving of Services (including Service Tax)	63,408,288	3,427,765	11,350,860	-	48,574	2,286,481	25,150,325	-
rchase of Fixed Assets	19,079,325	78,729	-	-	-	-	-	-
le of Asset	-	-	-	-	-	-	-	-
nsecured Loan Received	-	-	-	-	-	-	-	-
nversion of Loan to Share Capital	-	-	-	-	-	-	-	-
epayment of Unsecured Loan	-	-	-	-	-	-	-	-
rchase of Goods (including taxes)	-	-	-	6,808,991	-	-	-	-
ability written back (exceptional income)	-	-	-	-	-	-	-	-
nagement Fees (including Service Tax)	-	-	-	-	-	-	-	36,138,261
yalty (including Service Tax)	-	-	-	-	-	-	-	-
ue of Share Capital	-	-	-	-	-	-	-	-
curity deposit transferred	223,353	-	-	-	-	-	-	-
ib Lease Income (including Service Tax)	6,009,033	-	-	-	-	-	-	-
terest on Unsecured Loan	-	-	-	-	-	-	-	-
mount Recoverable								
Trade Receivables	507,868	-	-	-	-	-	-	-
Advances	-	-	-	-	103	-	10,631,355	-
mount Payable								
Trade Payables	26,659,892	40,332	10,340,637	1,013,387	-	2,695,704	-	12,535,028
Unsecured Loans	-	-	-	-	-	-	-	-

Related Party Transactions for the year December 31, 2012

(Amount in Rs.)

Particulars	Bharti Enterprises (Holding) Private Limited	Cedar Support Services Limited	Bharti Wal-Mart Private Limited	Centum Learning Limited	Nxtra Data Limited	Bharti Ventures Limited	Total
penses incurred by us on behalf of Related Parties	-	1,343,306	23,795,054	-		-	25,138,360
penses incurred by Related Parties on our behalf	-	-	1,492,399	-	-	-	15,777,915
ployee Related Liability transfer to Related party	-	14,930	-	-	-	-	14,930
ployee Related Liability transfer From Related party	-	1,360,737	-	-	-	-	1,360,737
unt received against insurance claim	-	-	-	-	-	-	3,428,820
e of Goods	-	-	-	-	-	-	12,840,744
eiving of Services (including Service Tax)	-	152,690,012	-	47,996,887	2,286,211	-	266,895,040
chase of Fixed Assets	-	-	-	-	-	-	7,331,257
e of Asset	-	-	-	-	-	-	-
ecured Loan Received	-	-	-	-	-	500,000,000	500,000,000
nversion of Loan to Share Capital	-	-	-	-	-	-	-
payment of Unsecured Loan		727,500,000	-	-	-	-	727,500,000
chase of Goods (including taxes)	-	-	15,701,708,592	-	-	-	15,701,708,592
bility written back (exceptional income)	-	-	-	-	-	-	-
nagement Fees (including Service Tax)	-	-	-	-	-	-	24,256,219
alty (including Service Tax)	17,640,887	-		-	-	-	17,640,887
ue of Share Capital	-	196,800,000		-	-	-	196,800,000
urity deposit transferred	-	-		-	-	-	415,541
e Lease income (including Service Tax)	-	26,403,633	-	-	-	-	31,715,819
erest on Unsecured Loan	-	-	-	-	-	881,147	881,147
ount Recoverable							
rade Receivables	-	-	-	-	-	-	489,392
dvances	-	-	-	-	-	-	1,120,659
ount Payable							
rade Payables	4,618,895	2,559,912	5,990,541,795	11,247,472	2,286,211	881,147	6,041,450,486
Unsecured Loans	-	3,262,540,000	-	-	-	500,000,000	3,762,540,000

35 Value of imports calculated on CIF basis

	March 31, 2014 Rs.	December 31, 2012 Rs.
Capital Goods*	37,806,167	144,302,999
Consumables	7,382,548	1,013,383
Total	45,188,715	145,316,382

* Includes in transit Rs 33,268 (December 31, 2012: Rs 3,036,101)

36 Expenditure in foreign currency (accrual basis)

	March 31, 2014 Rs.	December 31, 2012 Rs.
Travelling and conveyance	985,087	1,026,833
Royalty (excluding service tax)	23,391,156	15,759,031
Professional Fees	15,535,467	5,630,147
	39,911,710	22,416,011

37 Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Purpose
Import trade payable (USD)	USD 236,186 (December 31, 2012: USD 352,170) [Rs. 14,194,754 (December 31, 2012: Rs. 19,290,909)]
Import trade payable (GBP)	GBP 1398 (December 31, 2012: GBP Nil) [Rs. 139,573 (December 31, 2012: Rs. Nil)]
Import trade payable (Euro)	Euro Nil (December 31, 2012: Euro 5,418) [Rs. Nil (December 31, 2012: Rs. 391,525)]

38 Provision for expected store closure / dropped sites expenses

The provision for expected store closure represents the expected losses that may arise due to closure/expected closure of a few stores in near future, owing to their below standard performance.

	March 31, 2014 Rs.	December 31, 2012 Rs.
Opening provision at the beginning of the year	81,019,783	89,952,658
Add: Additions during the year	299,728,786	22,038,873
Less: Amounts used during the year	(49,246,208)	(30,971,748)
Closing Provision at the end of the year	331,502,361	81,019,783

39 Segment Reporting

Business Segment

The Company has only one business segment i.e. Retail business.

Geographical Segment

The Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered operating in single geographical segment.

40 Previous year figures

a) Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current period figures are for the period of 15 months i.e. 1 Jan 2013 to 31 March 2014 vis a vis 12 months in the previous period.

b) The previous year figures have been reclassified to confirm to current year classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No.:301003E
Chartered Accountants

per Vikas Mehta
Partner
Membership No.: 094421

Place: NEW DELHI
Date: 26/09/2014

For and on behalf of the board of directors of Bharti Retail Limited

Raj Kumar Jain
[Managing Director]

Devendra Khanna
[Director]

Sandeep Kumar
[Company Secretary]

Pankaj Madan
[Chief Financial Officer]

CERTIFIED TRUE COPY

FOR BHARTI RETAIL LIMITED

8th Annual Report

2014-15

Bharti Retail Limited

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 8th Board's Report on the Company's business and operations, together with audited financial statements and accounts of Bharti Retail Limited for the financial year ended March 31, 2015.

Company Overview and Performance

Your Company has consolidated its presence by rolling out another 12 "easyday" small format stores in the various States and has closed total 18 stores which were non-profitable in management's view. Your Company is now operating total 201 "easyday" stores in various states of the country and the Company is planning to launch almost 45 more stores in the coming year.

The Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current year figures are for the period of 12 months i.e. 1st April 2014 to 31st March 2015 vis a vis 15 months in the previous period i.e. 1st January 2013 to 31st March 2014.

During the year the Company has made a total income of Rs. 18,494.54 mn. against expenditure of Rs. 22,286.66 mn. as compared to last year's total income of Rs. 27,503.54 mn. against expenditure of Rs. 30,649.65 mn. The total accumulated loss carried to the Balance Sheet as at 31st March 2015 is Rs. (18,202.60) mn.

Financial Highlights

The following are the key financial highlights of the Company for the financial year ending on March 31, 2015:

(Rupees in Mn.)

Particulars	Period ended March 31, 2015	Period ended March 31, 2014
Income	18,494.54	27,503.54
Total Expenditure	22,286.66	30,649.65
Profit/(Loss) before tax	(3,792.11)	(3,146.11)
Net Profit/(Loss) after Tax	(3,792.11)	(3,146.11)

Share Capital

The Authorised Share Capital of the Company is Rs. 25,000,000,000/- (Rupees Twenty Five Hundred Crores) divided into 2,500,000,000/- (Two Hundred Fifty Crore) equity shares of Rs. 10/- (Ten) each and the paid up Share Capital of the Company is Rs. 13,986,600,000/- divided into 1,398,660,000/- equity shares of Rs. 10/- (Ten) each as on 31st March 2015.

During the year, the Company has allotted 133,000,000 (Thirteen Crore Thirty Lac) equity shares of INR 10/- each on 27th April 2015 and 188,090,000 (Thirteen Crore Thirty Lac) equity shares of INR 10/- on 25th May 2015 to its existing shareholder i.e. Cedar Support Services Limited.

Holding, Subsidiaries and Associates Company

Your Company continues to be the 100% Subsidiary of Cedar Support Services Limited.

Bharti Retail Limited
CIN: U51909DL2007PLC158953
2nd Floor, Wing B & C, Plot No. 16, Atlas Chowk, Udyog Vihar Phase IV, Sector 18, Gurgaon-122015, Haryana, India. Tel: +91-124-424 7528, Fax: +91-124-4248028
Regd. Office: Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi- 110 070 www.bharti-retail.in

Transfer to Reserve

The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2015.

Dividend

In view of losses during the period under review, the Board of Directors of the Company are unable to recommend any dividend for the financial year.

Fixed Deposits

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

Directors and Key Managerial Personnel

Pursuant to the provisions of the Companies Act, 2013, Mr. Inderjit Walia (DIN: 01812849) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment for your approval.

Mr. Rajendra Kumar Chopra (DIN:06942295) was appointed as Additional Director in the Company on 01.12.2014 who shall hold office up to the date of the upcoming annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

Mr. Raj Kumar Jain (DIN-01741527) was appointed as Managing Director & CEO for a period of 3 years with effect from 01st April, 2014 to 31st March, 2017. Mr. Raj Kumar Jain (DIN-01741527) has resigned from the Company as a Managing Director & CEO with effect from 30th November, 2014. Mr. Craig Wadsworth Wimsatt was appointed as CEO of the Company with effect from December 01, 2014.

Mr. Pankaj Madan was appointed as Chief Financial Officer (CFO) of the Company and he has resigned from the position of CFO with effect from 30th November, 2014. Mr. Anupam Goyal was appointed as CFO of the Company with effect from December 01, 2014.

In compliance with the provisions of Section 149 (4) & (6) of the Companies Act, 2013, Mr. Sridhar Natarajan (DIN: 07143571) and Ms. Veenu Mittal (DIN: 07143571) were appointed as Independent Directors of the Company on March 31, 2015 for a period of three years. The said appointment is subject to ratification by the members at the ensuing Annual General Meeting.

Board Committees

The Company has three committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. During the period under review, the Committees of the Board were reconstituted and presently comprises of the following members:

Audit Committee:

1. Mr. Sridhar Natarajan- Chairman
2. Mr. Devendra Khanna
3. Ms. Veenu Mittal

Nomination and Remuneration Committee:

1. Mr. Rajendra Kumar Chopra- Chairman
2. Mr. Sridhar Natarajan
3. Ms. Veenu Mittal

Corporate Social Responsibility (CSR) Committee

1. Mr. Devendra Khanna- Chairman
2. Mr. Sridhar Natarajan
3. Ms. Veenu Mittal

The current constitution and terms of reference of the above mentioned Committees fully conforms to the provisions of Companies Act, 2013.

Number of Board Meetings

During the year, the Directors of the Company met 8 (Eight) times on 07th May 2014, 19th June 2014, 21st July 2014, 26th September 2014, 14th November 2014, 01st December 2014, 23rd March 2015 and 31st March 2015. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

Audit Committee Meetings

During the financial year 2014-15, members of the Audit Committee met 4 (Four) times i.e. 19th June 2014, 26th September 2014, 14th November 2014 and 7th March 2015.

Nomination and Remuneration Committee Meetings

During the financial year 2014-15, members of the Nomination and Remuneration Committee met 2 (two) times i.e. 1st December 2014 and 31st March 2015.

Requisite information, as per the requirements of Secretarial Standard – 1 issued by ICSI is provided in the following table:

Name of Director	Director Identification Number (DIN)	Category	No. of Board Meetings attended (total held)	No. of Audit Committee Meetings attended (total held)	No. of Nomination and Remuneration Committee Meetings attended (total held)	No. of Corporate Social Responsibility Committee Meetings attended (total held)

Inderjit Walia	01812849	Non-Executive	8(8)	4(4)	2(2)	-
Devendra Khanna	01996768	Non-Executive	7(8)	4(4)	2(2)	-
Manoj Kumar Kohli	00162071	Non-Executive Director	2(8)	-	1(4)	-
Raj Kumar Jain[1]	01741527	Managing Director	5(8)	3(4)		
Rajendra Chopra[2]	06942295	Non-Executive	2(6)	1(4))	2(2)	-
Veenu Mittal[3]	07143818	Independent Director	-	-	-	-
Sridhar Natarajan[3]	07143571	Independent Director	-	-	-	-

1. Mr. Raj Kumar Jain resigned from the Board w.e.f. the close of business hours of November 30, 2014.
2. Mr. Rajendra Kumar Chopra was appointed as additional Director w.e.f. December 1, 2014.
3. Ms. Veenu Mittal and Mr. Sridhar Natarajan were appointed as Independent Directors w.e.f. March 31, 2015.

Risk Management Policy

In compliance with the provisions of the Companies Act, 2013 the Board of Directors on the recommendation of Audit Committee has approved and adopted the Risk Management Policy in its Board Meeting held on March 31, 2015.

This Risk Management Policy outlines the framework and procedures to assess and mitigate the impact of risks, and to update the Board and the senior management on a periodical basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures.

Corporate Social Responsibility (CSR) Policy

During the year, the Company has constituted a CSR Committee and formulated a CSR policy in accordance with the requirements of Section 135 and Schedule VII of the Companies Act, 2013.

During the FY 2014-15, the Company did not incur any expenditure towards CSR since the Company has incurred losses, therefore, the Company is not required to spend any amount required under the provisions of section 135 of Companies act 2013 and rules made thereunder.

Nomination & Remuneration Policy

In compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder, the Board of Directors on the recommendation of Nomination & Remuneration Committee has approved and adopted the Nomination and Remuneration Policy in its Board Meeting held on March 31, 2014. The Policy includes the following:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including Independent directors), Key Managerial Personnel ("KMP") and persons who may be appointed in senior management positions.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine remuneration of directors and KMPs.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of Company's targets.

Board Evaluation

In compliance with the provisions of the Companies Act, 2013, Nomination and Remuneration Committee has approved the process, format, attributes and criteria for the performance evaluation of the Board, Board Committees and Individual Directors.

The process provides that the performance evaluation shall be carried out on an annual basis. During the year, the evaluation process was completed by the Company which included evaluation of the Board as a whole, Board Committees and individual directors including the Managing Director.

A structured questionnaire formed key part of the evaluation process for reviewing the functioning and effectiveness of the Board. The evaluation process focused on various aspects of the Board and Committees functioning such as structure, composition, quality, board meeting practices and overall Board effectiveness.

Performance of individual directors was evaluated on parameters such as attendance at the meetings, participation and contribution, responsibility towards stakeholders and independent judgment.

Internal Financial Controls

A strong internal financial control culture is pervasive in the Company. The Company has a robust and comprehensive internal financial control system for all the major financial transactions to ensure reliability of financial reporting, timely feedback, compliance with laws and regulations etc.

Disclosure under the Sexual Harassment Act, 2013

No. of Complaints received – NIL
No. of Complaints disposed off - NA

Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s S.R. Batliboi & Co. LLP, were appointed as the Statutory Auditors of the Company by the shareholders in the Seventh Annual General Meeting held on September 26, 2014 for a period of three years i.e. up to Tenth Annual General Meeting of the Company.

The said appointment is subject to ratification by the members at every Annual General Meeting. The Company has received a certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants, to the effect that ratification of their appointment, if made shall be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Board has recommended ratification of appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, by the shareholders at the forthcoming annual general meeting.

Auditors' Report

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

Secretarial Auditors Report

M/s. Chandrasekaran Associates, Company Secretaries have conducted the Secretarial Audit of the Company for the financial year 2014-15. The secretarial audit report is provided as **Annexure A** to this report. The report does not contain any qualification or adverse remark.

Extract of Annual Return

In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extracts of Annual Return of the Company in form MGT-9 is provided as **Annexure B** to this Report.

Particulars of loans, guarantees or investments

The Company has not made any investment and guarantees during the period and has not granted any loan during the period.

Related Party transactions

All arrangements/transactions entered by the Company with its related parties during the year were in ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any arrangement/transaction with related parties which could be considered material and accordingly, the disclosure of Related Party Transactions in Form AOC 2 is not applicable. However, names of related parties and details of transactions with them have been included in Note no. 30 of standalone financial statements in accordance with provisions of Accounting Standard - 18.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

Being a Service providing organisation most of the information of the Company, as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable. However, the information, as applicable, has been given in **Annexure C** to this report.

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b) the directors had 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 and of the loss of the Company for that period;
c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) the directors had prepared the annual accounts on a going concern basis; and
e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Material Changes and Commitment

Subsequent to the year end, the Company in its board meeting dated May 4, 2015, has approved a composite scheme of arrangement under the provisions of Sections 391-394 read with Sections 100-104 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/ Companies Act, 2013 for demerger of the Retail Infrastructure Business Undertaking of the Company into Future Retail Limited and demerger of Retail Business Undertaking of Future Retail Limited and vesting in the Company with effect from the "the Appointed Date" as defined in the Scheme subject to appropriate approvals.

Further, subject to appropriate approvals it has also been resolved that the paid up share capital of the Company be reduced from INR 13,98,66,00,000 consisting of 1,39,86,60,000 equity shares of INR 10 each fully paid up to INR 8,69,56,522 divided into 4,34,78,261 equity shares of INR 2 (Rupees Two only) each, fully paid-up.

In view of the proposed arrangement, the Company has applied to the Company Law Board for shifting of its registered office from Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi-110070 to 6th & 7th Floor, Interface Building No. 7, Mindspace, Malad Link Road, Malad(W), Mumbai-400064, Maharashtra.

Acknowledgements

The Directors wish to place on record their appreciation for the assistance and co-operation extended by customers, bankers, vendors, business partners, various agencies and departments of Government of India and state governments where Company's operations are existing, supporting the Company's various projects.

The Directors also extend their appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance.

Date: 20th June 2015
Place: New Delhi

For and on Behalf of the Board

Bharti Retail Limited

Devendra Khanna
Director
DIN: 01996768

Inderjit Walia
Director
DIN: 01812849

Annexure A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2015

[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: U51909DL2007PLC158953

ii) Registration Date: February 07, 2007

iii) Name of the Company: Bharti Retail Limited

iv) Category / Sub-Category of the Company: Non-Government Company/ limited by shares

v) Address of the registered office and contact details: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi- 110070

vi) Whether listed company (Yes / No): No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited, 305, New Delhi House, 27, Barakhamba Road, New Delhi 110 001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Business of retailing a variety of household and consumer products through departmental store facilities under various formats	52110, 52190, 52201- 52209 except 52207 & 52208, 52312, 52321-52324, 52331-52339 except 52335, 52391, 52396, 52398	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Cedar Support Services Limited	U52599DL2007PLC159150	Holding	100	2(46)

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

I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF										
b) Central Govt.or State Govt.										
c) Bodies Corporates	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	
d) Bank/FI										
e) Any other										
SUB TOTAL:(A) (1)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	
(2) Foreign	Nil									
a) NRI-Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
SUB TOTAL (A) (2)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	

Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	
B. PUBLIC SHAREHOLDING	NIL									
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
C) Cenntral govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):										
(2) Non Institutions	Nil									
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)										

SUB TOTAL (B)(2):										
Total Public Shareholding (B)= (B)(1)+(B)(2)										
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil	

(ii) ***Shareholding of Promoters***

Sl No.	**Shareholders Name**	**Shareholding at the beginning of the year**			**Shareholding at the end of the year**			**% change in share holding during the year**
		No of shares	**% of total shares of the company**	**% of shares pledged encumbered to total shares**	**NO of shares**	**% of total shares of the company**	**% of shares pledged encumbered to total shares**	
1	Cedar Support Services Limited	1,398,660,000	100	Nil	1,398,660,000	100	Nil	Nil
	Total	1,398,660,000	100	Nil	1,398,660,000	100	Nil	Nil

(iii) ***Change in Promoters' Shareholding (specify if there is no change)***

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,398,660,000	100	1,398,660,000	100

2	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	Nil	Nil	Nil
3	At the End of the year	1,398,660,000	100	1,398,660,000	100

*(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs): NA***

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	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 (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel: NA

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	**No. of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	At the beginning of the year				
	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				

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,830,000,000	-	1,830,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	9,734,165	-	9,734,165
Total (i+ii+iii)		1,839,734,165		1,839,734,165
Change in Indebtedness during the financial year	2,940,000,000	(86,60,00,000)		2,074,000,000
Net Change	2,940,000,000	(86,60,00,000)		2,074,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	2,940,000,000	964,000,000	Nil	3,904,000,000
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	9,075,087	Nil	9,075,087
Total (i+ii+iii)	2,940,000,000	973,075,087	Nil	3,913,075,087

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Raj Kumar Jain[1]	---	---	---	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,568,318				18,568,318
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26,400				26,400
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option	Nil				
3.	Sweat Equity	Nil				Nil
4.	Commission - as % of profit - others, specify...	Nil				Nil
5.	Others, please specify (Medical, Petrol, Driver allowance & Employer contribution to PF)					
	Total (A)	18,594,718				18,594,718
	Ceiling as per the Act					

1. Mr. Raj Kumar Jain was Managing Director of the Company till November 30, 2015.

B. Remuneration to other directors: None of the Directors except Mr. Raj Kumar Jain drew remuneration from the Company during the FY 2014-15.

C. Remuneration to key managerial personnel other than MD/ Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary	CFO		Total
		Craig Wordsworth Wimsatt[1]	Sandeep Kumar	Pankaj Madan[2]	Anupam Goyal	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	23,411,665 32,797	2,588,401 32,400	7,042,940 26,400	22,68,790 16,500	35,311,796 108,097
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, (Employer contribution to PF & petrol medical & driver reimbursements)	-	-	-	-	-
	Total	23,444,462	2,620,801	7,069,340	2,285,290	35,419,893

1. Mr. Craig Wordsworth Wimsatt was appointed as CEO of the Company w.e.f. December 01, 2015.
2. Mr. Pankaj Madan was CFO of the Company till November 30, 2014.
3. Mr. Anupam Goyal was appointed as CFO of the Company w.e.f. December 01, 2015.

VII. **PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** - NIL

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

ANNEXURE -C

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES 2014.

(A) **Conservation of Energy**

a) **Steps taken or impact on conservation of energy**: NA

Your Company takes appropriate measures to reduce energy consumption by using energy efficient equipment, computers and processes. As an ongoing process your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient. Continuous study is being made on measures to conserve energy. The results wherever found suitable are implemented from time to time.
The implementation of the measures adopted for energy conservation has resulted in savings in energy and cost.

b) **Steps taken by the Company for utilising alternate sources of energy:**

We are not utilising alternate sources of energy.

c) **Capital investment on energy conservation equipments:**

Company has not made any capital investment in energy conservation equipments.

(B) **Technology Absorption**

a) **Efforts made towards technology absorption:**

Your Company continues to use the latest technology for innovation and improving the quality of its services.

b) **the benefits derived like product improvement, cost reduction, product development or import substitution:**

Company is getting benefits by using the latest technology for innovation and improving the quality of its services.

c) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

(i) the details of technology imported:
(ii) the year of import:
(iii) whether technology been fully absorbed:
(iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

During current year your company has not imported any technology

d) the expenditure incurred on Research and Development

The Company does not carry out any research and development activities and hence, does not incur any expenditure on R & D.

(C) **Foreign Exchange Earnings and Outgo**.

(a) **Activities Relating to Exports, initiatives taken to increase Exports, and Export Plans**:

The company is currently focusing on the opportunities in Indian & overseas market.

(b) **Foreign Exchange Earnings and Outgo:**

(In Rupees Mn.)

	For Jan 01, 2014-March 31, 2015	**For 2014-15**
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Used	85.10	64.43

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower-B
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INDEPENDENT AUDITOR'S REPORT

To the Members of Bharti Retail Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Bharti Retail Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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 thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 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 March 31, 2015, its Loss, and its cash flows for the year ended on that date.

CERTIFIED TRUE COPY

FOR BHARTI RETAIL LIMITED

Company Secretary

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("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 1 a statement on the matters specified in paragraphs 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 purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and 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 written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;

(f) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.094421

Place of signature: Gurgaon, Haryana
Date: June 09, 2015

Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Bharti Retail Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and having regard to the fact that the discrepancies identified on physical verification are comparable to or better than the corresponding industry standards, as informed to us, such discrepancies were not material and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it..

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (in Rs.)	Deposit (In Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	7,032,489	Nil	FY 2011-12	Commissioner of Income Tax (Appeals)
Delhi VAT Act, 2004	Value Added Tax	29,166,398	2,162,692	FY - 2010-11 & 2011-12	Additional Commissioner (Appeals)
UP VAT Act, 2008	Value Added Tax	707,445	10,703,600	FY 2010-11	Additional Commissioner (Appeals)
UP VAT Act, 2008	Value Added Tax	441,940	Nil	FY 2011-12	Appeal to be filed with Additional Commissioner (Appeals)
J&K VAT Act, 2005	Value Added Tax	263,648	Nil	FY 2011-12	Additional Commissioner (Appeals)
-	Total	37,611,920	10,703,600		

(vii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss in the current year and in immediately preceding reporting period.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues in respect of debentures during the year.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R.Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.094421

Place of signature: Gurgaon, Haryana
Date: June 26, 2015

Bharti Retail Limited
Balance Sheet as at March 31, 2015

Particulars	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	5	13,986,600,000	13,986,600,000
Reserves and surplus	6	(18,202,604,225)	(14,410,486,131)
		(4,216,004,225)	(423,886,131)
Share application money pending allotment		1,330,000,000	
Non-current liabilities			
Long-term borrowings	7	540,000,000	-
Other long-term liabilities	8	1,117,318,237	1,400,677,083
Long-term provisions	9	84,170,798	44,036,327
		1,741,489,035	1,444,713,410
Current liabilities			
Short-term borrowings	10	3,364,000,000	1,830,000,000
Trade payables	11	1,560,811,264	1,585,238,259
Other current liabilities	11	424,966,240	331,625,781
Short-term provisions	9	277,553,723	404,511,359
		5,727,431,227	4,151,275,399
Total		4,582,916,037	5,172,102,676
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	1,086,698,783	1,405,309,177
Intangible assets	13	259,801,971	29,536,632
Capital work-in-progress		433,986,619	467,115,597
Long-term loans and advances	14	291,379,702	364,790,696
Other non-current assets	15.2	15,329,084	14,913,291
		2,086,091,359	2,281,665,393
Current assets			
Inventories	16	2,161,479,871	2,235,150,942
Trade receivables	15.1	4,432,893	5,825,755
Cash and bank balances	17	93,327,175	224,925,096
Short-term loans and advances	14	247,213,889	423,601,784
Other current assets	15.2	370,850	933,736
		2,496,824,678	2,890,437,285
Total		4,582,916,037	5,172,102,678
Summary of significant accounting policies	4.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: Gurgaon
Date: June 30, 2015

For and on behalf of the board of directors of Bharti Retail Limited

[Director] [Director] [Chief Executive Officer]

[Company Secretary] [Chief Financial Officer]

Bharti Retail Limited
Statement of profit and loss for the year ended March 31, 2015

Particulars	Notes	April 1, 2014 to March 31, 2015, Rs.	January 1, 2013 to March 31, 2014 Rs.
Revenue from operations	18	17,794,207,872	23,431,198,822
Other income	19	700,332,832	113,934,051
Exceptional items	24	-	3,958,403,128
Total Revenue (I)		18,494,540,704	27,503,536,001
Expenses			
Purchase of traded goods	20	15,628,025,221	22,891,452,072
Decrease / (increase) in inventories of traded goods	21	80,916,369	(669,548,229)
Employee benefits expense	22	1,815,291,275	1,726,257,974
Other expenses	23	4,319,112,686	5,387,616,319
Total (II)		21,643,235,551	29,335,778,136
Earning before interest, tax, depreciation and amortisation (EBITA) (I)-(II)		(3,148,694,847)	(1,832,242,135)
Depreciation and amortization expense	25	441,035,927	607,063,808
Finance costs	26	202,287,320	706,806,486
(Loss) for the year		(3,792,118,094)	(3,146,112,431)
(Loss) per equity share [nominal value of share Rs. 10 (March 31, 2014: Rs. 10)]	27		
Basic and Diluted		(2.71)	(5.42)
Summary of significant accounting policies	4.3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: Gurgaon
Date: June 30, 2015

For and on behalf of the board of directors of Bharti Retail Limited

[Director] [Director] [Chief Executive Officer]

[Company Secretary] [Chief Financial Officer]

Bharti Retail Limited

Cash flow statement for the year ended March 31, 2015

Particulars	April 1, 2014 to March 31, 2015 (Rs.)	January 1, 2013 to March 31, 2014 (Rs.)
A. Cash flow used in Operating activities		
Profit/(Loss) before tax	(3,792,718,094)	(3,146,712,431)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation	441,035,827	607,963,808
Loss on sale of assets /assets written off (net)	165,002,788	188,842,628
Unrealised loss /(gain) on exchange fluctuation	2,910	24,494
Reversal of Lease equalisation reserve	(491,408,071)	(23,489,128)
Excess provision for probable store closure / dropped sites expenses written back	(74,313,829)	(19,081,829)
Excess Provisions Written back	(72,797,025)	-
Provision for probable store closure / dropped sites expenses	12,081,098	186,306,793
Loss by fire	-	(43,554,830)
Advances / deposits Written off	29,346,862	3,058,902
Advance Fringe benefit tax Written off	269,138	-
Provision for doubtful debts and advances	3,811,076	18,146,337
Provision for doubtful capital advance and capital work in progress	9,148,722	20,009,397
Liabilities written back	(3,059,278)	(3,958,403,128)
Net gain on sale of non-trade current investments	(507,844)	(11,250,827)
Interest income	(1,232,226)	(7,870,871)
Interest expense	199,253,600	884,334,486
Operating loss before working capital changes	(3,575,494,237)	(5,521,776,300)
Movements in working capital :		
Increase/ (Decrease) in Other long term Liabilities	208,049,225	433,982,212
Increase/ (Decrease) in Long Term Provisions	40,134,471	2,369,424
Increase/ (Decrease) in Current Trade payables	78,742,283	(1,188,208,915)
Increase/ (Decrease) in Non Current Trade payables	-	(175,092,786)
Increase/ (Decrease) in Other Current Liabilities	175,883,082	33,213,852
Increase/ (Decrease) in Short Term Provisions	(64,724,805)	28,099,669
Decrease/ (Increase) in Long Term Loans & Advances	76,892,365	84,983,303
Decrease/ (Increase) in Inventories	73,671,071	(641,418,374)
Decrease/ (Increase) in Trade Receivable	(3,063)	(1,041,935)
Decrease/ (Increase) in Short Term Loans & Advances	158,812,109	(63,129,868)
Cash generated from operations	(2,828,537,599)	(7,028,039,708)
Taxes paid (TDS)	(14,455,399)	(8,572,281)
Net cash flow used in operating activities - (A)	(2,842,992,998)	(7,036,611,990)
B. Cash flow used in investing activities		
Purchase of fixed assets (including capital work in progress & Capital Advances)	(513,703,441)	(638,583,944)
Interest received	2,244,916	7,026,465
Purchase of non trade current investment mutual funds	(192,500,000)	(2,630,000,000)
Proceed from sale of non trade current investment in mutual funds	193,007,844	2,641,250,827
Deposits (with maturity more than three months)	(865,596)	(1,042,356)
Proceeds from sale of fixed assets/capital work in progress	9,124,032	11,893,495
Net cash flow used in investing activities - (B)	(502,692,245)	(609,435,513)
C. Cash flow from Financing activities		
Proceeds from Share application Money	1,330,000,000	-
Proceeds from short term borrowings	17,884,000,000	72,830,000,000
Re-payment from long term borrowings	-	(354,000,000)
Proceeds from long term borrowings	540,000,000	80,000,000
Re-payment from short term borrowings	(16,360,000,000)	(64,377,855,261)
Interest paid	(199,912,678)	(680,381,848)
Net cash flow from financing activities - (C)	3,204,087,322	7,497,762,890
Net (decrease) in cash and cash equivalents (A+B+C)	(141,597,921)	(148,284,613)
Cash and cash equivalents as at the beginning of the period	224,925,096	373,209,709
Cash and cash equivalents as at the end of the period	83,327,175	224,925,096

Bharti Retail Limited

Cash flow statement for the year ended March 31, 2015

Particulars		April 1, 2014 to March 31, 2015 (Rs.)	January 1, 2013 to March 31, 2014 (Rs.)
Components of cash and cash equivalents			
Cash on hand		39,517,077	69,612,130
Balances with scheduled banks			
On current account		43,810,098	125,312,966
On deposit accounts with original maturity of less than three months		-	30,000,000
Cash and cash equivalent in cash flow statement		83,327,175	224,925,096
Summary of significant accounting policies	4.1		

Notes:-

1. Figures in brackets indicate cash out flow.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.: 301003E
Chartered Accountants

per Vikas Mehta
Partner
Membership No.: 094421

Place: Gurgaon
Date: June 30, 2015

For and on behalf of the Board of Directors of Bharti Retail Limited

[Director] [Director] [Chief Executive Officer]

[Company Secretary] [Chief Financial Officer]

1 Corporate information

Bharti Retail Limited ('the Company') is a public Company domiciled in India and incorporated under the provisions of Companies Act,1956 on February 7, 2007.The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

2 Scheme of arrangement subsequent to year end

Subsequent to the year end, the Company in its board meeting dated May 4, 2015, has approved a composite scheme of arrangement under the provisions of Sections 391-394 read with Sections 100-104 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/ Companies Act, 2013 for demerger of the Retail Infrastructure Business Undertaking of the Company into Future Retail Limited and demerger of Retail Business Undertaking of Future Retail Limited and vesting in the Company with effect from the "the Appointed Date" as defined in the Scheme subject to appropriate approvals. Further, subject to appropriate approvals it has also been resolved that the authorized share capital of the Company be reduced from INR 13,98,86,00,000 consisting of 1,39,86,60,000 equity shares of INR 10 each fully paid up to INR 8,69,56,522 divided into 4,34,78,261 equity shares of INR 2 (Rupees Two only) each, fully paid-up. As the scheme is subject to approvals, no impact of the same is considered in the financial statements.

3 Going Concern

The accumulated losses of the Company as at March 31, 2015 amounting to Rs. 18,202,604,225 (Rs. 14,410,486,131 as at March 31, 2014) has resulted in erosion of net worth as on that date. Further, it has incurred negative cash flow from operations of Rs. 2,842,992,998 (15 months period ended March 31, 2014 Rs. 7,036,611,990) and loss of Rs. 3,792,118,094 (15 months period ended March 31, 2014 Rs. 3,146,112,431) during the year ended March 31, 2015 and has net current liability of Rs. 3,230,606,549 (Rs. 1,260,838,114 as at March 31, 2014) as at March 31, 2015.

However as the Company had started commercial operations during the year 2008, the management believes that it is in the initial gestation period and had expected to incur losses for carrying out retail business in India. The accumulated losses of the Company are envisaged and mainly towards development of infrastructure to support the long term growth plan. The Company has got a commitment of continued financial support from Parent Company (Bharti Enterprises Limited) to contribute to the shortfall of the capital requirements.

On the above basis, the management is of opinion that there is no going concern issue with the Company and accordingly the financial statements have been prepared on going concern basis.

4 Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy disclosed below.

4.1 Summary of significant accounting policies

a. Changes in accounting policy

I. Method of inventory valuation

In the current year, the Company has changed method of valuation of inventory at retail stores from retail inventory method to valuation of inventory at Cost on weighted average basis. The management believes that such change will result better presentation of financial position. In view of practical difficulties faced due to large volume of items, the impact of such change could not be disclosed in the financial statements.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets. The life of the assets is based on technical assesment by the management which is either same or lower than the life indicated in Schedule II of the Companies Act, 2013. The life of assets is given below:

Assets	Life as per Management	Life as per Schedule II
Plant and Machinery	5 years	15 years
Office Equipments		
- Mobiles	2 years	5 years
- Others	5 years	5 years
Furniture and Fixtures	7 to 10 years	10 years
Computers		
- Servers and networks	5 years	6 years
- End user devices, such as, desktops, laptops, etc.	3 years	3 years
Leasehold improvements		
- Electrical installations and Equipment	10 years	10 years
- Leasehold improvements	lease term or 15 years, whichever is lower	lease term or 15 years, whichever is lower

1) Assets individually costing Rs. 5,000 or less are fully depreciated over a period of 12 months from the date put to use.

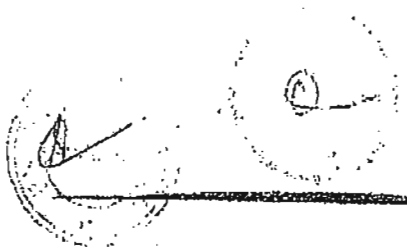
2) Wherever the life is different form as indicated in Schedule II, the same is based on technical assessment done by technical people

3) Further the scrap value is considered as Nil.

e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds five years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.



The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

f. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized leased asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g. Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

i. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Inventories (Valued at lower of cost and net realisable value)

Inventories of Traded goods are valued at lower of cost and net realisable value. Cost of Traded goods and Stores & supplies inventory is determined on weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

k. 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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income form services

Income form services includes:

(a) Income from sub-leasing which is recognised in the Statement of Profit and Loss Account on a straight-line basis over the lease term.

(b) Income from services are recognized on accrual basis as per the terms of agreement as and when such services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Insurance Claims

Insurance claims are accounted only when there is a reasonable certainty of its ultimate collection.

l. Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

m. Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the reporting period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) The Company operate one defined benefit plan for its employees. The cost of providing benefits under Gratuity plan is determined on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

(iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Liability for long term incentive plan are provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

n. Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities.

o. Earnings / (Loss) Per Share

Basic earnings / (Loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

p. Provisions

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

The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

q. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s. Measurement of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

5 Share capital

	March 31, 2015 Rs.	March 31, 2014 Rs.
Authorized shares 2,500,000,000 (March 31,2014 : 1,400,000,000) equity shares of Rs 10 each	25,000,000,000	14,000,000,000
Issued, subscribed and fully paid-up shares 1,398,660,000 (March 31, 2014: 1,398,660,000) equity shares of Rs 10 each fully paid up	13,986,600,000	13,986,600,000
Total issued, subscribed and fully paid-up share capital	13,986,600,000	13,986,600,000

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	March 31, 2015		March 31, 2014	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	1,398,660,000	13,986,600,000	532,805,000	5,328,050,000
Issued during the year	-	-	865,854,000	8,658,540,000
Outstanding at the end of the year	1,398,660,000	13,986,600,000	1,398,660,000	13,986,600,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. 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 shareholders.

(c) Shares held by holding / ultimate holding company

Out of the equity shares issued by the Company, shares held by holding / ultimate holding Company are as below:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Cedar Support Services Limited, the holding Company* 1,398,659,994 (March 31, 2014: 1,398,659,994) equity shares of Rs. 10 each fully paid	13,986,599,940	13,986,599,940

* 100% subsidiary of Bharti Enterprises Limited

As at March 31, 2015 Six (March 31, 2014: Six) equity shares of Rs 10 each fully paid are held by nominee shareholders of Cedar Support Services Limited.

(d) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2015 Nos.	% holding	March 31, 2014 Nos.	% holding
Equity shares of Rs 10 each fully paid up				
Cedar Support Services Limited, Holding Company	1,398,659,994	99.99%	1,398,659,994	99.99%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

6 Reserves and surplus

	March 31, 2015 Rs	March 31, 2014 Rs
Capital reserve		
Balance as per last financial statements	3,960,000,000	-
Addition during the year*	-	3,960,000,000
	3,960,000,000	3,960,000,000
Deficit in the statement of profit and loss		
Balance as per last financial statements	(18,370,486,131)	(15,224,373,700)
Loss for the year	(3,792,118,094)	(3,146,112,431)
	(22,162,604,225)	(18,370,486,131)
Total reserves and surplus	(18,202,604,225)	(14,410,486,131)

*During the previous period, loan of Rs. 3,960,000,000 borrowed by the company from HSBC bank was re-paid by Walmart on non-recourse basis. Walmart was holding Compulsorily Convertible Debentures and was a joint venture in the Company's holding company i.e. Cedar Support Services Limited along with the Company's erstwhile ultimate parent company i.e. Bharti Ventures Limited. This was pursuant to the terms of termination Agreement executed between these two parties in the previous year basis, the terms of which and also the joint venture Agreement, this repayment/waiver was in the nature of a capital contribution and was accordingly transferred to Capital reserve in the Balance Sheet.

7 Long-term borrowings

	Non-current		Current Maturities	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Term loans				
Indian rupee loan from banks (secured)	540,000,000	-	-	-
	540,000,000	-	-	-

Indian rupee loan from bank carries interest @ 10.90% p.a. The total loan sanctioned is Rs. 1,500,000,000 and is repayable in 12 equal quarterly installments of Rs. 125,000,000 each after moratorium period of four years, from the date of first disbursement, viz., March 27, 2015. The loan is secured by first pari passu charge by way of mortgage/hypothecation of non-movable assets and Movable assets of the company and second pari passu charge on entire current assets of the Company.

8 Other long-term liabilities

	March 31, 2015 Rs.	March 31, 2014 Rs.
Lease equalisation account	1,117,318,237	1,400,677,083
	1,117,318,237	1,400,677,083

9 Provisions

	Long term		Short term	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Provision for employee benefits				
Provision for long term incentive plan	28,620,300	2,984,386	48,464,350	8,111,961
Provision for gratuity (refer note 28)	55,550,498	41,051,941	27,300,640	26,300,650
Provision for leave benefits	-	-	50,797,186	38,686,387
	84,170,798	44,036,327	126,562,176	73,098,998
Others				
Provision for probable store closure / dropped sites expenses (Refer note 39)	-	-	150,991,547	331,502,361
	-	-	150,991,547	331,502,361
	84,170,798	44,036,327	277,553,723	404,511,359

10 Short-term borrowings

	March 31, 2015	March 31, 2014
	Rs.	Rs.
From bank:		
- Working capital loan (Secured)	2,400,000,000	-
- Working capital loan (Un-secured)	964,000,000	500,000,000
From related parties:		
- Loan from related party (Un-secured)	-	1,330,000,000
	3,364,000,000	1,830,000,000
The above amount includes		
Secured borrowings	2,400,000,000	-
Unsecured borrowings	964,000,000	1,830,000,000

(i) Working capital secured loan from bank carries interest rate from 10.30%. The loan is repayable on April 10, 2015. The loan is secured by first pari passu charge on current assets of the Company. Further secured by corporate guarantee from erswhile parent company, Bharti Ventures Limited.
(i) Working capital un-secured loan from bank is repayable by June 2015 and carries an interest rate of 10.35%

(ii) Unsecured loan in previous year was from erswhile parent company, Bharti Ventures Limited.

11 Other current liabilities

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Trade payables (refer note 35 for details of dues to micro and small enterprises)	1,660,911,264	1,585,238,259
Other liabilities		
Payable for capital goods	80,885,170	99,851,689
Book overdraft	53,378,842	-
Lease equalisation account	4,287,032	2,572,622
Deferred revenue	-	5,648,618
Interest accrued but not due on borrowings	9,075,087	9,734,185
Others		
Security deposits received	4,889,089	3,121,693
Advance from customers	7,151,330	9,344,588
Staff payables	159,780,180	54,752,099
Statutory dues	95,639,500	146,489,507
	424,966,240	331,525,781
	2,085,877,504	1,916,764,040

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Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

12 Tangible assets

(Amounts in Rs.)

	Leasehold improvements	Plant and Machinery	Office equipments	Furniture and Fixtures	Computers Hardware	Total
Cost						
At 1 January 2013	645,248,832	846,788,820	13,453,554	608,279,337	434,766,763	2,636,519,096
Additions*	74,093,835	123,018,856	1,561,404	114,778,237	53,353,177	366,793,709
Disposals / adjustments during the period	(99,609,951)	(75,518,536)	(2,167,308)	(172,303,188)	(14,303,081)	(363,901,982)
At 31 March 2014	619,732,716	894,270,140	12,837,652	640,752,486	473,816,849	2,641,409,843
Additions*	79,654,078	41,328,160	1,483,583	13,658,787	116,887,154	253,061,732
Disposals / adjustments during the year	(128,406,759)	(93,110,361)	(1,567,970)	(52,653,824)	(52,572,201)	(328,310,915)
At 31 March 2015	571,020,035	842,697,939	12,753,235	601,757,448	537,931,802	2,586,160,660
Depreciation						
At 1 January 2013	88,038,783	339,944,722	6,764,977	183,341,957	179,039,365	798,126,794
Charge for the year	71,287,680	208,236,879	2,771,295	124,985,840	197,925,105	605,208,609
Disposals / adjustments during the period	(34,402,462)	(48,520,253)	(2,002,070)	(73,872,743)	(10,435,109)	(169,232,637)
At 31 March 2014	124,923,931	499,661,348	9,534,202	234,454,854	366,529,361	1,234,103,696
Charge for the year	53,781,908	186,706,798	1,748,769	95,372,958	30,829,967	407,440,364
Disposals / adjustments during the year	(27,742,516)	(59,781,327)	(1,107,685)	(25,947,116)	(47,415,829)	(161,974,173)
At 31 March 2015	150,963,323	626,606,819	10,175,286	303,880,694	409,943,679	1,480,569,887
Net Block						
At 31 March 2014	494,811,805	394,608,792	3,303,450	406,297,632	107,287,488	1,406,309,777
At 31 March 2015	420,056,732	227,091,120	2,577,949	297,876,855	121,988,127	1,089,593,783

* The Company is in the process of opening up of new stores. Accordingly certain capitalization has been made on provisional basis and adjustments, if any, on account of receipt of final bills will be made as and when such bills are received. In view of the management, impact of such adjustments will not be material.

** During the period, the Company based on detailed assessment of the future cash flows at its identified CGUs, has concluded that no provision for impairment losses other than Provision for probable store closure / dropped sites expenses of Rs. 150,991,547, as explained in note no. 39, is considered necessary.

13 Intangible assets

(Amounts in Rs.)

	Computer Software	Total
Gross Block		
At 1 January 2013	2,998,097	2,998,097
Purchases	30,350,709	30,350,709
At 31 March 2014	33,348,806	33,348,806
Purchases	265,631,468	265,631,468
Disposals / adjustments during the period	(825,570)	(825,570)
At 31 March 2015	298,154,706	298,154,706
Amortization		
At 1 January 2013	2,954,835	2,954,835
Charge for the period	1,857,399	1,857,399
At 31 March 2014	4,812,234	4,812,234
Charge for the period	33,595,943	33,595,943
Disposals / adjustments during the period	(55,942)	(55,942)
At 31 March 2015	38,352,735	38,352,735
Net Block		
At 31 March 2014	28,536,572	28,536,572
At 31 March 2015	259,801,971	259,801,971

14 Loans and advances

		Non-current		Current	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		Rs.	Rs.	Rs.	Rs.
Capital advances					
Unsecured, considered good		46,049,418	44,087,543	-	-
Doubtful		1,479,674	460,178	-	-
		47,529,092	44,547,721	-	-
Less: Provision for doubtful capital advances		(1,479,674)	(460,178)	-	-
	A	46,049,418	44,087,543	-	-
Security deposit					
Unsecured, considered good		199,324,117	281,196,020	56,810,089	186,057,326
Doubtful		-	-	11,948,354	12,350,608
		199,324,117	281,196,020	68,758,463	198,407,934
Less: Provision for doubtful security deposit		-	-	(11,948,354)	(12,350,608)
	B	199,324,117	281,196,020	56,810,089	186,057,326
Advances recoverable in cash or kind					
Unsecured considered good		4,050,657	17,586,351	109,053,721	169,861,843
Doubtful		-	-	14,853,852	19,082,057
		4,050,657	17,586,351	123,907,573	188,943,900
Less: Provision for doubtful advances		-	-	(14,853,852)	(19,082,057)
	C	4,050,657	17,586,351	109,053,721	169,861,843
Other loans and advances					
Advance income-tax (net of provision for taxation)		30,526,970	5,881,690	8,307,540	18,497,421
Advance Fringe benefit tax (net of provision for taxation)		-	-	-	269,198
Prepaid expenses		582,008	836,617	48,209,451	33,446,684
Balances with statutory/ government authorities		16,872,650	15,222,475	24,833,078	15,469,342
		47,981,628	21,940,782	81,350,069	67,682,585
Provision for Other Loans & Advances		(6,026,118)	-	-	-
	D	41,955,510	21,940,782	81,350,069	67,682,585
Total (A+ B + C + D)		291,379,702	364,790,696	247,213,879	423,601,754

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15 Trade receivables and other assets

15.1 Trade receivables

	Non-current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	26,265	69,642
Doubtful	-	-	1,581,833	271,368
	-	-	1,608,098	341,010
Less: Provision for doubtful receivables	-	-	(1,581,833)	(271,368)
	-	-	26,265	69,642
Other receivables				
Unsecured, considered good	-	-	4,406,628	5,756,113
Doubtful	-	-	601,968	516,508
	-	-	5,008,596	6,272,621
Less: Provision for doubtful receivables	-	-	(601,968)	(516,508)
	-	-	4,406,628	5,756,113
	-	-	4,432,893	5,825,755

15.2 Other assets

	Non-current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Unsecured, considered good unless stated otherwise				
Non Current bank balances (note 17)	14,707,425	13,841,829	-	-
Others				
Interest accrued on fixed deposits	621,659	1,071,462	370,850	6,164
Interest accrued on other	-	-	-	927,574
	15,329,084	14,913,291	370,850	933,738

16 Inventories

	March 31, 2015 Rs.	March 31, 2014 Rs.
Traded goods inventory at Stores (valued at lower of cost and net realisable value on weighted average basis) [includes in transit Rs.4,764,886 (March 31, 2014: Rs.8,932,784)]	1,573,089,704	1,617,630,349
Traded goods inventory at warehouse (valued at lower of cost and net realisable value on weighted average basis) [includes in transit Rs.1,416,099 (March 31, 2014: Rs.956,453)]	575,657,030	612,032,754
Stores & supplies (valued at lower of cost on weighted average basis)	12,733,137	5,487,839
	2,161,479,871	2,235,150,942

Details of inventory (traded goods)

	March 31, 2015 Rs.	March 31, 2014 Rs.
Food	887,976,317	981,579,762
Non Food		
FMCG	805,636,532	643,036,339
Others	455,134,885	625,047,012
	2,148,749,734	2,229,663,103

17 Cash and bank balances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	43,810,098	125,312,966
- Deposits with original maturity of less than three months	-	-	-	30,000,000
Cash on hand	-	-	39,517,077	69,612,130
	-	-	83,327,175	224,925,096
Other bank balances				
- Deposits with original maturity for more than 12 months	5,346,941	4,412,621	-	-
- Deposits with original maturity for more	-	-	-	-
- Margin Money deposits	9,360,484	9,429,208	-	-
	14,707,425	13,841,829	-	-
Amount disclosed under non-current assets (note 15.2)	(14,707,425)	(13,841,829)	-	-
	-	-	83,327,175	224,925,096

Margin money deposits
Margin money deposits of Rs. 9,360,484 (March 31, 2014: Rs.9,429,208) are given against bank guarantees. Deposits of Rs. 5,346,941 (March 31, 2014: Rs 4,412,621) given as security to various Tax authorities and Agriculture produce marketing committees.

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18 Revenue from operations

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Revenue from operations		
Sale of products		
Traded goods	17,724,094,091	23,311,097,407
Sale of services		
Sub lease income	28,337,552	60,389,987
Others	11,198,836	20,701,574
Other operating revenues		
Scrap sales	30,577,393	39,009,868
	17,794,207,872	23,431,198,822

Details of product sold (Traded goods)

Particulars	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Food	10,767,972,269	14,318,484,717
Non Food		
FMCG	3,269,709,951	4,002,283,433
Others	3,686,411,871	4,990,329,257
	17,724,094,091	23,311,097,407

19 Other income

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Interest income on		
Bank deposits	1,232,225	7,410,034
Others	-	260,837
Net gain on sale of non-trade current investments	507,844	11,250,827
Excess provision for probable store closure / dropped sites expenses written back (refer note 39)	74,313,828	19,087,928
Reversal of lease equalisation reserve #	491,408,071	23,489,128
Excess Provisions Written back@	72,797,025	-
Liabilities Written back	3,068,278	994,900
Other non operating income	57,004,560	31,446,395
	700,332,832	113,934,051

Represent reversal in respect of lease equalisation of closed stores / sites in the current year.

@ Represent mainly reversal in respect of provisions relating to certain closed stores and certain provisions for expenses/expected vendor claims not expected to arise in future

20 Purchases

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Traded goods purchased	15,628,025,221	22,891,452,072
	15,628,025,221	22,891,452,072

Details of traded goods purchased

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Food	9,604,120,693	14,340,689,688
Non Food		
FMCG	2,731,751,411	3,738,317,795
Others	3,292,153,117	4,811,434,589
	15,628,025,221	22,891,452,072

21 Decrease / (increase) in inventories of traded goods

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Inventories at the end of the year	2,148,746,734	2,229,663,103
Inventories at the beginning of the year	2,229,663,103	1,560,114,874
	80,916,369	(669,548,229)

22 Employee benefit expense

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Salaries, wages and bonus	1,421,345,015	1,497,746,645
Contribution to provident and other fund	91,637,758	94,544,134
Gratuity expense (refer note 28)	30,770,441	36,333,291
Staff welfare expenses	71,528,061	97,634,904
	1,615,281,275	1,726,257,974

23 Other expenses

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Consumable stores	136,080,508	133,237,657
Rates, fees and taxes	24,380,434	30,625,450
Rent	1,035,068,020	1,485,258,986
Legal and professional	885,708,828	382,286,357
Recruitment & training	31,824,797	59,963,653
Insurance	8,949,956	24,373,569
Business support services	109,519,361	448,885,004
Royalty and management fees	122,645,031	206,287,218
Electricity and water	396,313,332	576,851,668
Freight and cartage	17,186,226	13,524,075
Repairs and maintenance - others	704,654,970	712,173,417
Advertising and sales promotion	173,693,755	452,359,109
Printing and stationery	16,811,064	19,951,001
Payment to auditor (refer details below)	6,936,665	8,220,515
Telephone, telex postage and fax	104,225,982	80,827,374
Travelling and conveyance	196,111,421	161,928,572
Settlement with landlords/Vendors	114,082,113	21,319,533
(Gain) / Loss on exchange fluctuation	19,530	45,836
Bank and Other Collection charges	98,726,070	124,491,305
Loss on sale of assets (net)	18,702,411	13,921,342
Fixed assets / CWIP written off*	146,300,385	154,921,286
Provision for doubtful debts and advances	3,811,076	18,146,337
Provision for doubtful capital advance and capital work in progress*	9,148,722	20,009,397
Provision for probable store closure / dropped sites expenses (net of reversal of lease equalisation reserve of Rs. Nil (Previous period Rs. 113,421,993)) (refer note 38)	-12,081,098	186,303,793
Miscellaneous expenses	68,141,611	54,823,587
	4,319,112,686	5,387,616,319

* Write off mainly include Leasehold improvements, fixtures, IT equipment etc. rendered unusable due to certain stores closed / dropped during the year.

Payment to auditor

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
As auditor:		
Audit fee (Previous year net of reversal of provision of Rs. 345,000)	6,056,204	6,044,968
Tax audit fee	561,800	1,550,568
In other capacity :		
Other services (certification fees)	-	292,136
Reimbursement of expenses	320,681	332,943
	6,938,685	8,220,615

Figures above are inclusive of service tax.

24 Exceptional items

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Liability written back	-	3,958,403,128
	-	3,958,403,128

During the previous period Rs. 3,958,403,128 was written back which was payable to Bharti Wal-Mart Private Limited under the Supply Agreement with the Company for purchase of merchandise goods. This was pursuant to the terms of the agreement between the parties.

26 Depreciation and amortization expense

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Depreciation of tangible assets	407,440,384	605,206,509
Depreciation of intangible assets	33,595,543	1,857,299
	441,035,927	507,063,808

During the previous period, the Company had revised the useful lives of certain fixed assets. Accordingly, the depreciation charge for the previous period was higher by Rs. 87,524,050

28 Finance costs

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Interest		
On term loan & bank overdraft	196,937,181	683,668,574
Others	2,316,419	665,912
Other borrowing cost	3,033,720	22,472,002
	202,287,320	706,806,488

27 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Net (loss) for calculation of basic and diluted EPS	(3,782,118,094)	(3,146,112,431)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic and diluted EPS (Nominal value of Rs.10 (March 31, 2014: Rs.10) each.	1,398,660,000	580,380,396

28 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee irrespective of the year of service shall be paid gratuity at the time of separation with the Company from the period starting with the date of joining till the date of relieving at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Current service cost	29,859,210	28,660,180
Interest cost on benefit obligation	5,856,500	6,677,090
Net actuarial(gain)/Loss recognized in the	(4,945,269)	996,021
Net benefit expense	30,770,441	36,333,291

Balance sheet

Benefit asset/liability

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Present value of defined benefit obligation	82,951,138	67,352,591
Fair value of plan assets	-	-
Plan asset/(Liability)	(82,951,138)	(67,352,591)

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening defined benefit obligation	67,352,591	54,602,073
Current service cost	29,859,210	28,660,180
Interest cost	5,856,500	6,677,090
Acquisitions	1,882,466	55,276
Liabilities Transfer	-	-
Benefits paid	(17,054,360)	(23,638,049)
Actuarial (gains)/losses on obligation	(4,945,269)	996,021
Closing defined benefit obligation	82,951,138	67,352,591

The principal assumptions used in determining gratuity obligation for the Company's plans is shown below:

	March 31, 2015	March 31, 2014
Discount rate	7.80%	8.80%
Employee turnover:		
-Home Office	20.00%	20.00%
-Stores	36.00%	36.00%

The estimate Rates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	March 31, 2015	March 31, 2014	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	Rs.	Rs.	Rs.	Rs.	Rs.
Gratuity					
Defined benefit obligation	82,951,138	67,352,591	54,602,073	42,193,838	34,132,050
Plan assets	-	-	-	-	-
Surplus/(deficit)	(82,951,138)	(67,352,591)	(54,602,073)	(42,193,838)	(34,132,050)
Experience adjustments on plan liabilities	7,329,929	(900,231)	2,901,552	4,477,791	1,183,220
Experience adjustments on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change on assumption	(2,384,660)	(95,790)	2,057,470	2,153,710	(479,460)

29 Leases

Operating lease: Company as lessee

General description of significant leasing arrangements is as follows:

i) The lease terms for office premises and store sites are for an initial period of three years to thirty years and are cancellable at the option of the Company by serving a pre-defined notice period. Such leases are renewable for 2 to 3 terms of three to ten years each at the option of the Company. Escalation between 12% to 15% is applicable after every 3 to 5 year on previously paid lease rent.

ii) The lease terms for company leased accommodation are for a period of eleven months to three years. and are cancellable at the option of the Company by serving a pre-defined notice period. Escalation between 5% is applicable after every year on previously paid lease rent.

iii) The lease terms for Vehicles obtained on lease are for a period of three years and are cancellable at the option of the Company by serving a pre-defined notice period, There is no escalation clause.

The Company records rent expense for operating leases using the straight-line method over the term of the lease agreement. Deferred rent representing expense recorded in excess of payments made is recorded under Other long-term liabilities / Other current liabilities as Lease equalization account.

The Company has also sub-leased some portion of store/office premises for a period of 3 months to 9 years.

Total lease rentals recognized in the statement of profit and loss for the period is Rs. 1,035,068,020 (March 31, 2014: Rs.1,485,256,966).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Within one year	735,195,040	872,685,474
After one year but not more than five years	3,032,807,211	3,684,307,527
More than five years	13,785,152,604	20,894,777,422
Sub-lease payments received (or receivable) recognised in statement of profit and loss for the period	28,337,552	60,389,981
Total future minimum sublease payments expected to be received under non-cancellable subleases	Nil	Nil

Note: Disclosure is given for lease term for which the Company intends to occupy the premises

30 Related party disclosures

a) Names of related parties and related party relationship

Related parties where control exists:	
Ultimate holding company	Bharti Enterprises (Holding) Private Limited Bharti Enterprises Limited (w.e.f. March 31, 2014) Bharti Ventures Limited (up to March 30, 2014)
Holding Company	Cedar Support Services Limited
Related parties with whom transactions have taken place during the year	
Fellow Subsidiary	Bharti Ventures Limited (w.e.f. March 31, 2014) Bharti Enterprises Limited (up to March 30, 2014)
Enterprises over which, controlling parties owns directly or indirectly, an interest in the voting power that gives them control or significant influence over the enterprise, is able to exercise significant influence over the Company.	Bharti Airtel Limited Bharti Airtel Services Limited Bharti Reality Holdings Limited Airtel M Commerce Services Limited Field Fresh Foods Private Limited Nxtra Data Limited Nile Tech Limited Bharti Wal-Mart Private Limited (up to December 31, 2013) Centum Learning Limited Bharti AXA General Insurance Company Limited
Key Managerial Personnel	
Chief Executive Officer	Raj Kumar Jain (April 1, 2014 to November 30, 2014) Craig Wadsworth Wimsatt (w.e.f December 1, 2014)
Chief Financial Officer	Pankaj Madan (January 1, 2014 upto November 30, 2014) Anupam Goyal (w.e.f December 1, 2014)

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

b) Related Party Transactions for the year ended March 2015

Particulars	Bharti Airtel Limited	Bharti Airtel Services Limited	Bharti AXA General Insurance Company Limited	Bharti Enterprises Limited	Bharti Enterprises (Holding) Pvt Ltd	Cedar Support Services Limited	Bharti Ventures Limited
Expenses incurred by us on behalf of Related Parties	-	-	-	-	-	-	-
Expenses incurred by Related Parties on our behalf	215,662	-	-	5,264,066	-	-	-
Employee Related Liability transfer to Related party	-	-	-	-	-	-	-
Employee Related Liability transfer From Related party	1,606,948	-	-	278,621	-	-	-
Payment received against Insurance Claim	-	-	1,007,731	-	-	-	-
Sale of Goods	-	-	-	-	-	-	-
Receiving of Services (including Service Tax)	59,348,945	1,132,663	8,791,207	-	-	189,646,294	-
Purchase of Fixed Assets	813	-	-	-	-	-	-
Sale of Asset	-	-	-	-	-	-	-
Unsecured Loan Received	-	-	-	-	-	-	-
Conversion of Loan to Share Capital	-	-	-	-	-	-	-
Repayment of Unsecured Loan	-	-	-	-	-	-	1,330,000,000
Share Application Money Received	-	-	-	-	-	1,330,000,000	-
Purchase of Goods (including taxes)	-	-	-	-	-	-	-
Liability written back (exceptional income)	-	-	-	-	-	-	-
Management Fees (including Service Tax)	-	-	-	-	-	-	-
Royalty (including Service Tax)	-	-	-	-	106,163,930	-	-
Security deposit transferred	-	-	-	-	-	-	-
Refund of Security deposit received	5,270,444	-	-				
Sub Lease Income (including Service Tax)	1,913,492	-	-	-	-	-	-
Interest on Unsecured Loan	-	-	-	-	-	-	-
Amount Receivable							
- Trade Receivables	834,835	-	-	-	-	-	-
- Advances	-	-	11,477,648	-	-	-	-
Amount Payable							
- Trade Payables	34,221,600	-	-	26,380	54,405,196	17,224,952	-
- Unsecured Loans	-	-	-	-	-	-	-

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2016

b) Related Party Transactions for the year ended March 2016 (Amount in Rs.)

	Nile Tech Limited	Field Fresh Foods Private Limited	Bharti Realty Holdings Limited	Airtel M Commerce Services Ltd	Nxtra Data Limited	Bharti Wal-Mart Private Limited	Centum Learning Limited	Total
Expenses incurred by us on behalf of Related Parties	-	-	-	-	-			-
Expenses incurred by Related Parties on our behalf	149,120	-	1,820,770	-	-			7,449,618
Employee Related Liability transfer to Related party	-	-	-	-	-			-
Employee Related Liability transfer From Related party	-	-	-	-	-			1,082,567
Payment received against Insurance Claim	-	-	-	-	-			1,007,731
Sale of Goods	-	-	-	-	-			-
Receiving of Services (Including Service Tax)	45,891,065	-	9,734,868	34,501	19,387,348			333,966,891
Purchase of Fixed Assets	-	-	-	-	1,749,300			1,750,113
Sale of Asset	-	-	-	-	-			-
Unsecured Loan Received	-	-	-	-	-			-
Conversion of Loan to Share Capital	-	-	-	-	-			-
Repayment of Unsecured Loan	-	-	-	-	-			1,330,000,000
Share Application Money Received	-	-	-	-	-			1,330,000,000
Purchase of Goods (including taxes)	-	21,628,691	-	-	-			21,628,691
Liability written back (exceptional income)	-	-	-	-	-			-
Management Fees (Including Service Tax)	-	-	-	-	-			-
Royalty (including Service Tax)	-	-	-	-	-			106,163,930
Security deposit transferred	-	-	-	-	-			-
Refund of Security deposit received		-			-			
Sub Lease Income (Including Service Tax)	-	-	-	-	-			1,913,492
Interest on Unsecured Loan	-	-	-	-	-			-
- Trade Receivables	-	-	-	296	-			835,131
- Advances	146,686	-	-	-	-			11,626,334
- Trade Payables	535,327	1,352,519	181,084	-	18,102,166			124,049,223
- Unsecured Loans	-	-	-	-	-			-

c) Key Managerial Person

Particulars	Chief Executive Officer	Chief Financial Officer	Total
Salary (including provident fund)	32,483,618	8,897,572	41,381,188

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave benefits and long term incentive plans, as they are determined on an actuarial basis for the company as a whole.

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

d) Related Party Transactions for the year ended March 31, 2014 (Amounts in Rs.)

Particulars	Bharti Airtel Limited	Bharti Airtel Services Limited	Bharti AXA General Insurance Company Limited	Bharti Enterprises Limited	Bharti Enterprises (Holding) Private Limited	Cedar Support Services Limited	Bharti Ventures Limited
Expenses incurred by us on behalf of Related Parties	5,264	-	-	-	-	492,790	-
Expenses incurred by Related Parties on our behalf	18,239,370	-	-	7,086,483	-	-	-
Employee Related Liability transfer to Related party	-	-	-	-	-	-	-
Employee Related Liability transfer From Related party	55,276	-	-	-	-	-	-
Payment received against Insurance Claim	-	-	39,456,869	-	-	-	-
Sale of Goods	-	-	-	-	-	-	-
Receiving of Services (including Service Tax)	63,406,288	3,427,765	25,150,325	-	-	40,997,020	-
Purchase of Fixed Assets	19,079,325	78,728	-	-	-	-	-
Sale of Asset	-	-	-	-	-	-	-
Unsecured Loan Received	-	-	-	-	-	6,750,000,000	1,850,000,000
Conversion of Loan to Share Capital	-	-	-	-	-	8,658,540,000	-
Repayment of Unsecured Loan	-	-	-	-	-	354,000,000	1,020,000,000
Share Application Money Received	-	-	-	-	-	-	-
Purchase of Goods (including taxes)	-	-	-	-	-	-	-
Liability written back (exceptional income)	-	-	-	-	-	-	-
Management Fees (including Service Tax)	-	-	-	36,138,261	-	-	-
Royalty (including Service Tax)	-	-	-	-	26,282,372	-	-
Issue of Share Capital	-	-	-	-	-	-	-
Security deposit transferred	223,353	-	-	-	-	-	-
Refund of Security deposit received	-	-	-	-	-	-	-
Sub Lease Income (including Service Tax)	6,009,033	-	-	-	-	28,525,208	-
Interest on Unsecured Loan	-	-	-	-	-	-	15,415,185
Amount Receivable							
- Trade Receivables	607,868	-	-	-	-	-	-
- Advances	-	-	10,631,355	-	-	-	-
Amount Payable							
- Trade Payables	28,699,692	40,332	-	12,535,028	4,421,266	35,166,019	7,979,221
- Unsecured Loans	-	-	-	-	-	-	1,330,000,000

d) Related Party Transactions for the year ended March 31, 2014

(Amount in Rs.)

Particulars	Fresh Fresh Foods Private Limited	Bharti Realty Holdings Limited	Airtel M Commerce Services Limited	Nxtra Data Limited	Bharti Wal-Mart Private Limited	Centum Learning Limited	Total
Expenses incurred by us on behalf of Related Parties	-	-	-	-	14,996,776	-	15,394,830
Expenses incurred by Related Parties on our behalf	-	407,223	-	-	8,414,334	-	34,147,410
Employee Related Liability transfer to Related party	-	-	-	-	-	-	-
Employee Related Liability transfer From Related party	-	-	-	-	-	-	55,276
Payment received against Insurance Claim	-	-	-	-	-	-	39,456,868
Sale of Goods	-	-	-	-	-	-	-
Receiving of Services (including Service Tax)	-	2,288,481	48,574	2,286,211	-	12,680,091	150,195,756
Purchase of Fixed Assets	-	-	-	-	280,291,873	-	279,448,927
Sale of Asset	-	-	-	-	658,807	-	658,807
Unsecured Loan Received	-	-	-	-	-	-	7,600,000,000
Conversion of Loan to Share Capital	-	-	-	-	-	-	8,658,640,000
Repayment of Unsecured Loan	-	-	-	-	-	-	1,374,000,000
Share Application Money Received	-	-	-	-	-	-	-
Purchase of Goods (including taxes)	6,808,991	-	-	-	19,503,258,868	-	19,510,067,859
Liability written back (exceptional income)	-	-	-	-	3,958,403,128	-	3,958,403,128
Management Fees (including Service Tax)	-	-	-	-	-	-	36,136,261
Royalty (including Service Tax)	-	-	-	-	-	-	26,282,372
Issue of Share Capital	-	-	-	-	-	-	-
Security deposit transferred	-	-	-	-	24,290,409	-	24,513,762
Refund of Security deposit received	-	-	-	-	-	-	-
Sub Lease Income (including Service Tax)	-	-	-	-	-	-	32,534,241
Interest on Unsecured Loan	-	-	-	-	-	-	15,415,186
Amount Receivable							
- Trade Receivables	-	-	-	-	-	-	507,868
- Advances	-	-	103	-	-	-	10,631,458
Amount Payable							
- Trade Payables	1,013,387	2,695,704	-	2,286,211	-	-	93,795,860
- Unsecured Loans	-	-	-	-	-	-	1,330,000,000

e) Key Managerial Person

Particulars	Chief Executive Officer	Chief Financial Officer	Total
Salary (including provident fund)	-	1,878,342	1,878,342

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave benefits and long term incentive plans, as they are determined on an actuarial basis for the company as a whole.

31 Capital and other commitments

a. At March 31, 2015 the Company has commitments of Rs. 236,982,494 (March 31, 2014: Rs. 158,082,778) relating to purchase of Capital Assets.

b. For commitments related to lease arrangements, please refer note 29.

32 Capital work in progress includes fixed assets amounting to Rs. Nil (March 31, 2014: Rs 33,268) in transit as at March

33 Deferred Tax

The Company follows Accounting Standard (AS-22) "Accounting for taxes on income", as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The significant component of deferred tax includes timing difference on account of unabsorbed depreciation and losses. In view of virtual certainty as laid down by the Standard not being established, the Company has not recognised deferred tax assets (net) in its books as on the balance sheet date.

34 Pending Litigations

a) Contingent liabilities.

	March 31, 2015 Rs.	March 31, 2014 Rs.
Sales Tax	30,579,431	29,166,398
TDS matters[2]	7,032,489	9,158,589
Claims not acknoledged as debt[3]	7,431,123	7,431,123
Consumer cases	4,954,794	3,662,855
	49,997,837	49,418,965

1.Rs.29,166,398 (Previous year Rs. Rs.29,166,398) represents demand raised for FY - 2010-11 & 2011-12 on recommendation of special auditor account of special audit conducted by the department. The Company has filed an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 707,445 (Rs. 696,369 on account of VAT & CST and Rs. 11,076 on account of entry tax) (Previous year Rs. Rs.Nil) represents demand under UP VAT Act, 2008 for FY 10-11 as per Assessment order passed by the VAT Officer by assuming unaccounted purchases and sales. However, the Company has filed an appeal before the Additional Commissioner (Appeals) and does not believes a probable liability devolving against the Company.

Rs. 441,940 (Rs. 420,189 on account of VAT & CST and Rs. 21,751 on account of entry tax) (Previous year Rs.Nil) represents demand under UP VAT Act, 2008 for FY 11-12 as per Assessment order passed by the VAT Officer by assuming unaccounted purchases and sales. However, the Company is in the process of filling an appeal before the Additional Commissioner (Appeals) and does not believes a probable liability devolving against the Company.

Rs. 263,648 represents demand underJ&K VAT Act, 2005 for FY 2011-12 (Previous year Rs.Nil) for misclassification of certain items and charged either less or 0% tax on sales value. Management has filed an appeal against the said demand order and is confident that there are favourable chances of decision in the favour of the Company.

2. Rs.7,032,489 (previous year Rs.9,158,589) represents demand raised against order passed under section 201(1)/201(1A) of the Income Tax Act, 1961 for TDS and interest thereon on account of non deduction of TDS in certain cases. The Company has filed an appeal before CIT(A) against the order and does not believe a probable liability devolving against the Company.

3. Represent civil suit with an erstwhile landlord against the Company. The management is confident that no liability shall arise in the case.

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4. Further there are various labour, legal metrology, food adulteration and cases under other miscellaneous acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

5. The investigations regarding certain payments made by the Company in some of the previous financial years have so far not revealed any material , financial or other liability or impact on the financial statements of the Company. In view of this management does not anticipate any liability in this regard.

b) Litigations where there is no demand raised

1) For the Assessment years 2009-10, 2010-11, 2011-12 and 2012-13 where certain expenditures have been disallowed by the concerned authority. Total amount of disallowances is Rs. 189,430,768 (Previous year Rs. 112,054,674). However there is no demand and will only have an impact on reduction of losses of the Company under Income tax act. The Company is contesting these cases and is confident that there are favourable chances of decision in the favour of the Company.

2) For assessment year 2012-13, the The AO has also erred in allowing the Tax Credit of Rs. 3,297.594 lakhs instead of 8,307,540 (Previous year Rs. Nil). The Company has filed rectification under section 154 of Income tax act, 1961. The Company is confident that there are favourable chances of decision in the favour of the Company.

c) Litigations where the provision has been recorded in the financial statements

1) The Company in involved in various litigations, as against total amount involved of Rs. 176,131,005 (Previous year Rs. 168,742,905, the outcomes of some part of the liability is considered probable, and in respect of which the company has made aggregate provisions of Rs. 40,643,197 as at March 31, 2015 (Previous year Rs. 30,877,549). Remaining amount involved is considered as remote by the management.

35 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	March 31, 2015 Rs.	March 31, 2014 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	1,237,073	-
Interest due on above	55,212	-
	1,292,285	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	2,261,207	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	2,261,207	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	2,261,207	-

36 Value of Imports calculated on CIF basis

	March 31, 2015 Rs.	March 31, 2014 Rs.
Traded Goods*	10,465,349	-
Capital Goods#	26,783,292	37,806,167
Consumables	2,059,748	7,382,548
Total	39,308,389	45,188,715

* Includes in transit Rs 1,416,099 (March 31, 2014: Rs Nil).

Includes in transit Rs Nil (March 31, 2014: Rs 33,268)

37 Expenditure in foreign currency (accrual basis)

	March 31, 2015 Rs.	March 31, 2014 Rs.
Travelling and conveyance	2,202,317	985,097
Royalty (excluding service tax)	14,212,647	23,391,156
Professional Fees	8,708,306	15,535,457
Others	2,002,273	-
	25,125,543	39,911,710

38 Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Purpose
Import trade payable (USD)	USD 142,998 (March 31, 2014: USD 236,186) [Rs. 8,950,363 (March 31, 2014: Rs. 14,194,754)]
Import trade payable (GBP)	GBP Nil (March 31, 2014: GBP 1398) [Rs. Nil (March 31, 2014: Rs. 139,573)]

39 Provision for probable store closure / dropped sites expenses

The provision represents the expected losses that may arise due to closure/probable closure of a few stores in near future, owing to their below standard performance and where the sites in progress have been dropped due to commercial reasons.

	March 31, 2015 Rs.	March 31, 2014 Rs.
Opening provision at the beginning of the year	331,502,361	81,019,783
Add: Additions during the year	-	
Provision for rent	4,626,629	228,582,383
Provision for Fixed Assets /CWIP	5,751,708	72,846,761
Other provisions	1,702,761	6,299,642
Less: Amounts used during the year		
Rent Expenses	(91,251,874)	-
Repair & Maintenance Expenses (CAM)	(5,128,861)	-
Fixed Assets/ CWIP written off	(21,697,348)	(30,184,279)
Less: Excess provisions written back	(74,313,829)	(19,081,929)
Closing Provision at the end of the year	150,991,547	331,502,361

40 Segment Reporting

Business Segment

The Company has only one business segment i.e. Retail business.

Geographical Segment

The Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered operating in single geographical segment.

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41 Previous year figures

a) Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current year figures are for the period of 12 months i.e. 1 April 2014 to 31 March 2015 vis a vis 15 months in the previous period i.e. 1 Jan 2013 to March 2014.
b) The previous year figures have been reclassified to confirm to current year classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: Gurgaon
Date: June, 2015

For and on behalf of the board of directors of Bharti Retail Limited

[Director] [Director] [Chief Executive Officer]

[Company Secretary] [Chief Financial Officer]

CERTIFIED TRUE COPY

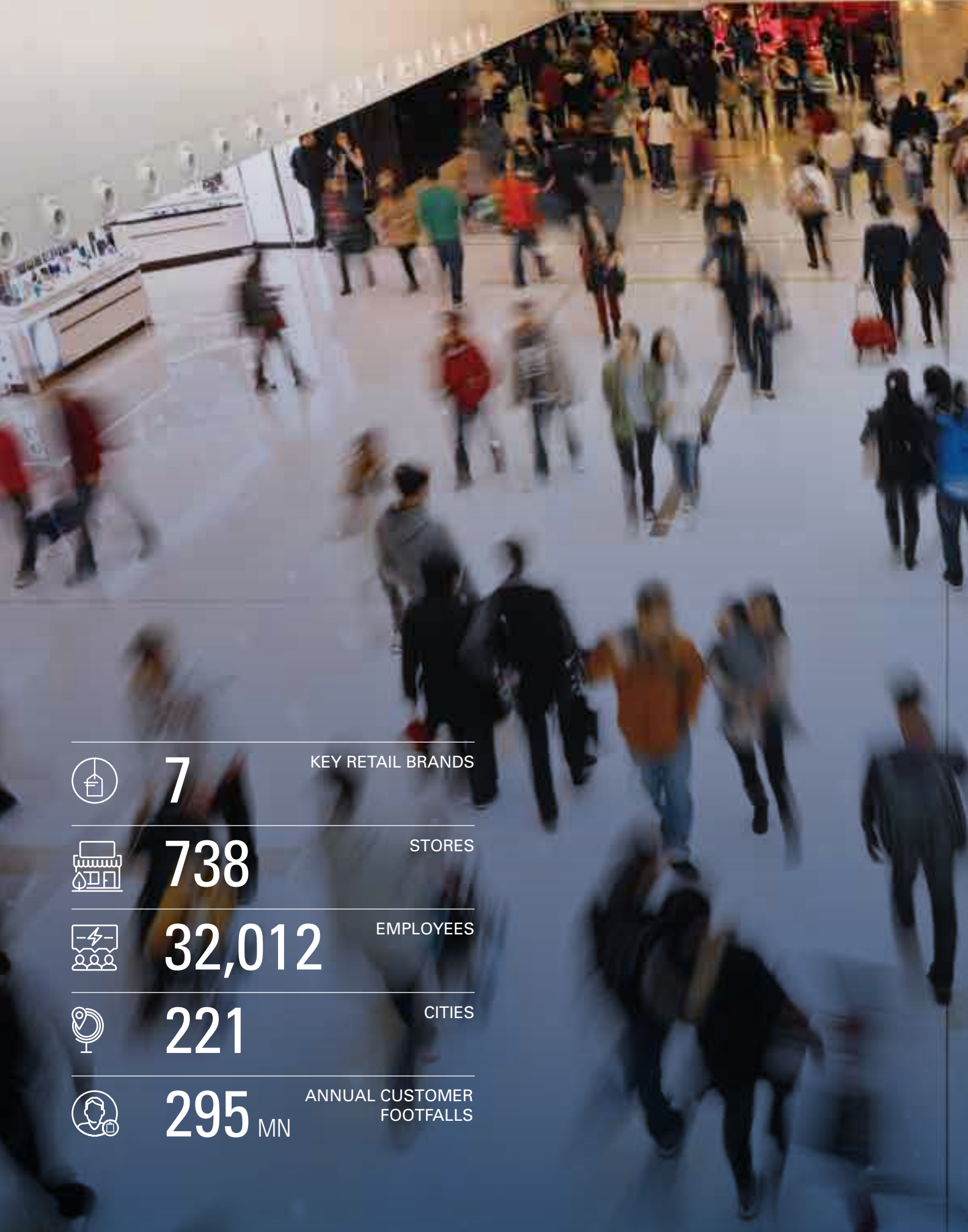
For BHARTI RETAIL LIMITED

Company Secretary

FUTURE RETAIL

FAST FORWARD INDIA

ANNUAL REPORT 2015-16



7	KEY RETAIL BRANDS
738	STORES
32,012	EMPLOYEES
221	CITIES
295 MN	ANNUAL CUSTOMER FOOTFALLS

CONNECTED COMMERCE

In a 1.27 billion country, wherein modernity and tradition co-exist, needs and aspirations co-exist and logic and emotion co-exist, Future Retail Limited brings together winning brands, retail chains and digital platforms that speaks, connects and wins the hearts of every Indian.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kishore Biyani
Chairman and Managing Director
DIN: 00005740

Rakesh Biyani
Jt. Managing Director
DIN: 00005806

Gagan Singh
Non-Executive and Independent Director
DIN: 01097014

Shailendra Bhandari
Non-Executive and Independent Director
DIN: 00317334

Ravindra Dhariwal
Non-Executive and Independent Director
DIN: 00003922

Rajan Bharti Mittal
Non-Executive Director
DIN: 00028016

STATUTORY AUDITORS

NGS & Co. LLP

CHIEF FINANCIAL OFFICER

C. P. Toshniwal

DY. COMPANY SECRETARY

Virendra Samani

SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400078
Tel + 91 22 25946970
Fax + 91 22 25946969
Website: www.linkintime.co.in

BANKERS

Andhra Bank
Allahabad Bank
Axis Bank
Bank of Baroda
Bank of India
Central Bank of India
Corporation Bank
Dena Bank
IDBI Bank
Punjab National Bank
State Bank of Travancore
UCO Bank
Union Bank of India
Vijaya Bank

REGISTERED OFFICE

Knowledge House, Shyam Nagar
Off Jogeshwari-Vikhroli Link Road
Jogeshwari (East), Mumbai - 400060
Tel : + 91 22 66442200
Fax : + 91 22 66442201

CORPORATE OFFICE

247 Park, Tower 'C', LBS Marg
Vikhroli (West), Mumbai - 400083
Tel : + 91 22 6199 0000
Fax : + 91 22 6199 5019

Website: www.futureretail.co.in

INVESTOR EMAIL ID

Investorrelations@futureretail.in

CORPORATE IDENTITY NUMBER

U51909MH2007PLC268269

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LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Stakeholders,

During in the year, the erstwhile Future Retail Limited announced the partnership with erstwhile Bharti Retail Limited to combine the businesses of the companies bringing together winning retail brands such as
Big Bazaar, easyday, fbb, Food Bazaar, Home Town, eZone and Foodhall. As part of the Scheme of Arrangement, the front end operations of these retail chains were consolidated within Bharti Retail Limited. Subsequently, name of the Company has been changed to Future Retail Limited.

Your Company is now a pure retail play that operates 738 retail stores in 221 cities, along with a number of digital platforms. These stores catered to close to 295 million customer walk-ins and are spread over around 13 Mn. Sq. Ft. of space. Managing and growing these networks and retail brands forms the only business of your Company, and catering to the consumption sector and consumers forms the driving force of this business.

Consumers today live a seamless life between the physical and the digital world. As a retail organization catering consumers' needs and aspirations, we believe the future of retail lies not in pure physical stores or pure ecommerce sites, but a seamless platform that integrates with the seamless world that the customer interacts with. We call it a connected commerce organization.

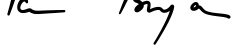
Having built a robust and unparalleled retail network in the country, we today are moving towards building a connected commerce organization that lives, breathes and thrives in the digital era. Over last couple of years, substantial investments were made in building loyalty and data analytics capabilities. The Company is now benefitting from this by interpreting and reacting to consumer data and information in a real-time in a much more efficient and seamless manner. Our data analytics program is helping improve one-on-one communication with customers, improving their frequency of visits, helping predict and shape consumption patterns and create smarter promotion and engagement engines with customers.

The organisation has also started benefitting from engaging much more effectively with consumers on social media. However, the biggest change in happening within the organization wherein most people processes are now embedded with mobile and digital technology catering to over 32,000 colleagues who make this organization succeed and transform. Many of our businesses have now moved into digital platforms – led by our electronics and home retailing business. The prototypes and experiments conducted over the last couple of years across various platforms, has also helped shape the stores and digital platforms that we are now creating.

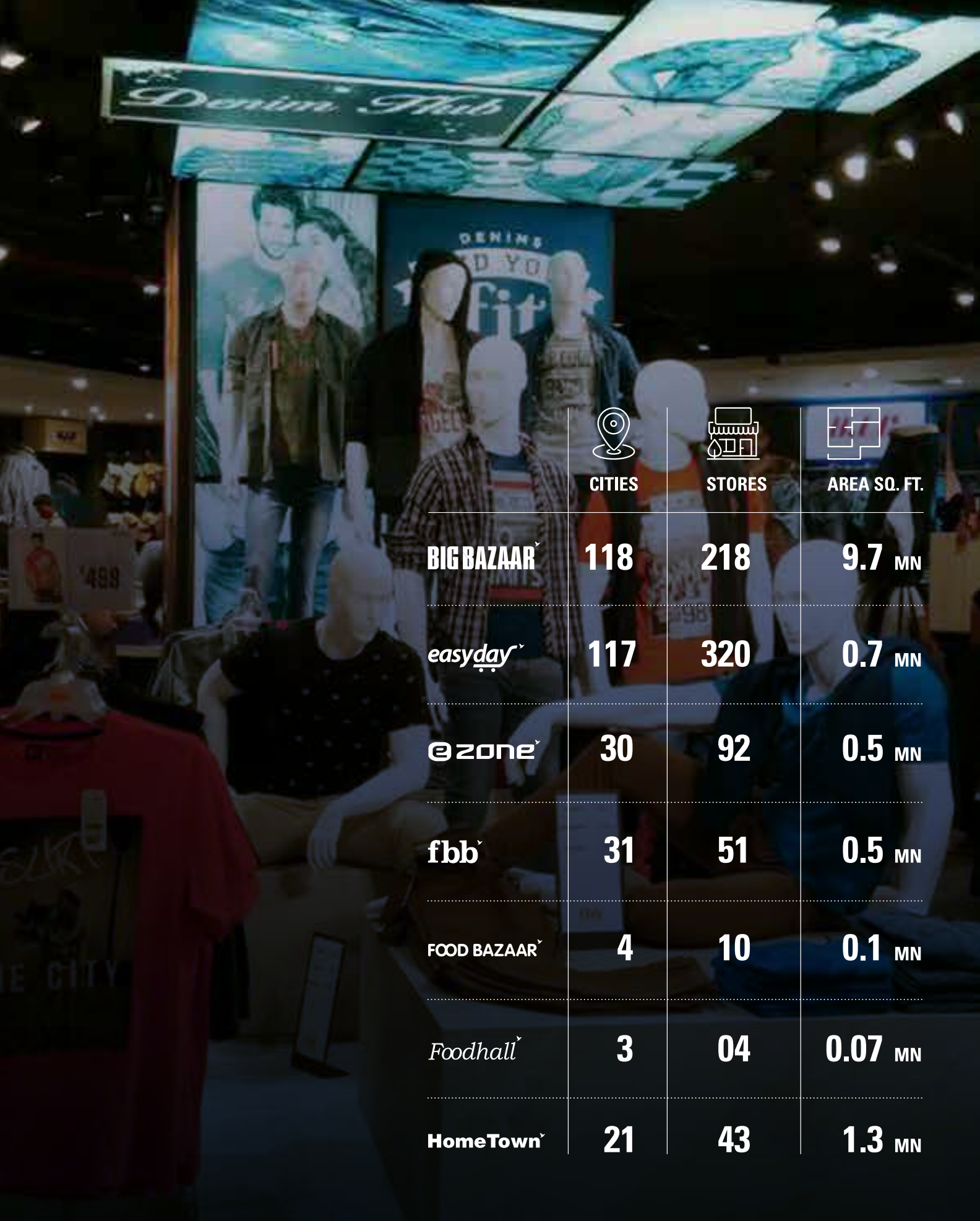
Taking this spirit ahead, the Company introduced Big Bazaar GenNxt stores in Noida and Mumbai. The stores integrate superior shopping experiences with innovations such as interactive digital screens, sit-down checkouts and smart customer service. Soon, they will sport smart trial rooms and endless aisles or kiosks wherein the customer can order from a larger range of merchandise, which may not be stocked within the store. Our stores are also turning into fulfillment centers and merchandise return points for goods ordered online. Payments are now possible through multiple channels including mobile wallets. Going ahead, we envision a scenario wherein the customer has the choice to choose to perform digitally or physically any of the activities connected with buying - discovery, choice, pickup, payments, fulfillment or return.

It is a brave and exciting future that we are headed towards. It is a future wherein change will be constant and organizations will continuously have to go through learning, unlearning and relearning. We have so far thrived in this environment and we thank all our stakeholders who have helped us do so.

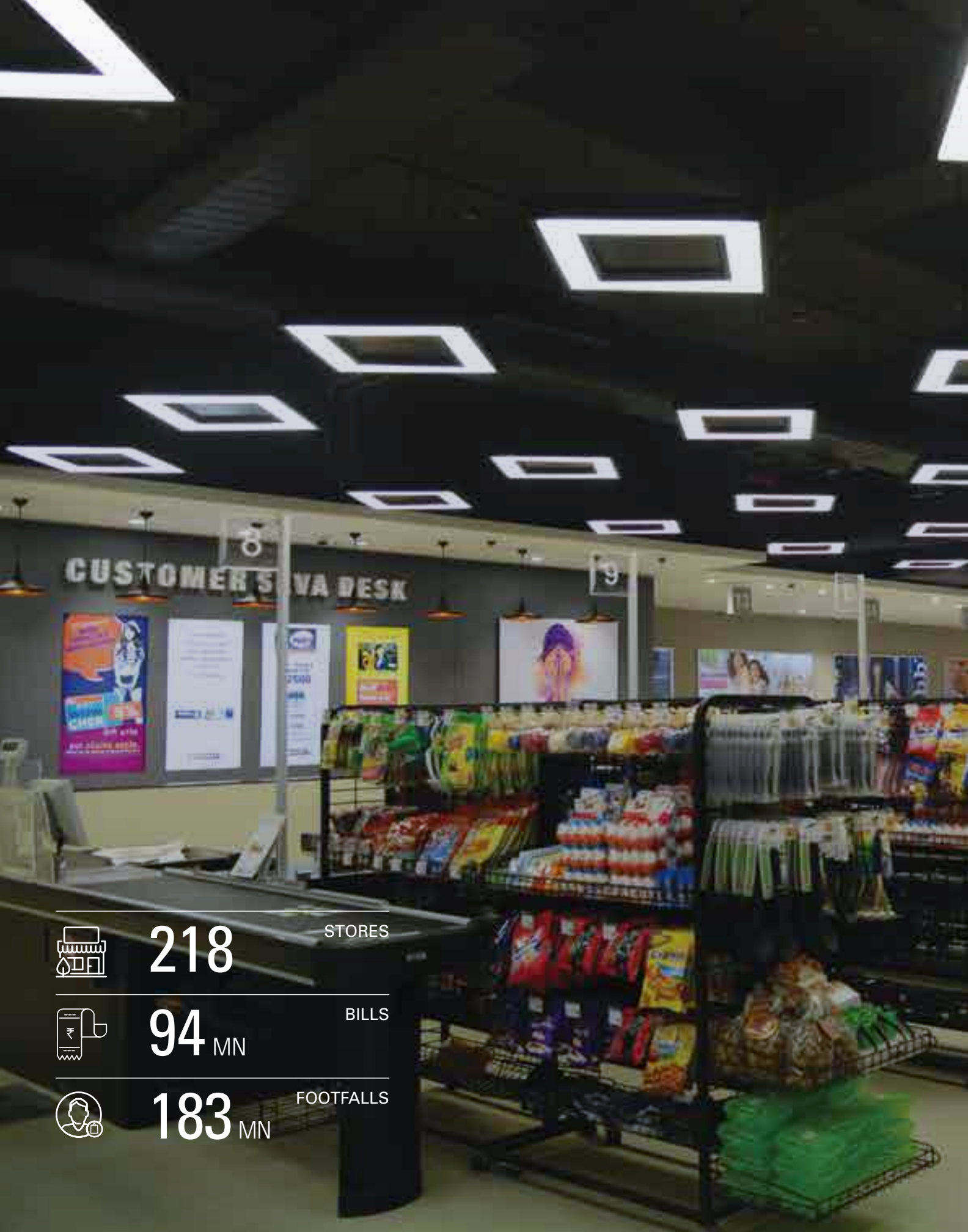
Rewrite Rules, Retain Values



Kishore Biyani



	CITIES	STORES	AREA SQ. FT.
BIG BAZAAR	118	218	9.7 MN
easyday	117	320	0.7 MN
ezone	30	92	0.5 MN
fbb	31	51	0.5 MN
FOOD BAZAAR	4	10	0.1 MN
Foodhall	3	04	0.07 MN
HomeTown	21	43	1.3 MN



218 STORES

94 MN BILLS

183 MN FOOTFALLS

BIG BAZAAR
Making India Beautiful

BIG BAZAAR GEN NXT

The 218 store Big Bazaar chain is now present in 118 cities and covers almost 10 Mn. Sq. Ft. of space. Yet, it continues to be nimble and agile so that continuous innovations can be introduced to create more value and a stronger relationship with customers.

A key focus area for the format was to increase frequency of visits of customers, that translates into higher velocity of sales and ensuring format remains relevant to a fast changing consumer demographics. A whole new consumer experience in the form of Big Bazaar GenNxt was introduced in two new, iconic malls - DLF Mall of India in Noida and Infinity Mall, Malad in Mumbai, to cater to the young, working professionals who live and shop in the vicinity of the malls. Smart and experiential, Big Bazaar GenNxt stores feature interactive, digital displays featuring product information, multi-sensory environments and live kitchens, sit-down checkouts, superior customer service and many more features that are designed to win the hearts of a more global, young, aspirational, urban India. Many of these features are also being progressively introduced in a number of new and existing stores.

Beyond the stores, the brand connected with the younger audience - whether through a mass media campaign, Paper Pataka that championed a silent Diwali and through social media campaigns that offered more than over 3 brand updates on an average every day, delivering 152 million impressions across Facebook, Twitter, Instagram and YouTube.

Simultaneously, the brand worked on multiple fronts to ensure that its core customer shops more frequently at its stores. Within the food category, the focus was on staples and fresh fruits and vegetables to ensure consistent quality, high availability of core range and regional emphasis. When the price of Tur Dal skyrocketed and made headline news, the chain maintained the price at ₹ 99 a kilogram thereby recruiting new customers to its fold. The brand also took a leadership position by being among the first to form a partnership with Patanjali and offer its range across all stores.

Decentralized decision making that allows stores to decide on 7 bets or promotions every week, unique incentive plans for selling quantities above a threshold value and hundred product collections that are championed by category teams were some of the measures taken to allow the chain respond faster and at a local level.

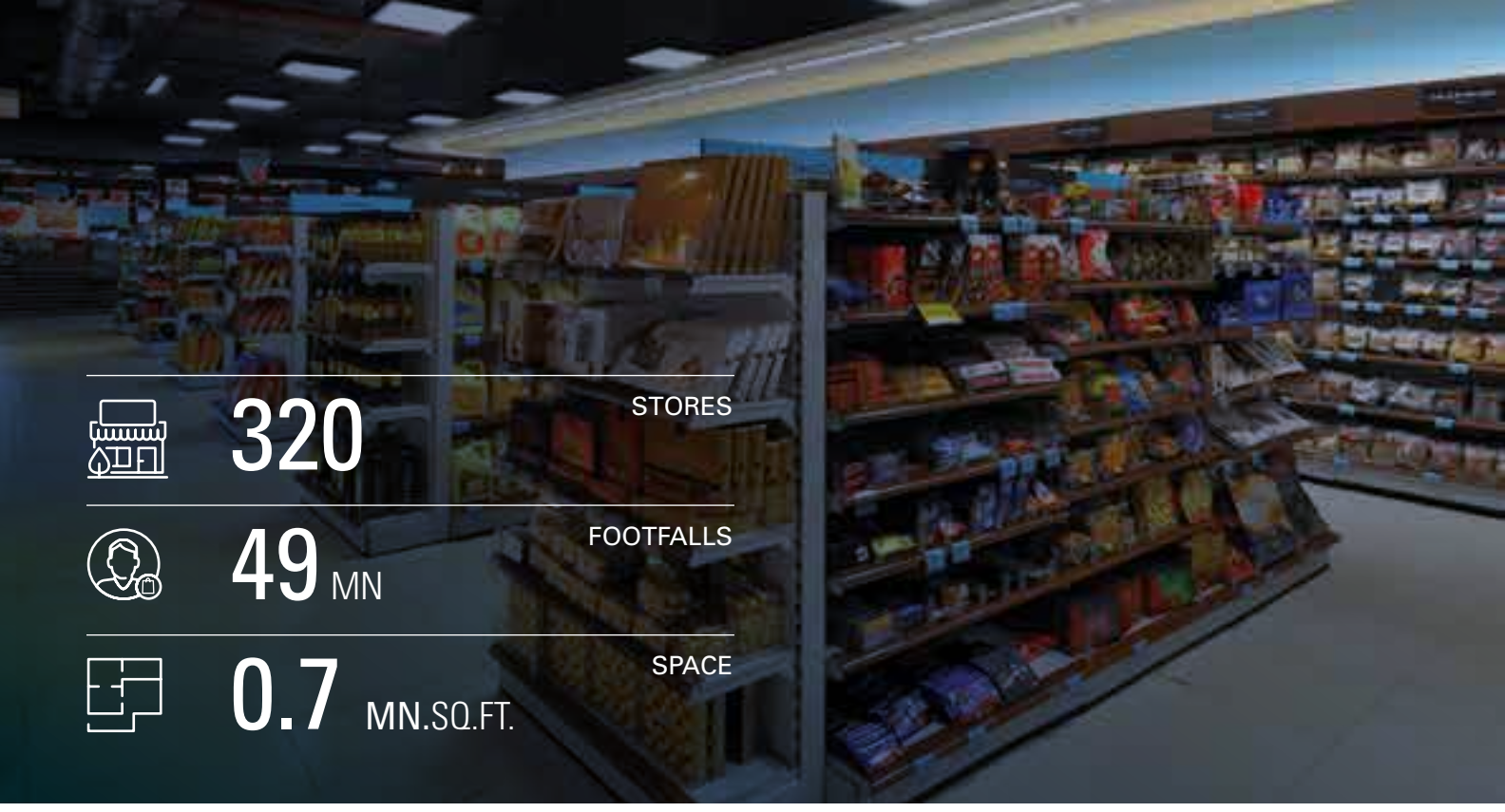
Integrating and advancing technology-led innovations in all its consumer interactions will continue to be a key focus for the Company. Even as the Company works towards introducing an omni-channel platform and the concept of digitally-enabled endless aisles at its stores, Big Bazaar today offers home delivery at multiple locations and a partnership with Amazon, now allows customers to order online. Customers also have the option to pay through Mobikwik mobile wallets at all Big Bazaar stores and soon can avail instant credit for any purchase through a partnership with Bajaj Finserv.

Big Bazaar is well regarded for creating consumption days that have become the norm for the industry. While signature events like Sabse Saste Din and Mahabachat during the national holidays of January 26, and August 15, continue to grow, during the year, the Company strengthened another property, Public Holiday Sale. Held thrice around May 1, October 2, and December 25, the total eleven days of promotion brought in significant business as well as new customers.

Consumers remain at the heart of everything Big Bazaar attempts and for the fifth year, Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

INDIA'S 3RD MOST TRUSTED SERVICE BRAND

(Nielsen, Economic Times Survey)



easyday

The Company now has a strong network of small format, neighbourhood stores in the northern part of the country, specifically in Delhi and the National Capital Region, Punjab, Haryana and Western Uttar Pradesh. The 320 stores in this region attracted around 49 million customer footfalls during the year, serving customers closer to their home.

This comprises of the easyday network that was merged with the Company. The Company has also acquired the franchisee rights of the KB's store network and expects to scale these up to around 500 stores during the forthcoming year. The locations and presence in a large number of small towns across the northern part of the country, compliments very well with the Company's existing network of hypermarket stores.

During the year, the Company focused on seamlessly integrating the operations of these networks with that of the hypermarket business.

While it is led by an independent team, the small store network benefits from common terms of trade, relationships, and sourcing networks of the hypermarket chain. These have helped reduce operational costs, improved gross margins and brought in improvements in inventory management.

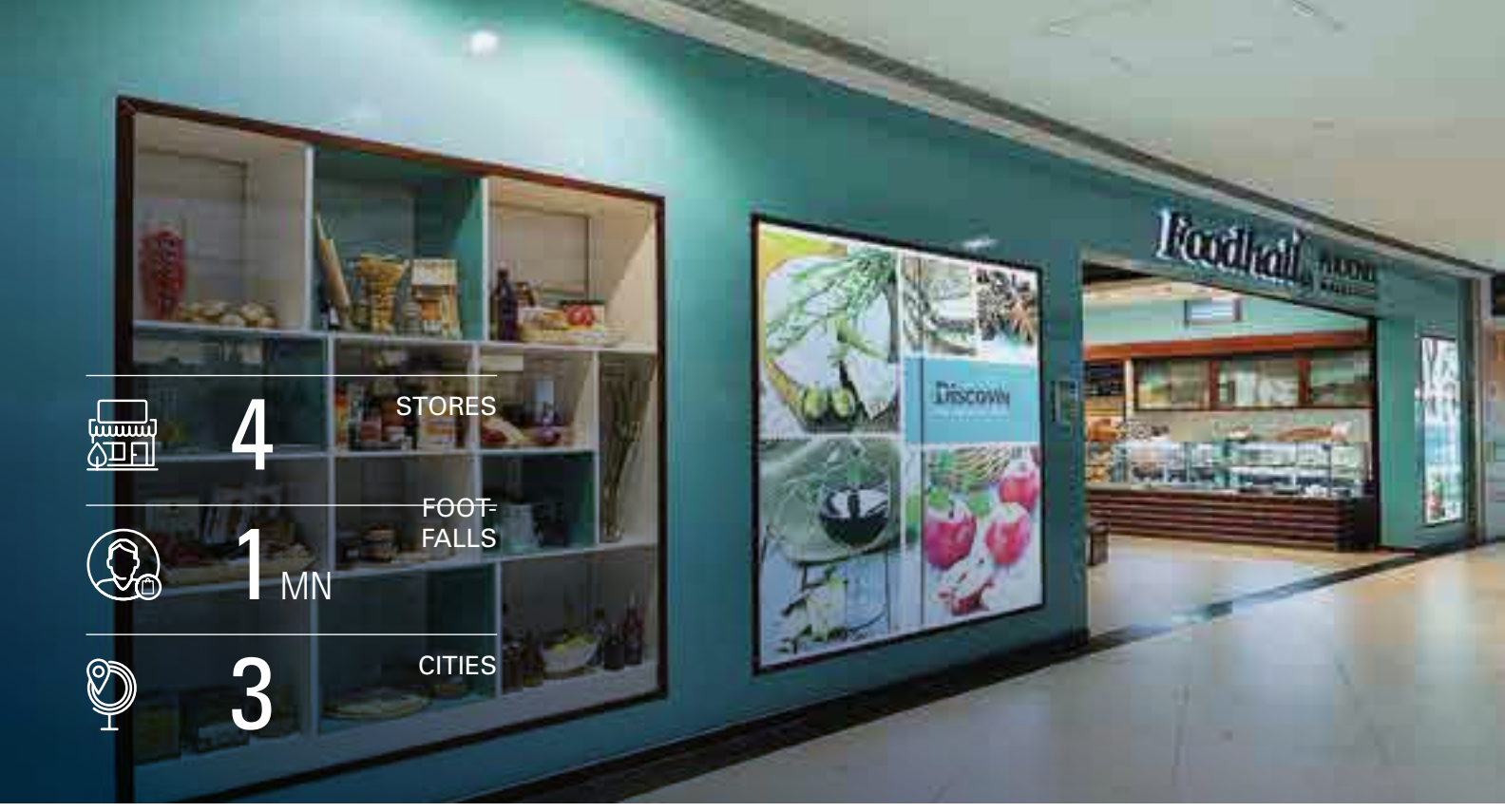
Simultaneously, the easyday network followed an aggressive, localized marketing strategy catering to the local catchment areas the stores are present in. The easyday brand enjoys a strong recall in the smaller towns that it is present in and leads the market in price, quality and assortment that it offers its customers.

fbb
fashion at Big Bazaar

Within a span of a few years, fbb as a brand has emerged as the preeminent fashion destination, attracting a young consumer group within its standalone stores and at Big Bazaar. The brand added 5 new stores taking its total count to 51 stores, attracting over 7 million customers and around 3 million billings. In addition, fbb is present within every Big Bazaar store.

The brand has gained through smart associations with leading properties and celebrities and is set to create new records in sales during the forthcoming year. While an association with Asia's largest music festival, Sunburn has helped the brand gain traction with youngsters in metros, its engagement with the Miss India platform helps build the brand in smaller towns. This year, 21 new styles were introduced over 21 days through the three Miss India pageant winners. In addition, its association with Katrina Kaif and Varun Dhawan continues to build a strong mindshare across all demographics.

For the forthcoming year, fbb's growth is being catalyzed across four pillars. Build fbb as a favorite destination by introducing fresh and fashion-led merchandize in women's ethnic wear and mens and women's casual wear. Drive incremental footfalls through taking a leadership position in denims, men's chinos and through end of season sales. Establish price leadership in kids wear, women's sleepwear and in suits and blazers. And continuously build new categories like summer looks with dresses, shorts, footwear or introducing Athleisure as a fashion concept or a new products like linens or men's casual shorts.

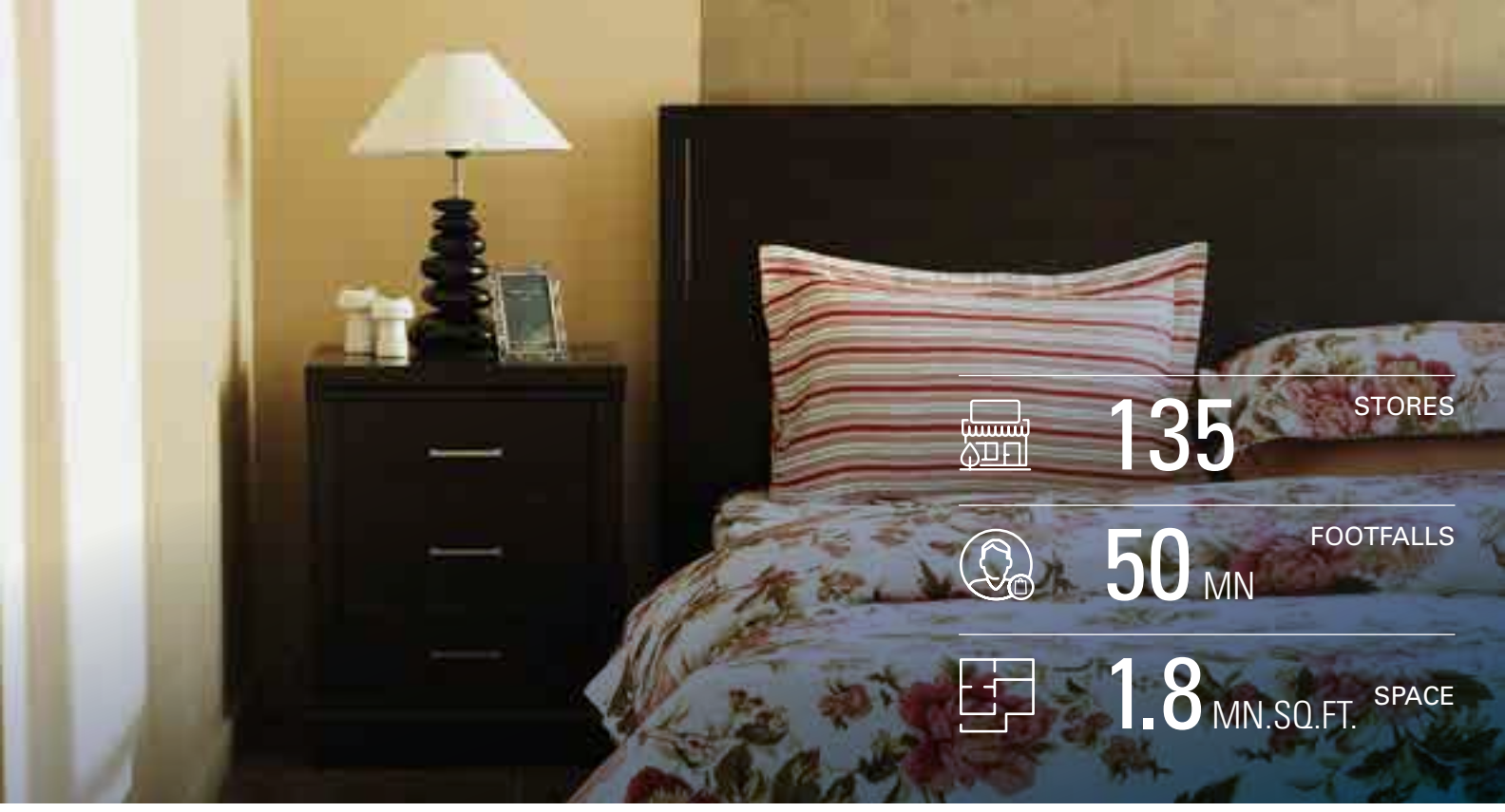


Foodhall

The Company's gourmet food chain, Foodhall continued to lead the market in offering an exquisite assortment of food products that cater to evolved, globally-inspired food connoisseurs.

During the year, Foodhall introduced its own collection, 'House of Teas' that offers almost 70 varieties of teas from across the world, along with a number of accessories and accompaniments like short bread cookies. It revamped its offerings in spices with its own ARQA range. 'Traditions by Foodhall' is an exclusive range of rice, pulses and other staples that are now being offered by Foodhall. The brand's own gifting range, Blue Ribbon has gained immense popularity for festive, corporate and occasion-led gifting. The brand is also about to launch a compact format, Little Foodhall in CyberHub, Gurgaon, along with new stores at WorldMark, Aerocity, Delhi and at VR Bengaluru Mall during the forthcoming year.

Foodhall not just inspires the food buyer to select from the best that the world has to offer, but also brings a huge cache of insights, knowledge and know-how for the rest of the organization. It continuously experiments with new products, categories, assortments, brands and new ways to present them and retail them in a multi-sensory environment. It caters to customers who are often leading new trends in food consumption. Many of the trends, ideas and initiatives that are experimented within Foodhall have been translated later on within other food formats of the Company and met with immense success and a clear first mover advantage. Foodhall often sets the benchmarks for the organization to perfect the way food is retailed across the various formats of the group.



HomeTown

eZone smarter living

The Company's home retail format includes, Home Town and eZone. In addition, the Company sells a wide variety of homeware, kitchenware, home fashion merchandize through its Big Bazaar network.

Home Town caters to aspirational, trendy and knowledgeable new home buyers as well as replacement customers. Home Town added 16 new stores, including in 12 new cities, taking its store count to 43 and number of cities it is present in to 21. These stores have a total operational space of 1.3 Mn. Sq. Ft.. The entire Home Town range is now available on www.fabfurnish.com, that was acquired by a group Company, and is also available on a number of other online retailers.

For its stores Home Town follows a hub-and-spoke model with HT Express extending Home Town's reach and presence in new catchments and smaller towns and suburbs. Home Town has now been introduced in a number of Central stores with "HOMETOWN @ Central" Concept.

Furniture contributes around two-thirds of sales, while its exclusive range of Duracucine Modular Kitchens contribute almost a tenth of the business and the rest comes from homeware and home improvement products. Home Town also offers Design and Build service providing end-to-end services form interior decoration to execution and implementation.

eZone, the electronics format has a strong digital presence through its websites and apps that are available on all leading mobile operating systems. eZone now has 92 stores in 30 cities, attracting over 41 million customers and total operational space of 0.5 Mn. Sq. Ft.. Over the years, eZone has evolved into one of the few electronics retailer that is growing and profitable. Simultaneously, the brand has built its customer facing, 'Together Forever' strategy that offers a large number of services along with the product. This helps engage the customer throughout the product life cycle and builds a differentiated proposition.

28.5
LOYAL CUSTOMERS
3X
SPENDS ON EVERY BILL
10X
SPENDS OVER THE YEAR

CONNECTING CONSUMERS

Consumer data lies at the heart of modern retailing. The Company, as part of a larger Future Group initiative, had rolled out a few loyalty programs in the past couple of years. Each of them deliver a specific set of benefits and hence target different customer segments and expectations.

The Company's own, Big Bazaar Profit Club offers an additional free shopping value for customers who commit to pay ₹ 10,000 upfront and visit the stores atleast 12 times in a year. Payback is a coalition loyalty program run in partnership with American Express and offers a chance to earn and burn loyalty points. The T24 program, run in partnership with Tata DoCoMo offers free mobile talk time every time a customer shops at the store. Payback and T24 program is run across all Future Group companies having direct customer interaction.

Collectively, these loyalty programs have over 28.5 million members with an estimated 20 million being unique customers. The benefits of the loyalty program on shopping value are obvious. Customers on loyalty program spend on an average around 3 times more than non-members. Each of these loyalty programs focus on increasing frequency of visits. The annual spend of loyalty customers over the course of the year is almost 10 times of a non-member. The life time value of loyal customers can be tremendous.

Significant quantum of sales in Big Bazaar now come from loyalty program members. Loyalty program members have an average frequency of 3.8 visits through the year, led by Big Bazaar Profit Club members averaging 15 visits and T24 members averaging 5.4 visits.

The benefits go much beyond increased business. During the year, the Company set up a dedicated data war-room to constantly monitor and take real-time action on the shop floor. The group has also partnered with dunnhumby, a Tesco subsidiary and one of the world's leading consumer analytics firm, and Bangalore-based Manthan Systems to further analyze and act upon this data.

This consumer data now allows the brands to interact with customers on a one-on-one basis, offering customized promotions and incentives to shape behavior and interact in the customers' preferred language. An initiative purely focused on moving food buyers to also buy fashion merchandize, yielded extremely positive results with share of higher-margin fashion merchandize going up significantly. Tracking and incentivising customers who bought diapers yielded large sales across the entire infant segments, including general merchandize, baby foods and infant wear. Consumer data also allows for better merchandize planning based on consumer and community insights from the data, better inventory management through predictive analytics and customizing promotions and offers for different geographies.

The data war room is also focusing on building a stronger mechanism for smart markdowns or discounts, improved promotion effectiveness and tracking of detrimental incentives and wholesale sales.

Armed with the loyalty programs and data science, the next round of disruptions is being planned around payments. The Company already allows customers to pay by mobile wallet, Mobikwik at all Big Bazaar and fbb stores. The Company also introduced a co-branded fbb card with State Bank of India and has a partnership with HDFC Bank to provide additional incentives for its Wednesday Bazaar program. It is also exploring a partnership with Bajaj Finserv to provide instant credit for any purchase made at the store.

During the forthcoming year, the Company will use many of the learnings from these initiatives to offer a mobile based platform that will integrate the loyalty programs, mobile wallet, gift cards and even a specialized 'Price Match' service that will assure that loyal customers always get the lowest price whenever they shop at the Company's retail formats.

CONNECTING COLLEAGUES

For every organization, talent is an asset that can deliver disproportionate growth and long term, sustainable competitive advantage. Talent, combined with technology forms the driving force of all leading organizations across the world, and so it is with Future Retail Limited.

The Company is among the larger employers in the country and possibly the most diverse. Our team comes from not just diverse educational and professional backgrounds, but also, from diverse communities and socio-economic groups. A common culture plays the single biggest binding force in building such a diverse organization. Assessment and development plans for talent across the organization is built foremost on the core values that the organization stands for, coupled with five pillars of excellence and success factors, that include, entrepreneurship, design thinking, digital orientation, thinking big and speed and imagination.

The talent development strategy is based on four pillars: a) Ensuring constant and steady availability of potential talent to drive business growth, b) building a culture of being a performance driven organization which is operating with speed and leverages design thinking, c) evolving a technology-led people office team and providing universal access to HR services through technology and web based applications in 221 cities that the Company operates in d) continuously updating and aligning HR processes and policies to align to business needs.

During the year, people office at Future Group became the first HR function in India to receive ISO 9001-2015 certification. The office took multiple initiatives to address its diverse workforce. FutureNext was launched as an internal job postings portal that ensured 46% of new roles are filled through internal candidates. LEAP, a store leadership pipeline development program is ensuring a steady stream of Store Kartas as new stores are added across the network. New initiatives such as Chairman's Club, a talent development and succession planning program and PRIDE, a total rewards and recognition platform to reward values and behavior were rolled out. Future Business Innovators (FBI) Lab acted as a year-long management trainee program for around 30 graduates who joined the Company from premier B Schools such as IIM Ahmedabad, Indian School of Business, SP Jain Institute, IIM Lucknow, IIM Indore, MICA, among others. The Company also launched FGecampus, a 24x7 gateway to learning resources that are in sync with the Company's competencies and Executive Development Program or EDP for leadership teams in domestic and foreign campuses. Around 71% of employees went through a structured development in the form of training programs and action learning projects.

While the average age of the team now is at around 27 years, the senior leadership team has an average age of 45 years and average tenure of 7 years, with attrition levels of less than 5%.

All key People Office initiatives are now also available on mobile application platforms to bring forth a technology forward culture across the organization. The iFuture app ecosystem now offers a direct communication channel for interaction with senior leadership, a YouTube channel for telecasts by industry experts, employee reward and recognition program, and a speedometer to rate colleagues and provides 360 feedback on speed of execution.

32,012 EMPLOYEES

27 YEARS AVERAGE AGE

71 % WENT THROUGH STRUCTURED DEVELOPMENT PROGRAMS

FRL IN FIGURES

2015-2016

The fiscal 2016 witnessed the consolidation of retail business of two large retail companies - Future Retail Ltd (now known as - **Future Enterprises Limited**) **(FEL**) and Bharti Retail Limited (now known as – **Future Retail Limited**) (**FRL**) creating a geographically synergetic retail network spread across 221 cities and towns in India. With this retail consolidation, FRL now in addition to having access to existing 16 compact hypermarket easyday stores and 208 supermarket easyday stores, will also have access to Big Bazaar, Food Bazaar, Foodhall, fbb, Home Town and ezone stores. The compact hypermarkets have been converted into Big Bazaar stores.

During the year, FRL also took franchise of retail operations of nearly 112 as on March 16 convenience stores operating under the KB's Fair Price / KB's Conveniently Your's. These stores were earlier managed by its sister company, Future Consumer Enterprise Ltd. With a view to consolidate food and general merchandise retail, these stores were brought under management and operations of FRL. These stores have a dominant presence in NCR & Mumbai. Along with 208 supermarket easyday stores, and these 112 as on March 16 convenience stores, FRL has created a significant presence in the small store format in North and West. All the small stores under management of FRL will be operated under the easyday umbrella driving economies of scale.

This consolidation of operations will drive synergies in operations and help in rationalising back end costs. It will also help the management to perform better and increase the profitability, which in turn will help to increase economic value of business and all stakeholders' return.

As part of retail consolidation, the subsidiaries continued to be part of FEL, other company in Future Group However, the Company may have one or two subsidiaries in case of any business or strategic need for operation of any specialised retail category.

With the idea of creating a pure play and asset light Company, we undertook the below steps

- Food, Fashion, General Merchandise, Home Fashion and Electronic Retail operations of FEL, Food and General Merchandise retail operations were consolidated in Future Retail Limited (FRL), a pure play retail company
- Retail infrastructure operations of Bharti Group and Retail infrastructure operations of FEL together were consolidated in FEL, a retail infrastructure company. All the non-core investments and manufacturing operations were also retained into FEL.

As a part of the realignment / consolidation move, FEL continue to service its long term debt to and only working capital debt were transferred in FRL, leading to a much leaner balance sheet and significant reduction in interest expenses in the coming period as compared to interest expense as it was in FEL. On the operational side, there has been continuous improvement by integration of certain business activities to achieve better economies as well as control cost of operations.

This realignment / consolidation move was completed as a Composite Scheme of Arrangement between FEL and FRL and its respective Shareholders and Creditors. We are happy to inform that we have given effect to this, on receipt of all the necessary regulatory approvals, by filing of certified copy of the order of Hon'ble High Court of Judicature at Bombay on May 01, 2016 with Registrar of Companies at Mumbai. The Scheme of Arrangement had been made effective from the Appointed Date as given in the Scheme, viz. October 31, 2015.

As per our strategy, we have followed a cautious approach for organic expansion and at the same time explored growth through opportunities through acquisitions / mergers achieving higher growth numbers. On one hand, the Company is striving to increase its velocity of sales and on the other hand it has also increased its overall retail space. The business teams have been striving towards increasing customer footfall, ticket size per customer and sale of higher margin products. We have been continuously monitoring various promotional schemes and events as well as product mix offered to the customers, in order to attract new customers and give an improved shopping experience to our existing customers.

Operational Overview

The creation of a consolidated retail entity across food, fashion and home will reap benefits from increased scale and optimization of cost structure. We plan to operate with a much leaner balance sheet resulting into higher ROCE and are expected to be a free cash flow company from our first full year of operation. With a leaner balance sheet, we can also look at potential to borrow at lower interest rates, reducing our overall borrowing costs. All these factors are expected to result in margin tailwinds.

During the year, the Company launched Big Bazaar GenNext stores at Mumbai and Noida. The Big Bazaar GenNext stores are designed to take customer experience to an altogether new level, with a special focus on experiential and smarter shopping through the use of technology, innovation in services, layouts and sections and digital interfaces. Big Bazaar GenNext stores have technology-led interfaces that ensure faster checkouts, experience zones for multi-sensorial food products, wider merchandize and assortments across all categories and a whole new store design. The stores are also equipped with enhanced features like smart trial rooms, sit-down lounges for checkouts, endless aisles, large digital screens and digital shelf talkers. As part of green initiative, these stores are completely lit with LED lights and energy saving technologies implemented that optimize air-conditioning, humidity and lighting within the store. All these features are taking the customer experience to a whole new level and are in line with our endeavour to always exceed our customer expectations.

With its efforts to optimise productivity per store basis, the management is reviewing the available retail space and product mix and striving to provide better productivity in terms of increased customer foot fall, higher ticket size and improved profitability, by reducing overall costs as well as increasing margins earned from upgraded products offering to customers.

In a bid to provide improved and upgraded product mix, the fashion products offered through fbb have witnessed high traction. The new offerings of food products in frozen food, dairy, bakery, snacks, personal care and beverages through brands like Tasty Treat, Veg Affaire, Nilgiris, KARA among others, gave a wider choice to customers resulting in higher ticket size. The hub and spoke approach for the electronics format, eZone, also resulted in increased productivity per store and better customer satisfaction in terms of product offerings and after sales service. In home segment, the revamped furniture and home furnishings saw better through put and increased turnover in home fashion stores.

The Group also entered in to a modern trade alliance with Patanjali Ayurved, founded by Yoga Guru Ramdev Maharaj, which offers entire range of health-positive, ayurvedic FMCG products in categories like food, staples, nutrition, hair care, skin care, dental care and toiletries etc. Your Company has seen excellent traction in the initial period post launch. We expect such alliances will help us attract new customers to our stores at the same time enhancing our offerings to existing customers.

We expanded our high margin fashion business and increased sales of high margin food & FMCG products through this consolidated network of stores. With the increased scale, FRL stands to benefit via contract renegotiations with its suppliers. At the same time, distribution across country can be done in a much efficient manner.

With the rapid adoption of smart phones, mobile internet, and e-commerce services by users in India, mobile wallets are now used more than ever before. Big Bazaar has partnered with mobile payment provider Mobikwik, which is one of India's largest payments network with over 17 million wallet users and 50,000 merchants (retailers). Mobikwik has kicked off mobile payments at the Big Bazaar stores. With the tie-up, Mobikwik wallet users can pay through their mobile, at any Big Bazaar payment counter, by sharing their registered Mobikwik mobile number. This integration brings Big Bazaar closer to millions of consumers and is an integral part of its multi-channel payments strategy.

The Company has also undertaken various analytical studies of customer behaviour and spending pattern as well as improved technology platform at store level and back end, enabling to improve customer experience in terms of better and accessible store layouts, more payment options, faster check-outs etc. Uniform store layouts and resource planning enabled reduced time frame for opening of new stores.

Customer and Marketing Overview

During the year, the Company continued to carry out various activities and promotional events to engage with the customer across formats. Various promotional events include, Weekly Promotional Event, Wednesday Bazaar, Public Holiday Sale, Independence Sale, SabseSaste Din and other format specific promotional events. Further at Group Level, the Company was also part of Future Group Shopping Festival. Various promotional events, activities and initiatives resulted in higher footfalls during promotions as well as acquisition of new customers. Events like Future Group Shopping Festival ensured that customer visiting any of the Future Group shopping formats at least once in a month. Cross promotional events ensured that the customers of one format visit other format.

fbb remains an important strategic piece to enhance our sales productivity as well as improve our margin profile. We have taken calculated steps to establish fbb as a significant brand to drive our overall retail business. fbb's association with Sunburn Daman 2015, set up a great platform to reach out the youth and propagate fbb as a brand. The main highlight of the association was VJ Ramona and Raghu to get the digital content and amplify it on social media platforms. fbb's presence at the event was displayed through various activities, including print, electronic, radio and digital media. fbb launched a campaign called, 'Wear The Palazzos Miss Indians Are Wearing'. It featured Miss India World 2011 Kanishtha Dhankar who created various looks with the collection.

Through fbb, the Company has created a new fashion wave, at affordable prices. Celebrity endorsements and association of fbb with Femina Miss India 2016, continued to highlight its latest fashion wear collection, and customer frequently patronise fbb for their fashion needs.

The Company also expanded the base of its loyalty programs through, Payback, T24 and Big Bazaar Profit Club. Further these programs ensured customer loyalty of existing customers and acquisition of a new set of customers. Big Bazaar Profit Club has proved to be a valuable loyalty program that brings back customers to stores at least twelve times in a year, resulting in higher frequency and cumulatively higher annual sales. These programs are further leveraged for driving promotions and direct communication with customers offering customized merchandise.

Awards & Recognition

The Company or its formats has been recognised for its operations in retail sector in following manner.

- In the year 2016, Company was awarded with Most Admired Food & Grocery Retailer of the Year from National Supermarket – Private Label Development (Coca Cola Golden Spoon Awards);
- In the year 2016, Big Bazaar won the Images Most Admired Food & Grocery Retailer of the Year in Food & Grocery category;

- In the year 2016, Company was awarded with IMAGES Most Admired Food & Grocery Retailer of the Year for Effective Technology Application and Increase in store count and retail space.
- Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

Competition

Your Company is pioneer in modern retail segment, has presence via various formats in all prominent consumption centres. Its presence across 221 cities, including the metro cities, prominent two tier cities, fast growing cities and new consumption centres, ensures that the Company is present in all consumption areas and has a appropriate shares of customer wallet.

The Company has witnessed reduced competitive activity, especially in the hypermarket space. While we strengthen our brand proposition, reach and presence, we are also investing judiciously in technology driven channels of commerce and looking at various organic and inorganic options to further strengthen its presence in the market. Consolidating our retail operations that with of Bharti Group, has also ensured further increase in Company's presence in number of cities, which will ensure better return in terms of the increased turnover. With increased presence and our capabilities including enhanced customer experience, sourcing strengthens, portfolio of private brands, the Company would be in stronger position to face competition.

Human Resource Initiatives

Human Resource is one of the key interfaces the Company has with its customers and hence it is very critical to ensure continuous learning and development of its people resources, to ensure improved shopping experience of the customers as well as give job satisfaction to its human interface with the shopping community at large. The Company imparts continuous training to its employees in various fields and at the same time also ensures individual development by imparting training for improvement of skills, knowledge and leadership abilities. The Company has attracted best talents from the industry as well as been successful in retaining its core team, which has rich experience of last 20 years in leading the Company's core retail business. Further, the Company is in process of implementing new ESOP program to give better retention benefits to its valued human assets.

Business Outlook

As per BCG Retail 2020 report, Indian retail market is projected to double from $600 billion in 2015 to $1 trillion by 2020. The report further attributes rapid growth in retail to income growth, urbanization, nuclearisation of families and attitudinal shifts towards higher consumption levels. During this period, modern trade is expected to grow from $60 billion at present to $180 billion by 2020 growing at twice the pace of the overall retail market. With a geographically balanced retail store portfolio of 738 stores, spread across various formats, FRL is poised to benefit immensely from this retail growth wave. Further, the Company would be in better position to get maximum benefit by the increased consumer spending, due to its presence in areas of high consumption cities and strategic locations of its various formats.

With revised emphasis on reducing financing cost and curb overall debt equity ratio, the Company would be able to increase the value for its shareholders and with its approach for overall development will be able to satisfy its other stakeholders as well.

With improved debt equity ratio, due to increase in net worth of the Company and subsequent reduction of the debts, representation has been made to the Credit Analysis & Research Limited (CARE), to review its rating for Short Term borrowings of CARE A1+ [A One Plus] and Long Term borrowings as well as Long Term Non-Convertible Debentures to CARE AA- [Double A Minus] as of March 31, 2016, which was at present under watch due to realignment move. The Company expects that the CARE would at least continue to retain its rating of Short Term borrowings of CARE A1+ [A One Plus] for the Company and other rating for Long Term borrowing would be applicable to FEL and is expected to be retained as well.

In FY 2016-17, FRL will emerge as a core retail front end company with an enhanced distribution network and much leaner balance sheet. Revenue growth will be driven by store additions, increased productivity and efficiency and thereby increased per store and per square foot revenue. The management is working hard towards reducing overall cost as well as increase high margin product mix to improve profitability. Further exponential growth in overall revenue due to acquisitions of additional retail business, it will also be continue to lead the retail industry.

Risks and Threats

The state of external environment, including factors like interest rates, inflation, and growth in economic activity and job creation and consumer sentiment continues to be the biggest source of threat as well as opportunity for the Company. Any slowdown in the economic activity in the country, significant job losses or high rates of inflation can severely impact the consumption and therefore growth of the Company. Other external factors, including a steep rise in interest rates or drastic changes in the policy or regulatory environment can pose financial challenge for the Company. However, the continued steps taken by the Company to deleverage its balance sheet, reducing its reliance on the debt funds, improving its debt maturity profile and thereby reducing stress on its cash flow, improved business efficiency reducing overall operating cost and continuous efforts to increase customer ticket size and capturing new class of customers to increase overall higher spend in various formats of the Company, are aimed at mitigating each of the above discussed external threats. We shall also note that at this time, we do not anticipate any major adverse change in macroeconomic factors.

The set controls and defined responsibilities at each level of management require evaluation of the various existing risks and new expected risks at an early stage and immediate action plan to mitigate such risks. Further the authorities given at each management level ensures implementation and execution of such action plan with minimised risk. Further, use of information technology for implementation as well as regular review and evaluation of such risks and risk mitigation action plan by management ensures minimisation of such risks.

Internal controls and their adequacy

The Company had identified the key risks and control process to mitigate the same. Further the Company continues this process of Enterprise Risk Management as a continuing process, in order to identify the new risks and to define and establish the control process to mitigate the identified risks. Further the Internal Control Framework for financial reporting, organization structure, documented authorities & procedures and internal controls are being reviewed by internal audit team on continuous basis and any issues arising out of the said audit are addressed appropriately. The Company is continuously upgrading its internal control systems by measuring state of controls at various locations. Controls in SAP, an ERP system have been strengthened with help of review conducted by Ernst & Young.

The Audit Committee, comprising independent directors is involved in regular review of financial and risk management policies, significant audit findings, the adequacy of internal controls and compliance with the accounting standards.

Review of Financial Performance of the Company for the year under review.

We note that, the year under review, FY 15-16 is not comparable with the previous fiscal year FY 14-15. Fiscal year under review for your Company consists of,

- 12 month of retail operations from April 01, 2015 till March 31, 2016 of the Company;
- 5 month of retail operations from October 31, 2015 till March 31, 2016 of Future Enterprises Limited (formerly known as Future Retail Limited); and
- 7 month of retail infrastructure operations from April 01, 2015 till October 30, 2015 of the Company;

Sales: The Company's Sales and Other Operating Income has increased from ₹ 1779.42 Crore in previous year to ₹ 6844.96 Crore with YOY growth of 284.67% for the financial year ended March 31, 2016.

Profit Before Tax: Profit Before Tax of the Company for financial year ended March 31, 2016 stood at ₹ 14.55 Crore as compared to (₹ 379.21 Crore) during the previous year.

Interest: Interest & Financial charges outflow has increased from ₹ 20.23 Crore incurred in previous year of 2014-15 to ₹ 49.75 Crore for financial year ended March 31, 2016. The increase in interest and financial charges is on account of additional borrowings for funding the growth plans of the Company. The interest & financial charges cover for financial year ended March 31, 2016 under review is 2.03 times as compared to 15.57 times in the previous year.

Net Profit: Net Profit of the Company for financial year ended March 31, 2016 stood at ₹ 14.55 Crore as compared to (₹ 379.21 Crore) in the previous year with an increase of ₹ 393.76 Crore and with YOY increase of 1.04 times over the previous year.

Dividend: The Board of Directors has not recommended a dividend.

Capital Employed: The capital employed in the business is ₹ 2996.59 Crore as at March 31, 2016. Return on capital employed (EBIDTA / average capital employed) during 2015-16 is 6.52% as compared to (259.79%) during 2014-15.

Surplus Management: The Company generated a cash profit of ₹ 51.31 Crore for financial year ended March 31, 2016 as compared to cash loss of (₹ 335.11 Crore) in the previous year, registering the growth of 115.31%. The amount, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the financial year.

Equity Share Capital: The equity share capital of the Company was increased from ₹ 1398.66 Crore to ₹ 1719.75 Crore and then was decreased to ₹ 8.70 (excluding ₹ 85.57 Crore worth of shares issued to shareholders of FEL, as per Composite Scheme of Arrangement) during the financial year under review.

Debt-Equity: Debt-Equity ratio of the Company has decreased due to increased net worth and repayment of borrowings of the Company. Debt-equity ratio has decreased from (1.35) in the previous year to 0.60 as at March 31, 2016.

Earnings Per Share (EPS): The Company's Basic EPS has increased from (₹ 107.24) in previous year to ₹ 0.66 per share for the current financial year ended March 31, 2016.

Cash Earnings Per Share (CEPS): The Company's Cash Earnings per Share (CEPS) has increased to ₹ 2.33 in current financial year in comparison to (₹ 94.77) in the preceding previous year.

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Ninth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year 2015-16	Financial Year 2014-15
Revenue from Operations	6,844.96	1,779.42
Other Income	15.51	70.03
Total Revenue	6,860.47	1,849.45
Profit / (Loss) Before Depreciation and Amortization Expense & Tax Expense	51.31	(335.11)
Less: Depreciation and Amortization Expense	36.76	44.10
Profit / (Loss) Before Tax	14.55	(379.21)
Less: Tax Expense	--	--
Profit / (Loss) After Tax	14.55	(379.21)
Earnings Per Equity Share of Face Value of ₹ 2/- each		
Basic & Diluted (in ₹)	0.66	(107.24)

REVIEW OF PERFORMANCE

During the financial year, the Company had a total income of ₹ 6,860.47 Crore. The total expenditure during the year amounted to ₹ 6,845.92 Crore, thereby resulting profit before Tax of ₹ 14.55 Crore. There was no provision for tax and therefore the profit for the year amounted to ₹ 14.55 Crore.

Post considering effect of the Scheme, we have a pan India presence with 738 across 221 cities in India as of March 31, 2016 and total retail space of approximately 12.97 million sq. ft. Post Scheme, the various formats viz Big Bazaar, Food Bazaar, fbb, Foodhall, easyday, (including KB's Conveniently Yours & KB's Fairprice), Home Town and eZone are part our Company and as on March 31, 2016, we have 218 Big Bazaar stores, 10 Food Bazaar stores, 51 fbb stores, 4 Foodhall stores, 320 easyday (including "KB's Conveniently Yours" and KB's Fairprice) stores. 43 Home Town stores, 92 eZone stores. The early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for our Company as well as for our various formats. Further, our retail format business is supported by various other businesses operated by group companies and through group companies investments in various ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media, textiles and online retailing.

Our retail formats primarily comprises of, value business and home business. In our value business, our formats include, (i) "Big Bazaar", a hypermarket format that combines the "see – touch – feel" of Indian bazaars with the choice and convenience of modern retail; (ii) "Food Bazaar", a supermarket which offers the convenience of pre-packed vegetables and fruits to the consumers and also retains the Indian's preference of "see – touch – feel" created by displaying the products, FMCG and daily use products; (iii) "fbb", an affordable fashion destination; (iv) "Foodhall", a premium supermarket and (v) "easyday" (including "KB's Conveniently Yours" & "KB's Fairprice"), convenient stores which offers the pre-packed vegetables and fruits to the consumers, FMCG and daily use products. In our home business, we operate (i) "Home Town", a one-shop destination for home improvement; and (ii) "eZone", a consumer durable and electronics chain

COMPOSITE SCHEME OF ARRANGEMENT

The Composite Scheme of Arrangement between Future Enterprises Limited (formerly known as - 'Future Retail Limited') and Future Retail Limited (formerly known as – 'Bharti Retail Limited') and their respective shareholders and creditors **("the Scheme")** under the provisions of Sections 391-394 of the Companies Act, 1956. The Scheme, which provides for demerger of Retail Business

Undertaking of Future Enterprises Limited ("FEL") and vesting into the Company and demerger of Retail Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the Scheme, has been given effect on May 1, 2016, after filing of order issued by Hon'ble High Court of Original Judicature at Bombay with Registrar of Companies, Mumbai under Ministry of Corporate Affairs. Pursuant to the Scheme, all the assets and liabilities pertaining to the Retail Business Undertaking of FEL has been demerged and vested into the Company and all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been demerged and vested into FEL.

EQUITY SHARE CAPITAL

- **Issue of Equity Shares**

  During the year under review, the Company allotted following Equity Shares to Cedar Support Services Limited:

  - ❖ 13,30,00,000 Equity Shares of ₹ 10/- each at par on April 27, 2015; and
  - ❖ 18,80,90,000 Equity Shares of ₹ 10/- each at par on May 25, 2015.

- **Capital Reduction**

  Pursuant to the provisions of Sections 100 to 104 of the Companies Act, 1956 and in pursuance of the Scheme approved by High Court at Bombay the issued, subscribed and paid-up equity share capital of the Company was reduced from ₹ 17,19,75,00,000/- comprising of 1,71,97,50,000 Equity Shares of ₹ 10/- each, fully paid up to ₹ 8,69,56,522/- divided into 4,34,78,261 Equity Shares of ₹ 2/- each, fully paid-up, as part of the Scheme, without any further act or deed and such reorganization of capital was carried out by reducing appropriately the face value of each equity share of ₹ 10/- each and reconsolidating the same into 4,34,78,261 Equity Shares of ₹ 2/- each, fully paid-up, without any further act or deed.

- **Issue of Equity Shares to the shareholders of FEL**

  Pursuant to the said Scheme becoming Effective, the shareholders of FEL who were holding equity or Class B (Series-1) shares on Record Date i.e. May 12, 2016, were allotted Equity Shares of the Company in the ratio as mentioned in the Scheme (i.e. 1 Equity Share of ₹ 2 each for each equity share or Class B (Series-1) shares held in FEL.

  Accordingly, on May 18, 2016, the Company allotted 42,78,60,296 Equity Shares to the existing shareholders of FEL as mentioned herein:

  - ❖ 38,84,85,617 Equity Shares to the equity shareholders of FEL.
  - ❖ 3,93,74,679 Equity Shares to the Class B Shares (Series-1) Shareholders of FEL.

  The Company has initiated process for listing of its equity share capital on BSE Limited and National Stock Exchange of India Limited as required under the Scheme.

BUSINESS OUTLOOK

The Company has well recognised Retail formats like Big Bazaar, Food Bazaar, fbb, Foodhall, easyday (including KB's Conveniently Yours & KB's Fairprice), Home Town and eZone. Due to the recognition and acceptability of these formats, we have been able to develop pan India presence with a loyal consumer base, as of March 31, 2016, of approximately 12.03 million consumers across formats for Payback Loyalty Program. The Company has also able to add substantial number of consumers for other loyalty initiatives of the Company and Group. As our business is driven by consumer spending, we believe that our presence across India and wide consumer base ensure that we are well positioned to grow our business.

We intend to enhance our consumer base through increasing our presence in various cities in India and drive cross spending across various formats. We are specifically focusing to achieve a larger share of consumption spending in our existing markets. We intend to increase our share in the consumer spending in India by launching new formats or by adding categories to our existing product range to cater to consumers across Indian society in various consumption spaces. Pursuant to the same, we have launched Big Bazaar Direct to reach out to the consumers that are not catered by physical stores and book orders on customized tablets. We are also in the initial phases of developing omni channel retailing which will enable us to sell our products on every platform such as physical stores, online retailing, assisted e-commerce platforms, on television or outdoor medium, or on mobile platforms.

With the Scheme we have achieved our aim to simplify the corporate structure, achieve greater administrative efficiency, elimination of capital expenditure, consolidation of retail operations into one entity and consolidation of infrastructure operations into other entity. The Scheme helped us to create asset light model.

DIVIDEND

Due to accumulated losses in the previous financial years and with a view to preserve the current year profits for future prospects, the Board of Directors of the Company were unable to recommend any Dividend for the financial year 2015-16.

INVESTMENTS AND DIVESTMENTS

During the year under review, the Company has not made any strategic investment. As the Company do not hold investments there were no divestments during the year.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2016.

CHANGE OF NAME

As provided in the Scheme, the name of the Company was changed from "Bharti Retail Limited" to "Future Retail Limited" and a Certificate of Incorporation

consequent to change of name was obtained from Registrar of Companies, Mumbai on May 25, 2016.

DEBENTURES

Pursuant to the Scheme, the Optionally Convertible Debentures as standing in the books of pre-demerged retail entity was splitted between the two companies as per the assets and liabilities transferred for the Retail Business Undertaking and Retail Infrastructure Business Undertaking. Accordingly, the Company issued 1,542, 10% Optionally Convertible Debentures of ₹ 10,00,000/- each (hereinafter referred to as "OCDs") aggregating to ₹ 154.20 Crore to Cedar Support Services Limited, not forming part of Promoter Group subject to the necessary approval of the regulatory authorities.

CORPORATE GOVERNANCE

As the Company is in process of getting its Equity Shares listed, it has tried to create its Board structure and various Committees in such a manner as would be compliant with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in addition to applicable provisions of the Companies Act, 2013 and Rules related thereto. Accordingly, a report on Corporate Governance forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") forms part of the Annual Report.

POLICIES & DISCLOSURE REQUIREMENTS

The Board of Directors of the Company at its meeting has approved the following policies & code of conduct:

- Details of programs for familiarization of Independent Directors with the Company are available on the website of the Company at the link *http://www.futureretail.co.in/pdf/ID_Familiarization.pdf*
- Policy for determining material subsidiaries of the Company is available on the website of the Company at the link *http://www.futureretail.co.in/pdf/Mat_Sub_Policy.pdf*
- Policy for determining Materiality of Events of the Company is available on the website of the Company at the link *http://www.futureretail.co.in/pdf/Policy_for_Determining_Materiality_of_Events.pdf*
- Policy for archival of documents of the Company is available on the website of the Company at the link *http://www.futureretail.co.in/pdf/Archival_Policy.pdf*
- The code of conduct for the Board of Directors and senior management personnel of the Company is available on the website of the Company at the link *http://www.futureretail.co.in/pdf/Code_of_Conduct_for_Key_Managerial_Persons.pdf*
- Policy on dealing with related party transactions is available on the website of the Company at the link *http://www.futureretail.co.in/pdf/RPT_Policy.pdf*

The Company has formulated and disseminated a Whistle Blower Policy to provide Vigil Mechanism for employees and Directors of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of the Companies Act, 2013 ("the Act") and Listing Regulations.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details of reconstituted Board, Post Scheme is as follows:

Mr. Kishore Biyani and Mr. Rakesh Biyani who were co-opted as Additional Directors of the Company on April 30, 2016 were subsequently, appointed as Managing Director and Joint Managing Director respectively with effect from May 02, 2016 for a period of 3 years.

In the Board Meeting held on May 25, 2016, Mr. Kishore Biyani was further appointed as the Chairman of the Board and he is currently designated as Chairman and Managing Director of the Company.

Further, following directors were co-opted on the Board effective April 30, 2016.

- Mr. Rajan Bharti Mittal : Non Executive Director;
- Mr. Ravindra Dhariwal : Independent Director;
- Mr. Shailendra Bhandari : Independent Director; and
- Ms. Gagan Singh : Independent Director.

The necessary resolutions proposing the appointment of all directors who were appointed as Additional Directors are being placed before the members for the approval.

Additional information on appointment of Directors as required under the Regulation 36 of the Listing Regulation is given in the notice convening the ensuing Annual General Meeting.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of the Listing Regulations.

On Scheme becoming effective, the following Directors have resigned with effect from May 02, 2016

- Mr. Inderjit Walia;
- Mr. Devendra Khanna;
- Mr. Rajendra Chopra;
- Mr. Sridhar Natarajan;
- Ms. Veenu Mittal.

Further, Key Managerial Personnel (KMP) Mr. Anupam Goyal resigned as Chief Financial Officer, Mr. Manish Sabnis resigned as Key Managerial Personnel and Ms. Gurdeep Kaur as Company Secretary effective from May 02, 2016.

Further, Mr. C. P. Toshniwal was appointed as Chief Financial Officer (KMP) and Mr. Virendra Samani, was appointed as Dy. Company Secretary (KMP) and Compliance Officer respectively effective from May 02, 2016.

COMMITTEES

The details of various committees and their meetings held during the year under review is given as part of Corporate Governance Report which forms the part of Annual Report:

Post Scheme becoming Effective and reconstitution of the Board in the current year, the compositions of various Committees and their scope has been once again defined. The details of reconstitution of existing Committees and constitution of new committees is given here under.

1. Audit Committee

The Audit Committee has been reconstituted with effect from May 02, 2016. Presently, the Committee comprises of following members:

- Ms. Gagan Singh : Independent Director / Chairperson;
- Mr. Ravindra Dhariwal : Independent Director; and
- Mr. Rakesh Biyani : Joint Managing Director

There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been reconstituted with effect from May 02, 2016. Presently, the Committee comprises of following members:

- Mr. Ravindra Dhariwal : Independent Director / Chairman;
- Mr. Shailendra Bhandari : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

3. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted on May 02, 2016. Presently, the Committee comprises of following members:

- Mr. Shailendra Bhandari : Independent Director / Chairman;
- Ms. Gagan Singh : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

4. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has been reconstituted on May 02, 2016. Presently, the Committee comprises of following members:

- Mr. Kishore Biyani : Chairman;
- Ms. Gagan Singh : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions, would help in undertaking better and larger CSR initiatives.

With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under section 198 of the Act was negative.

The brief outline of the CSR Policy of the Company is given in **Annexure - I** which forms part of this Report.

5. Share Transfer Committee

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. Shailendra Bhandari.

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

6. Committee of Directors

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman and Managing Director and Mr. Rakesh Biyani, Joint Managing Director as members of the Committee.

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

VIGIL MECHANISM

The Company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of

the Company, as adopted / framed from time to time. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 10 (Ten) meetings of the Board were held, details of which are given in the Corporate Governance Report that forms part of the Annual Report.

SUBSIDIARY, JOINT VENTURE, HOLDING COMPANY AND ASSOCIATE COMPANIES

There is no subsidiary or joint venture or associate company of our Company during the year under review.

M/s Cedar Support Services Limited ("Cedar") was holding company of our Company as on March 31, 2016. Consequent, to allotment of Equity Shares pursuant to the Scheme on May 18, 2016, our Company ceased to be subsidiary of Cedar.

PERFORMANCE EVALUATION OF BOARD

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually.

At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Directors being evaluated. The performance evaluation of Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which forms part of the Annual Report.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Board has delegated responsibility to the Risk Management Committee which has been constituted on May 02, 2016 to monitor and review risk management, assessment and minimization procedures and to develop, implement and monitor the risk management plan and identify, review and mitigate all elements of risks which the Company may be exposed to. The Audit Committee and the Board also periodically reviews the risk management assessment and minimization procedures.

The Company has in place adequate internal financial controls with reference to financial statements. Key risks and threats to the Company and internal controls and their adequacy are analyzed in the Management Discussion and Analysis, which forms part of the Annual Report.

EMPLOYEES STOCK OPTIONS (ESOPs)

Subject to the approval of members in the general meeting, our Company is in process to implement Employees Stock Option Scheme, 2016. The Scheme is being introduced to ensure compliance with the provisions contained in the Composite Scheme of Arrangement, wherein it has been provided, that employees of Future Enterprises Limited, who had been granted stock options and transferred pursuant to the Scheme, would be granted option in our Company, ensuring protection of the option value as well as the period of exercise of various granted options.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in **Annexure-II** which forms part of this Annual Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company through various training, awareness and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not made any investment and guarantees during the period and has not granted any loan during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors of the Company confirms that:

(i) in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the directors 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 and of the profit of the Company for the year ended March 31, 2016;

(iii) the directors have taken proper and sufficient care for the 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 fraud and other irregularities;

(iv) the directors have prepared the annual accounts for the financial year ended March 31, 2016 on a going concern basis;

(v) the directors, further state that 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

(vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s S.R. Batliboi & Co. LLP was appointed at last AGM for a period of three years subject to ratification by the members in every Annual General Meeting during the said term. However, as on April 30, 2016 they expressed their unwillingness to continue as the Statutory Auditors of the Company.

In view of above, the Board at its meeting held on May 02, 2016, appointed M/s. NGS & Co. LLP as a Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. S.R. Batliboi & Co. LLP. The approval of members for appointment of Statutory Auditors has been obtained at EGM held on May 03, 2016 and M/s NGS & Co. LLP shall hold the office till the conclusion of Ninth AGM.

Further, it has been proposed to appoint M/s. NGS & Co. LLP, as the Statutory Auditors of the Company for a term of 5 years, from the conclusion of the Ninth Annual General Meeting of the Company till the conclusion of the Fourteenth Annual General Meeting of the Company. However, their appointment shall be subject to ratification by the Members in every Annual General Meeting during the said term.

The Company has received a written confirmation from the Auditors for their appointment, if made, shall be in accordance with the criteria as provided under Section 141 of the Act.

Secretarial Auditor

M/s. K. Bindu & Associates, Practising Company Secretary (Membership No. 20066 / Certificate of Practice No. 7378) was appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2015-16 is appended as **Annexure - III** which forms part of this Report. The said Secretarial Audit Report doesn't contain any qualifications, reservations or adverse remarks.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Act, an extract of annual return in the prescribed Form MGT-9 is appended as **Annexure - IV**, which forms part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into by the Company with related parties as defined under the Act, were in the ordinary course of business and on an arm's length basis.

There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

Disclosure of transactions with related parties as required under the Accounting Standard (AS-18) has been made in the notes forming part of the financial statements.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, are provided in **Annexure - V**, which forms part of this Report.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

Except as disclosed in this report about the Scheme becoming effective on May 1, 2016 and thereby Retail Infrastructure Business Undertaking of the Company stands demerged and vested with FEL and Retail Business Undertaking stands demerged from FEL and vest with the Company with effect from October 31, 2015, the Appointed Date defined in the Scheme, there were no material changes have taken place that could have an impact on the financial position of the Company from the date of closure of financial year under review till the date of signing of Accounts.

AWARDS AND RECOGNITIONS

The Company or its formats received awards in categories like:

- In the year 2016, Company was awarded with Most Admired Food & Grocery Retailer of the Year from National Supermarket – Private Label Development (Coca Cola Golden Spoon Awards);
- In the year 2016, Big Bazaar won the Images Most Admired Food & Grocery Retailer of the Year in Food & Grocery category;
- In the year 2016, Company was awarded with IMAGES Most Admired Food & Grocery Retailer of the Year for Effective Technology Application and Increase in store count and retail space.
- Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

ACKNOWLEDGEMENT

The Board thanks all customers, bankers, investors, vendors and other stakeholders for the continued support and patronage during the year under review. The Board places on records its sincere appreciation to the employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

ANNEXURE - I

A brief outline of the Company's CSR Policy:

1	A brief outline of the 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.	The CSR Policy of the Company inter-alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ('the Act'). During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions of the Act, would help in undertaking better and larger CSR initiatives. CSR Policy of the Company is available on the website of the Company at the link: *http://www.futureretail.co.in/pdf/CSR Policy.pdf*
2	The Composition of the CSR Committee.	The CSR Committee as on May 25, 2016 comprises of: 1. Mr. Kishore Biyani – Chairman 2. Mr. Rajan Bharti Mittal – Member 3. Ms. Gagan Singh – Member
3	Average net profit of the Company for last three financial years / periods.	Loss of ₹ 410.64 Crore
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	N. A.
5	Details of CSR spent during the financial year 2015-16: a) Total amount to be spent for the financial year 2015 -16; b) Amount un spent, if any; c) Manner in which the amount spent during the financial year 2015-16 is detailed below:	N. A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified.	Sector in which the project is covered.	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise.	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:	Cumulative Expenditure upto the reporting period.	Amount spent direct or through implementing agency.
N.A.							

ANNEXURE – II

Information as required pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the of the Director's Report for the year ended March 31, 2016

Sl. No., Employee Name, Designation, Age, Date of Joining, Experience (in Yrs), Qualification, Remuneration received (in ₹), Last Employment;

1. *Rajan Malhotra, President - Strategy & Convergence, 47, October 31, 2015, 23, MBA, 1,15,31,828, Future Enterprises LTD.; 2. *Manish Agarwal, Vice President, 46, October 31, 2015, 24, CA, 26,10,867, Future Enterprises LTD.; 3. *Sadashiv Nayak, CEO - Big Bazaar, 46, October 31, 2015, 20, BE Electronics & Communications, 1,12,01,036, Future Enterprises LTD.; 4. *Venkateshwar Kumar M, Vice President - South, 48, October 31, 2015, 25, PG Diploma, 37,76,383, Future Enterprises LTD.; 5. *Devendra Chawla, Group President - Food FMCG, 44, October 31, 2015, 18, BE Production, 91,05,715, Future Enterprises LTD.; 6. *Hasmukh Patel, Head - Loss Prevention & Control, 53, October 31, 2015, 30, BCom Accounts & Economics, 32,40,581, Future Enterprises LTD.; 7. *Mahesh Jhaverchand Shah, CEO - Home Town, 48, October 31, 2015, 21, MMS, 59,46,160, Future Enterprises LTD.; 8. *Sandeep Sharma, Head, 47, October 31, 2015, 26, BE Electronics, 27,32,355, Future Enterprises LTD.; 9. *Nivedita Nanda, Head - People Office, 44, October 31, 2015, 17, MBA, 28,59,644, Future Enterprises LTD.; 10. *Ajay Chablani, Head, 43, October 31, 2015, 21, Btech, 35,27,665, Future Enterprises LTD.; 11. *Behram Adi Kabrajee, Head, 56, September 05, 2015, 29, Bcom, 36,28,550, Ambattur Clothing Ltd.; 12. *Vineet Jain, Vice President, 41, October 31, 2015, 20, CA, 35,37,479, Future Enterprises LTD.; 13. *Dhananjay Sengupta, Vice President, 52, October 31, 2015, 28, MBA, 30,15,307, Future Enterprises LTD.; 14. *Craig Wadsworth Wimsatt , UC, 55, August 07, 2014, 30, Aluminus, 6,45,03,835, Fortune I Global Retail Company; 15. Manish Sabnis, Chief, 47, February 01, 2013, 26, MBA, 1,67,79,370, Nokia India Pvt. Limited; 16. Anupam Goyal , Senior Vice President, 55, November 01, 2014, 29, CA, 1,18,12,071, DLF - Laingo'Rourke India Ltd.; 17. *Shammi Sawhney, Vice President , 59, August 01, 2015, 32, Post Graduation, 38,51,036, Odyssey India Limited - Chennai; 18. *Sandeep Kumar, General Manager , 38, January 01, 2014, 12, CA, 66,72,787, Bharti Wal-Mart Pvt. Ltd.; 19. *Atul Mahajan, Vice President , 43, January 01, 2014, 22, MBA, 36,86,962, Wal-Mart India; 20. *Hardeep Singh, Senior Vice President , 47, January 01, 2014, 21, Masters, 1,55,92,358, Bharti Wal-Mart Pvt. Ltd.; 21. *Veneeth Purushotaman, Vice President , 47, May 26, 2014, 24, Diploma, 61,63,235, Hypercity Retail India Ltd.;

"*"denotes employed part of the year and also include employees transferred pursuant to the Scheme from Future Enterprises Limited.

Notes:

1. Nature of employment is permanent and terminable by Notice on either side.
2. The above employees are not related to any other Director of the Company.
3. No employee holds by himself/herself or along with spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and conditions of employment are as per Company's Rules.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

ANNEXURE – III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Retail Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / 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, agents 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 March 31, 2016 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 March 31, 2016 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- (Not applicable to the Company during the Audit Period);

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

- Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

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

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act;
- Based on the representation given by the Management of the Company and as verified by us, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates;
- 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 decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and no dissenting views were carried out.
- 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 during the audit period of the Company:

(a) There were instances of:
   1. Demerger/ Restructuring/ Scheme of Arrangement

(b) There were no instances of:
   1. Redemption/ Buy-Back of Securities
   2. Foreign Technical Collaborations
   3. Public issue of shares

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

Annexure I to Secretarial Audit Report

To,
The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, We followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **K Bindu & Associates**
Company Secretaries

K. Bindu
Proprietor
Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

ANNEXURE – IV

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016
(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U51909MH2007PLC268269
ii	Registration Date	February 07, 2007
iii	Name of the Company	Future Retail Limited (formerly known as Bharti Retail Limited)
iv	Category / Sub-Category of the Company	Public Company / Limited by shares
v	Address of the Registered office and contact details	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060. Tel No.: +91 22 6644 2200 Fax No.: +91 22 6644 2201 Email: investorrelations@futureretail.in Website: www.futureretail.co.in
vi	Whether listed company Yes / No	No [The Company is in process of listing its Equity Shares on BSE Limited and National Stock Exchange of India Limited]
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Tel No.: +91 22 2594 6970 Fax No.: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1	Multi Brand Retail Trade	47 (Retail Trade, except of motor vehicles and motorcycles)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Cedar Support Services Limited (#) Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi 110070, India	U52599DL2007PLC159150	Holding	100	2(46)

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

(i) Category-wise Shareholding;

Cate-gory code	Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoters and Promoter Group**									
(1)	**Indian**									
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate (#)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**1,39,86,59,994**	**6**	**1,39,86,60,000**	**100**	**4,34,78,255**	**6**	**4,34,78,261**	**100**	**-**
(2)	**Foreign**									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Body Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**1,39,86,59,994**	**6**	**1,39,86,60,000**	**100**	**4,34,78,255**	**6**	**4,34,78,261**	**100**	**-**

Cate-gory code	Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B)	**Public shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2)	**Non-Institutions**									**-**
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(b)	Individuals							-		-
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
(c)	**Any Other**									
	1. N R I	-	-	-	-	-	-	-	-	-
	2. Directors & Relatives	-	-	-	-	-	-	-	-	-
	3. Clearing Member	-	-	-	-	-	-	-	-	-
	4. Trust	-	-	-	-	-	-	-	-	-
	5. Foreign Nationals	-	-	-	-	-	-	-	-	-
	6. Hindu Undivided Family	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Public Shareholding (B)=(B) (1)+(B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL (A)+(B)	**1,39,86,59,994**	**6**	**1,39,86,60,000**	**100**	**4,34,78,255**	**6**	**4,34,78,261**	**100**	**-**
(C)	**Custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**1,39,86,59,994**	**6**	**1,39,86,60,000**	**100**	**4,34,78,255**	**6**	**4,34,78,261**	**100**	**-**

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Cedar Support Services Limited (#)	1,39,86,60,000	100	Nil	4,34,78,261	100	Nil	-
Total		**1,39,86,60,000**	**100**	**Nil**	**4,34,78,261**	**100**	**Nil**	-

(iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)

Equity Shares

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Equity Shares	% of total shares of the Company	No. of Equity Shares	% of total shares of the Company
	At the beginning of the year (#)	1,39,86,60,000	100.00	1,39,86,60,000	100.00
1	April 27, 2015 – Right Issue	13,30,00,000	8.68	1,53,16,60,000	100.00
2	May 25, 2015 – Right Issue	18,80,90,000	10.94	1,71,97,50,000	100.00
	At the end of the year			**1,71,97,50,000**	**100.00**
	Reduction of capital and consolidation in nominal value of shares from ₹ 10 each to ₹ 2 each (Pursuant to the Scheme of Arrangement)				
1	As on Appointed Date	4,34,78,261	100.00	4,34,78,261	100.00

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	NIL				

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Equity Shares	% of total Equity Shares of the Company	No. of Equity Shares	% of total Equity Shares of the Company
	At the beginning of the year.	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg. allotment / transfer)	-	-	-	-
	At the end of the year	-	-	-	-

Notes for point no. III and IV

- Pursuant to the provisions of Scheme the issued, subscribed and paid-up equity share capital of the Company was reduced from ₹ 17,19,75,00,000 comprising of 1,71,97,50,000 equity shares of ₹ 10 each, fully paid up to ₹ 8,69,56,522 divided into 4,34,78,261 equity shares of ₹ 2 each.
- Pre-Scheme, Cedar Support Services Limited was promoter/holding company of our Company and post giving effect to the Scheme, now our Company is part of Future Group.

V. INDEBTEDNESS

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

(₹ in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	294.00	96.40	0.00	390.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.06	0.85	0.00	0.91
Total (i+ii+iii)	294.06	97.25	0.00	391.31
Change in Indebtedness during the financial year				
i) Addition	963.00	300.01	0.00	1,263.01
ii) Reduction*	-338.86	193.05	0.00	-531.91
Net Change	624.14	106.96	0.00	731.10
Indebtedness at the end of the financial year				
i) Principal Amount	918.20	204.20	0.00	1,122.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.01	0.00	0.01
Total (i+ii+iii)	918.20	204.21	0.00	1,122.41

* Note-Include transferred from Future Enterprises Limited, as per the Composite Scheme of Arrangement.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager*		Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) 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 - Contribution to Funds	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	In view of loss, the ceiling is applicable as per Schedule V and other applicable provisions of the Companies Act, 2013 with related Rules thereto.		

* There was no Managing Director, WTD, or Manager for the financial year ended March 31, 2016.

B. Remuneration to other directors:

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Mr. Sridhar Natarajan	Ms. Veenu Mittal	
	• Fee for attending board / committee meetings	0.006	0.006	0.012
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	0.006	0.006	0.012
2.	Other Non-Executive Directors			
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)			
	Total (B) = (1 + 2)	0.006	0.006	0.012
	Total Managerial Remuneration	0.006	0.006	0.012
	Overall Ceiling as per the Act	Sitting Fees paid is within the limits specified under the Companies Act, 2013		

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

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					
		Chief Financial Officer	Chief Executive Officer		Company Secretary		Total
		Mr. Anupam Goyal	Mr. Craig Wadsworth Wimsatt	Mr. Manish Sabnis	Mr. Sandeep Kumar	Ms. Gurdeep Kaur	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.14	1.52	0.61	0.04	-	**3.31**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961#	0.00	0.00	0.00	0.00	-	**0.00**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00	-	**0.00**
2	Stock Option	0.00	0.00	0.00	0.00	-	**0.00**
3	Sweat Equity	0.00	0.00	0.00	0.00	-	**0.00**
4	Commission					-	**0.00**
	- as % of profit	0.00	0.00	0.00	0.00	-	**0.00**
	- others, specify	0.00	0.00	0.00	0.00	-	**0.00**
5	Others, please specify						**0.00**
	Contributions	0.04	0.04	0.03	0.00	-	**0.11**
	Total	**1.18**	**1.56**	**0.64**	**0.04**	**-**	3.42

Notes:

Rounded off to ₹ in Crore

- Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;
- Mr. Craig Wadsworth Wimsatt resigned w.e.f. July 31, 2015 however continued employment upto September 30, 2015. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
- Mr. Sandeep Kumar resigned as Company Secretary w.e.f. May 21, 2015 however continued employment upto January 31, 2016. Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and she resigned w.e.f. May 02, 2016.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE - V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo under section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy : (i) the steps taken or impact on : conservation of energy	The operations of your Company are not energy intensive, however adequate measures have been taken to reduce energy consumption.
(ii) the steps taken by the company for utilising alternate sources of energy	All efforts are made to use more natural lights in offices/ store premises to optimize the consumption of energy.
(iii) the capital investment on energy conservation equipments;	NIL
(B) Technology absorption : (i) the efforts made towards technology absorption	N.A.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	N.A.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	N.A.
(iv) the expenditure incurred on Research and Development.	Nil
(C) Foreign exchange earnings and Outgo :	The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note No. 39, 40 and 47 of other Notes to the Financial Statements.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

CORPORATE GOVERNANCE REPORT

Your Company consistently followed the principles of good corporate governance and strives to enhance the stakeholders' relationship, e-governance initiatives, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

Your Company, in line with the above has taken various initiatives to further strengthen the corporate governance practices and adopted various codes / policies pursuant to the Companies Act, 2013 ('the Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations'), in view of its application to Stock Exchanges to get its Equity Shares listed.

CODE OF CONDUCT

The Company has laid down a Code of Conduct ("Code") for the Board Members and Senior Management Personnel of the Company. The Company has also adopted code of conduct for Independent Directors as prescribed under Schedule IV of the Act.

The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. This Code has also been posted on the Company's website www.futureretail.co.in.

ESTABLISHMENT OF WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has established a whistle blower policy/vigil mechanism. This policy aims to provide an avenue for Directors and employees to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices. This Policy inter-alia provides a direct access to a Whistle Blower to the Chairperson of Audit Committee.

COMPOSITION OF THE BOARD

The information on composition of the Board, Category and their Directorships/Committee Membership across all the Companies in which they were Directors, as on March 31, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairmanships
Mr. Inderjit Walia	Non-Executive Director	6	1	1	-
Mr. Devendra Khanna	Non-Executive Director	8	3	5	2
Mr. Rajendra Chopra	Non-Executive Director	2	3	1	1
Mr. Sridhar Natarajan	Independent Director	5	-	5	2
Ms. Veenu Mittal	Independent Director	6	-	6	4

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

The Board has been reconstituted post Scheme of Arrangement becoming Effective on May 1, 2016.

The composition of the reconstituted Board of Directors ('the Board') is in conformity with the requirement of the Act and Regulation 17 of the Listing Regulations. Presently, the Board of the Company comprises of 6 (Six) Directors including One Woman Director. None of the Directors on the Board are serving as an Independent Director in more than 7 (Seven) / 3 (Three) Listed entities, as the case may be, as specified in Regulation 25 of the Listing Regulations. The reconstituted Board and Committees thereof also comply with all applicable regulations.

None of the Directors on the Board is a Member of more than 10 Committees and/or Chairperson of more than 5 Committees (as specified in Regulation 26 of Listing Regulations), across all the public companies in which he/she is a Director.

Further, the maximum tenures of Independent Directors are in line with provisions of Section 149 (10) and (11) of the Act and Rules made thereunder.

The information on composition of the Board, Category and their Directorships/Committee Membership across all the Companies in which they are Directors, as on May 25, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairmanships
Mr. Kishore Biyani	Chairman and Managing Director (Promoter Group)	9	1	3	1
Mr. Rakesh Biyani	Joint Managing Director (Promoter Group)	6	5	3	-
Mr. Rajan Bharti Mittal	Non Executive Director	6	8	4	2
Mr. Ravindra Dhariwal	Independent Director	9	5	10	2
Mr. Shailendra Bhandari	Independent Director	1	-	1	1
Ms. Gagan Singh	Independent Director	2	1	4	2

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

The details of shares held by the present Directors in the Company as on March 31, 2016 and May 25, 2016 are as follows:

Sr. No.	Name of Director	Number of Equity Shares held	
		March 31, 2016	May 25, 2016
1	Mr. Kishore Biyani	N.A.	2,121
2	Mr. Rakesh Biyani	N.A.	2,121
3	Mr. Rajan Bharti Mittal	N.A.	NIL
4	Mr. Ravindra Dhariwal	N.A.	NIL
5	Mr. Shailendra Bhandari	N.A.	NIL
6	Ms. Gagan Singh	N.A.	NIL

BOARD MEETINGS AND LAST AGM

During the year under review, total Ten Board Meetings were held on April 27, 2015, May 04, 2015, May 21, 2015, May 25, 2015, June 20, 2015, August 05, 2015, August 18, 2015, November 17, 2015, January 06, 2016 and March 28, 2016.

The gap between two meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations.

The Eighth Annual General Meeting (AGM) of the Company was held on August 10, 2015.

The attendance of Directors at the above Board Meetings and AGM is as under:

Name of Director	No. of Board Meetings		08th AGM (August 10, 2015)
	Held	Attended	
Mr. Inderjit Walia	10	10	Yes
Mr. Devendra Khanna	10	10	Yes
Mr. Rajendra Chopra	10	10	No
Mr. Sridhar Natarajan	10	3	No
Ms. Veenu Mittal	10	4	No

AUDIT COMMITTEE

As on March 31, 2016 the Audit Committee of the Company comprised of three Directors viz Mr. Sridhar Natarajan, Mr. Devendra Khanna, Ms. Veenu Mittal and majority of them were Independent Directors. Mr. Sridhar Natarajan was Chairman of the Committee. All the Members of the Committee were having accounting and financial management expertise.

During the year under review, total Four meetings of the Audit Committee were held on June 20, 2015, August 05, 2015, November 17, 2015 and March 28, 2016.

The attendance details of the Members at the above Committee meetings is as under:

Name of Director / Member	Designation	No. of Meetings	
		Held	Attended
Mr. Sridhar Natarajan	Chairman	4	4
Mr. Devendra Khanna	Member	4	4
Ms. Veenu Mittal	Member	4	4

Post Scheme becoming Effective, the Audit Committee has been reconstituted with effect from May 02, 2016. Presently, the Audit Committee comprises of following members:

- Ms. Gagan Singh : Independent Director / Chairperson;
- Mr. Ravindra Dhariwal : Independent Director; and
- Mr. Rakesh Biyani : Joint Managing Director

The Company Secretary functions as Secretary to the Committee.

The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act.

The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

A. Role of the Committee, inter-alia, include the following

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

  (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

  (b) changes, if any, in accounting policies and practices and reasons for the same;

  (c) major accounting entries involving estimates based on the exercise of judgment by management;

  (d) significant adjustments made in the financial statements arising out of audit findings;

  (e) compliance with listing and other legal requirements relating to financial statements;

  (f) disclosure of any related party transactions;

  (g) modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Review of the following information

(1) management discussion and analysis of financial condition and results of operations;

(2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) internal audit reports relating to internal control weaknesses; and

(5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(6) statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of Listing Regulations.

NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2016 the Nomination and Remuneration Committee of the Company comprised of three Non-Executive Directors viz Mr. Rajendra Chopra, Mr. Sridhar Natarajan and Ms. Veenu Mittal, majority of them were Independent Directors. Mr. Rajendra Chopra was Chairman of the Committee.

During the year under review, total Two meetings of the Nomination and Remuneration Committee were held on May 21, 2015 and August 05, 2015.

The attendance details of the Members at the above Committee meetings is as under:

Name of Director / Member	Designation	No. of meetings	
		Held	Attended
Mr. Rajendra Chopra	Chairman	2	2
Mr. Sridhar Natarajan	Member	2	2
Ms. Veenu Mittal	Member	2	2

Post Scheme becoming Effective, the Nomination and Remuneration Committee has been reconstituted with effect from May 02, 2016. Presently, the Nomination and Remuneration Committee comprises of following members:

- Mr. Ravindra Dhariwal : Independent Director / Chairman;
- Mr. Shailendra Bhandari : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

Role of the Committee, inter-alia, include the following

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;

(2) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

(3) devising a policy on diversity of Board of Directors;

(4) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

(6) establishing and from time to time review the policy for ESOP, ESOS and recommend the grants to be made of options under ESOP / ESOS; and

(7) reviewing Company's remuneration and human resources policy.

Remuneration Policy

The Company believes that human resource is the key for the continuous growth and development of the Company. The Company's remuneration policy is designed to attract, retain and motivate employees by offering appropriate remuneration packages and retiral benefits and also rewarding performance of key employees by offering employee stock options to contribute and participate in the overall corporate growth, profitability and financial success of the organization. The remuneration policy is in consonance with the existing industry practice.

Remuneration policy for Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission or performance bonus (variable component) to its Managing Director / Joint Managing Director or the Executive Director, as approved by the Board and the Members of the Company. In determining the remuneration package of the Executive Directors, the Nomination and Remuneration Committee (NRC) evaluates the remuneration paid by comparable organisation and thereafter makes its recommendation to the Board. Annual increments are decided by the NRC within the scale of remuneration approved by the Members of the Company. NRC also reviews and decides on the quantum of commission or performance bonus payable to the Managing Director / Joint Managing Director or the Executive Director as per terms of appointment and based on the performance of the individual as well as the Company. Performance criteria for Managing Director / Joint Managing Director and Executive Director, entitled for commission or performance bonus are determined by NRC.

Criteria of making payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending any meeting of the Board and Committee of the Board including meeting of Independent Directors, as decided from time to time by the Board. The members of Corporate Social Responsibility Committee have voluntarily waived the acceptance of sitting fees for attending the meeting of the Committee. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Further, the Company has also devised a process for performance evaluation of Independent Directors, the Board, Committees and other individual Directors.

Remuneration to Directors

Remuneration to Managing Director / Executive Director / CEO

The remuneration paid to the Managing Director / Executive Director / CEO for the year ended March 31, 2016 is as under:

(₹ in Crore)

Name of Managing Director / Executive Director / CEO	Salary	Performance Bonus / Commission	Company's Contribution to Funds	Perquisites and allowance	Total	Total Contract Period	Notice period in months	Stock Options granted
Mr. Craig Wadsworth Wimsatt	0.68	0.84	0.04	0.00	1.56	-	3 Months	-
Mr. Manish Sabnis	0.61	0.00	0.03	0.00	0.64	-	3 Months	-

Notes: Mr. Craig Wadsworth Wimsatt resigned w.e.f. July 31, 2015 however continued employment upto September 30, 2015. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;

Remuneration to Non-Executive Directors

The sitting fees paid to Non-Executive Directors during the year under review is as under:

Name of Director	Sitting Fees paid (₹ in Crore)	Commission paid
Mr. Sridhar Natarajan	0.006	Nil
Ms. Veenu Mittal	0.006	Nil

Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees for identified Non-Executive Directors as entitled under the Act, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, which in their judgment would affect their independence. None of the Directors of the Company is inter-se related to each other.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2016, there was no requirement of constitution of Stakeholders' Relationship Committee.

Post Scheme becoming Effective, the Stakeholder Relationship Committee has been constituted on May 02, 2016. Presently, the Stakeholder Relationship Committee comprises of following members:

- Mr. Shailendra Bhandari : Independent Director / Chairman;
- Ms. Gagan Singh : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act.

Role of the Committee, inter-alia, include the following

- To determine on behalf of the Board the Company's policy on serving the stakeholders in line with best corporate governance norms;
- To periodically review stakeholders' grievance mechanism of the Company;
- To review and redress stakeholders' grievances regarding allotment of securities, transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and other allied matters;
- The Committee is also authorised to:
  i. Investigate any activity within its terms of reference;
  ii. Seek any information from any employee of the Company;
  iii. Obtain outside legal or independent professional advice. Such advisors may attend meetings if necessary; and
  iv. Incur such reasonable expenditure, as it deems necessary.

With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Shailendra Bhandari, Mr. Kishore Biyani and Mr. Rakesh Biyani as Members of the Committee. The Share Transfer Committee meets as and when required to consider the transfer proposals and attend to Investors' grievances, transmission of shares, split, consolidation, issue of duplicate share certificate, dematerlisation and rematerialisation of shares.

Investors' Grievance Redressal

During the year under review, no complaint was received from the Shareholders.

Compliance Officer

Mr. Virendra Samani, Dy. Company Secretary of the Company is the Compliance Officer of the Company.

Code of Conduct for Prevention of Insider Trading

The Company's Code of Conduct for Prevention of Insider Trading as approved by the Board of Directors, inter-alia, prohibits dealing in the securities of the Company by Directors and certain employees while in possession of unpublished price sensitive information in relation to the Company. The same is available on the Company's website.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the meeting of Independent Directors was held on November 17, 2015.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2016 the Corporate Social Responsibility Committee of the Company comprised of members viz Mr. Devendra Khanna, Mr. Sridhar Natarajan and Ms. Veenu Mittal. Further, Mr. Devendra Khanna was Chairman of the Committee.

Post Scheme becoming Effective, the Corporate Social Responsibility Committee has been reconstituted on May 02, 2016. Presently, the Committee comprises of following members:

- Mr. Kishore Biyani : Member / Chairman;
- Ms. Gagan Singh : Member / Independent Director; and
- Mr. Rajan Bharti Mittal : Director

The Committee functions in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which inter-alia includes:

a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

COMMITTEE OF DIRECTORS

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman and Managing Director and Mr. Rakesh Biyani, Joint Managing Director as a members of the Committee. The main function of Committee is to handle day to day operations and activities of the Company and to ensure smooth functioning and for regular day to day operations. The Committee is further authorised to delegate some of its powers to employees / executives of the Company as authorised therein.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. C. P. Toshniwal.

The Committee functions in accordance with the terms of reference as specified by the Board from time to time, which inter-alia includes implementing and monitoring of risk management plan and policy of the Company.

RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Audit Committee / Board of Directors periodically reviews the risk assessment and minimization procedures and ensures that executive management controls risk through means of a properly defined framework.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis forming part of the Annual Report.

DISCLOSURES

Related Party Transactions

All related party transactions were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and at arm's length basis. During the financial year under review, there were no materially significant transactions entered into between the Company and related parties that may have potential conflict with the interests of the Company at large.

The details of related party transactions are presented in Note No. 27 in Notes forming part of the financial statements for the year ended March 31, 2016. Policy on dealing with related party transactions is available on the website of the Company at the link *http://www.futureretail.co.in/pdf/RPT_Policy.pdf*

Disclosure of Accounting Treatment

During the year under review, the Company followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in the preparation of its financial statements.

Management

A Management Discussion and Analysis (MDA) forms part of the Annual Report.

All members of the Senior Management have confirmed to the Board that there are no material, financial and/or commercial transactions between them and the Company, which could have any potential conflict of interest with the Company at large.

CEO/CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements for the year ended March 31, 2016.

GENERAL BODY MEETINGS

Annual General Meeting

Last Three Annual General Meetings (AGM) of the Company were held as under:

Year/Period ended	No. of AGM	Day, Date & Time of AGM	Venue
March, 2015	8	Monday, August 10, 2015 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.
March, 2014	7	Friday, September 26, 2014 at 11:00 am	
December, 2012	6	Friday, June 28, 2013 at 10:30 am	

Special Resolutions passed in the last Three Annual General Meetings are as follows:

AGM No.	AGM Date	Special Resolutions Passed
8	August 10, 2015	None
7	September 26, 2014	• Re-appointment of Mr. Raj Kumar Jain as a Managing Director; • Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing power upto ₹ 2,000 Crore; • Approval under Section 180(1)(a) of the Companies Act, 2013 for creation of charge, mortgage etc on assets of the Company upto ₹ 2,000 Crore; • Approval under Section 185, 186 of the Companies Act, 2013 for loan to employees upto ₹ 10 Crore.
6	June 28, 2013	None

Extraordinary General Meeting

During the year under review, total Four Extraordinary General Meetings (EGM) were held and the details are as follows:

Sr. No.	Day, Date & Time of EGM	Venue
1.	Monday, May 04, 2015 at 4:00 pm	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.
2.	Thursday, May 21, 2015 at 4:00 pm	
3.	Wednesday, November 18, 2015 at 11:00 am	
4.	Thursday, February 18, 2016 at 11:00 am	

Special Resolutions passed in the Extraordinary General Meetings are as follows:

Sr. No.	EGM Date	Special Resolutions passed
1.	May 04, 2015	Shifting of the Registered Office of the Company from NCT of Delhi to State of Maharashtra
2.	May 21, 2015	Issue Optionally Convertible Debentures
3.	November 18, 2015	• Reduction of Capital as part of the Scheme • Change of Name pursuant to the Scheme
4.	February 18, 2016	Reduction of Capital as part of the Scheme

Court Convening Meeting

During the year under review, the Company entered into Composite Scheme of Arrangement between Future Enterprises Limited and the Company and respective Shareholders and Creditors. In this connection, the consent of Equity Shareholders were obtained whereby they consented to the Scheme and also for dispension for holding of meeting of shareholders, as approved by the Hon'ble High Court of Judicature at Bombay

Postal Ballot

The Company has not passed any Special Resolution through postal ballot during the financial year 2015-16 under review.

MEANS OF COMMUNICATION

The Annual Report and Shareholding Pattern of the Company are also posted on website of the Company.

As the Company had single shareholder (with its nominees) and unlisted during the year under review, there was no need of publication of quarterly/annual financial results. The Company proposes to initiate the process of publication of quarterly/annual financial result for the Financial Year 2016-17, as the Company is in process of listing its Equity Shares.

GENERAL SHAREHOLDERS INFORMATION

Date, Time and Venue of the 9th Annual General Meeting

Monday, August 29, 2016 at 9.30 a.m. at Rangswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai - 400021.

Financial Year

The financial year covers the period from April 1 of every year to March 31 of the next year.

Financial Reporting for

Quarter	Release Date (tentative & subject to change)
Quarter ending June 30, 2016	Second week of August, 2016
Quarter/half year ending September 30, 2016	Second week of November, 2016
Quarter ending December 31, 2016	Second week of February, 2017
Year ending March 31, 2017	End of May, 2017

Note: The above dates are indicative.

Record Date/ Book Closure

The Company has fixed August 22, 2016 as the Record Date for the purpose of Ninth Annual General Meeting and matters related thereto.

Dividend

The Board of Directors of the Company has not recommended any dividend for the year ended March 31, 2016 in view of accumulated losses.

Listing on Stock Exchanges and ISIN Number

- ISIN No. of Equity Shares : INE752P01024
- The Equity Shares of the Company proposed to be listed on the following Stock Exchanges:
  - ❖ BSE Limited ('BSE')
  - ❖ National Stock Exchange of India Limited ('NSE')

Debt Securities

Cedar Support Services Limited holds 1,542 Optionally Convertible Debentures ("OCDs") of ₹ 10 lakh each aggregating to ₹ 154.20 Crore in our Company consequent to the effect of the Scheme. These OCDs are convertible into Equity Shares of our Company at the option of issuer, at the price to be calculated as per applicable provisions under SEBI Regulations for Preferential Issue of securities on the date of conversion.

Listing Fees

Listing Fees, as prescribed, is being paid to both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed.

Corporate Identification Number (CIN)

The Company's CIN as allotted by the Ministry of Corporate Affairs is U51909MH2007PLC268269.

Share Transfer System

The Company has made necessary application for listing of its Equity Shares on BSE and NSE. Equity Shares sent for transfer in physical form will be registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders' Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

Dematerialisation of shares

Total 99.76% of the Equity Shares of the Company have been dematerialised as on May 18, 2016. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the Depositories. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of Equity Shares as on May 18, 2016 is as under:

Particulars	No. of Shares	% of Capital
National Securities Depository Limited (NSDL)	3,506,66,015	74.40
Central Depository Services (India) Limited (CDSL)	1,195,61,411	25.36
Total Dematerialised	**47,02,27,426**	**99.76**
Physical	11,11,131	0.24
Total	**47,13,38,557**	**100.00**

Distribution of Shareholding of Equity Shares as on May 18, 2016

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	39,692	87.19	33,78,505	0.72
501-1000	3,788	8.32	25,41,713	0.54
1001-2000	956	2.10	13,95,819	0.30
2001-3000	321	0.71	8,08,953	0.17
3001-4000	138	0.30	4,84,152	0.10
4001-5000	98	0.22	4,56,028	0.10
5001-10000	192	0.42	14,04,615	0.30
10001 and above	336	0.74	46,08,68,772	97.77
Total	**45,521**	**100.00**	**47,13,38,557**	**100.00**

Shareholding Pattern as on May 18, 2016

Category	No. of Equity Shares	% holding
Promoters and Promoter Group	23,01,15,436	48.82
Mutual Funds	1,05,33,454	2.23
Banks, Financial Institutions	54,57,047	1.16
Venture Capital Funds	0	0.00
Insurance Companies	26,39,583	0.56
Foreign Portfolio Investor	8,68,69,299	18.43
Non Resident Indians	4,18,311	0.09
Bodies Companies	11,44,79,170	24.29
Indian Public (Individual)	1,73,73,059	3.69
Directors & their Relatives	0	0.00
Clearing Members	10,57,650	0.22
Trust	200	0.00
Hindu Undivided Family	23,95,348	0.51
Foreign Nationals	0	0.00
Total	**47,13,38,557**	**100.00**

Outstanding GDR /ADR /Warrants or any convertible instruments, conversion date and impact on equity.

Total 1,542 Optionally Convertible Debentures ("OCDs") of ₹ 10 lakh each aggregating to ₹ 154.20 Crore issued in our Company consequent to the effect of the Scheme. These OCDs are convertible into Equity Shares of our Company at the option of issuer, at the price to be calculated as per applicable provisions under SEBI Regulations for Preferential Issue of securities on the date of conversion.

The Company has not issued any GDRs / ADRs / Warrants, during the year under review.

Plant Locations

In view of the nature of the Company's business i.e. multi brand retail, the Company operates from various stores in India.

Registered Office

"Knowledge House",
Shyam Nagar, Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060.

Address for Correspondence

Investor Correspondence for securities held in physical form

Registrar and Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078
Tel No.: +91 22 2594 6970,
Fax No.: +91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in,
Website: www.linkintime.co.in

For securities held in demat form

Investors' concerned Depository Participant(s) and/ or Link Intime India Private Limited

For any query on the Annual Report

Mr. Virendra Samani
Dy. Company Secretary
Future Retail Limited
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai 400 060
Tel No: +91 22 6644 2200,
Fax No: +91 22 6644 2201
Email: investorrelations@futureretail.in,
Website: www.futureretail.co.in

DISCRETIONARY REQUIREMENTS

Not Applicable - as the Company was not listed entity during the year under review.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have examined the compliance of conditions of Corporate Governance by Future Retail Limited (formerly known as Bharti Retail Limited) for the financial year ended March 31, 2016, relevant records and documents maintained by the Company and the report of Corporate Governance as approved by the Board of Directors, have been furnished to us.

The Company, is not a listed company as on March 31, 2016, however, in a pursuit to ensure compliance of a good corporate governance, they have approached us to conduct examination of various records and papers maintained by the Company.

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

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance such as:

1. Proper composition of the Board of Directors with the right mixture of Executive, Non-executive and Independent Directors
2. Composition of various Committees of the Board
3. Number of meetings of the Board and its Committees
4. Approvals obtained for Related Party Transactions.

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 **K Bindu & Associates**
Company Secretaries

K. Bindu
Proprietor
Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Future Retail Limited
(formerly known as Bharti Retail Limited)

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **FUTURE RETAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, 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 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 Companies Act, 2013, 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 control, 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 provision 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 accounting policies used and the reasonableness of the accounting estimates made by the Company 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 financial statements.

Opinion

In our opinion and to the best of information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of company as at March 31, 2016, its profit and its cash flow 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 paragraph 3 and 4 of the Order, to the extent applicable.

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 purpose of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The Balance Sheet, 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 written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of Internal financial controls over financial reporting of the company and the operating effectiveness of such control, 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 explanation given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **NGS & Co. LLP**
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date : May 25, 2016

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the **FUTURE RETAIL LIMITED** on the standalone financial statements for the year ended March 31, 2016, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and therefore, the requirements under paragraph clause 3 (i)(c) of the order is not applicable.

(ii) (a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provision of clause 3(iii) (a), (b) and (c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service-Tax, Custom Duty Value Added Tax, Cess and Other Material Statutory dues, as applicable, have been regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Service-Tax, Cess and Other Material Statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of Income-Tax, Sales-Tax, VAT, Service-Tax which have not been deposited with the appropriate authorities on account of any dispute.

However, according to information and explanations given to us, added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	4.04	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P
The Income Tax Act, 1961	Income Tax	0.70	FY : 2011-12	Commissioner of Income Tax (Appeal)
Central Sales Tax Act and Local Sales Tax Act	Central Sales Tax and Local Sales Tax (including Value Added Tax)	10.61	FY: 2007-08, 2008-09; 2009-10, 2010-11; 2012-13	Additional Commissioner Grade 2, Kanpur; Directorate of Commercial Taxes; Dy. Commissioner of Sales Tax; Special Commissioner of VAT; Additional Commissioner (Appeals)

(viii) Based on our audit procedures and on the basis of information and explanation given by the management, we are of the opinion that the company does not defaulted in repayment of loans or borrowings from any financial institution, banks, government and debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, clause 3 (ix) of the Order is not applicable.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations give 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 given to us and based on our examination of the records of the Company, the Company has made private placement of optionally convertible debentures during the year in compliance with requirements of section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.

(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 him. Therefore, 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 **NGS & Co. LLP**
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date : May 25, 2016

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 **FUTURE RETAIL LIMITED** ("the Company") as of March 31, 2016 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 March 31, 2016, 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 **NGS & Co. LLP**
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date : May 25, 2016

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Crore)

	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**8.70**	1,398.66
Share Capital Suspense	2A	**85.57**	-
Reserves and Surplus	3	**1,779.92**	(1,820.26)
		1,874.19	(421.60)
Share Application Money Pending Allotment		**-**	133.00
Optionally Convertible Debentures	4	**154.20**	-
Non-Current Liabilities			
Long-Term Borrowings	5	**-**	54.00
Other Long-Term Liabilities	6	**134.20**	111.73
Long-Term Provisions	7	**31.94**	8.42
		166.14	174.15
Current Liabilities			
Short-Term Borrowings	8	**968.20**	336.40
Trade Payables	9	**2,208.72**	166.09
Other Current Liabilities	10	**207.54**	42.50
Short-Term Provisions	11	**6.68**	27.76
		3,391.14	572.74
TOTAL		**5,585.67**	458.29
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		**-**	108.56
Intangible Assets		**260.93**	25.98
Capital Work-in-Progress		**-**	43.40
Long-Term Loans and Advances	13	**255.43**	29.14
		516.36	207.08
Current Assets			
Inventories	14	**3,297.24**	216.15
Trade Receivables	15	**127.48**	0.44
Cash and Bank Balances	16	**91.36**	9.80
Short-Term Loans and Advances	17	**1,548.21**	24.72
Other Current Assets	18	**5.02**	0.10
		5,069.31	251.21
TOTAL		**5,585.67**	458.29
The accompanying notes are an integral part of these financial statements.	1-48		

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

	Note	Year Ended March 31, 2016	Year Ended March 31, 2015
INCOME			
Revenue from Operations	19	**6,844.96**	1,779.42
Other Income	20	**15.51**	70.03
Total Revenue		**6,860.47**	1,849.45
EXPENSES			
Purchases of Stock-in-Trade		**5,254.86**	1,562.80
Changes in Inventories of Stock-in-Trade	21	**(189.74)**	8.09
Employee Benefits Expense	22	**329.28**	161.53
Finance Costs	23	**49.75**	20.23
Depreciation and Amortization Expense	12	**36.76**	44.10
Other Expenses	24	**1,365.01**	431.91
Total Expenses		**6,845.92**	2,228.66
Profit / (Loss) Before Tax For The Year		**14.55**	(379.21)
Tax Expense		**-**	-
Profit / (Loss) After Tax For The Year		**14.55**	(379.21)
Earnings Per Equity Share of Face Value of ₹ 2/- each	29		
Basic & Diluted		**0.66**	(107.24)
The accompanying notes are an integral part of these financial statements.	1-48		

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Future Retail Limited (formerly known as Bharti Retail Limited) ('the Company') is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956 on February 7, 2007. The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

1.2 Summary of Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in differences between the actual results and estimates which are recognised in future period.

B. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets. The life of the assets is based on technical assessment by the management which is either same or lower than the life indicated in Schedule II of the Companies Act, 2013. The life of assets is given below:

Assets	Life as per Management	Life as per Schedule II
Plant and Machinery	5 years	15 years
Office Equipments		
- Mobiles	2 years	5 years
- Others	5 years	5 years
Furniture and Fixtures	7 to 10 years	10 years
Computers		
- Servers and networks	5 years	6 years
- End user devices, such as, desktops, laptops, etc.	3 years	3 years
Leasehold improvements		
- Electrical Installations and Equipment	10 years	10 years
- Leasehold improvements	lease term or 15 years, whichever is lower	lease term or 15 years, whichever is lower

i. Assets individually costing ₹ 5,000 or less are fully depreciated over a period of 12 months from the date put to use.

ii. Wherever the life is different form as indicated in Schedule II, the same is based on technical assessment done by technical people.

C. Intangible Assets and Amortisation

Intangible assets are stated at acquisition cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on straight line basis over their estimated useful economic life not exceeding ten years.

D. Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement on straight line basis.

E. Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, are capitalized as part of the cost of the respective asset. All other borrowing costs are charged in the period they occur in the Statement of Profit and Loss.

F. Investments

Current investments are carried at lower of cost and fair value computed on individual investment basis. Long-term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in value.

G. Inventories

Inventories of traded goods are valued at lower of cost or net realizable value. Finished Goods and Work-in-Progress include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed on weighted average basis.

H. Foreign Currency Transaction

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the balance sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognised as an expense/income over the life of the contract.

I. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sales are recognised when significant risk and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discounts VAT and Sales Tax. Revenue from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of service tax (If applicable). Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate. Dividend income is recognised when right to receive is established.

J. Retirement and Other Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognised at the present of the amounts payable determined using actuarial valuation techniques. Actuarial gain and loss in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

K. Income Taxes

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual/ reasonable certainty that the asset will be realised in future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

I. Earnings / (Loss) Per Share

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

M. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

N. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Share Capital

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
Authorised				
Equity Shares of ₹ 2/- each (2015: ₹ 10/- each)*	**12,50,00,00,000**	**2,500.00**	2,50,00,00,000	2,500.00
	12,50,00,00,000	**2,500.00**	2,50,00,00,000	2,500.00
Issued Subscribed and Paid up				
Equity Shares of ₹ 2/- each (2015: ₹ 10/- each)*	**4,34,78,261**	**8.70**	1,39,86,60,000	1,398.66
	4,34,78,261	**8.70**	1,39,86,60,000	1,398.66

*As per the Composite Scheme of Arrangement the number of shares from 1,71,97,50,000 to 4,34,78,261 and Face value of an equity share is to be reduced from ₹ 10/- to ₹ 2/- w.e.f. October 31, 2015.

(i) Reconciliation of Number of Shares

Equity Shares of ₹ 2/- each (2015 : ₹ 10/- each)

Particulars	As at March 31, 2016	As at March 31, 2015
	Number of Shares	Number of Shares
Opening Balance (Equity Shares of ₹ 10/- each)	**1,39,86,60,000**	1,39,86,60,000
Add : Shares Issued (Equity Shares of ₹ 10/- each)	**32,10,90,000**	-
Less : Shares reduced due to reduction and re-organisation*	**1,67,62,71,739**	-
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer Note No. 44)	**42,78,60,296**	-
Closing Balance (Equity Shares of ₹ 2/- (2015: ₹ 10/-) each	**47,13,38,557**	1,39,86,60,000

* Current year numbers have been adjusted for reduction & re-organisation of share capital pursuant to Composite Scheme of Arrangement.

(ii) Terms/Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- each (2015: ₹ 10/- each) at the Balance Sheet Date. Each holder is entitled to one vote per share in case of voting by show of hands and one vote per Shares held in case of voting by poll/ballot. Each holder of Equity Share is also entitled to normal dividend (including interim dividend, if any) as may declared by the company. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

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

(iii) Shares Held by Holding/Ultimate Holding Company

Out of the equity shares issued by the company, shares held by holding/ultimate holding Company are as below :

Name of Shareholder	As at March 31, 2016#	As at March 31, 2015#
Cedar Support Services Limited, the holding Company * Equity shares of ₹ 2/- each (2015: ₹ 10/- each) fully paid up	**4,34,78,261**	1,39,86,60,000

*100% subsidiary of Bharti Enterprises Limited

Includes Shares held through nominees

(iv) Shares in the Company held by each shareholder holding more than 5 percent shares and number of Shares held are as under:

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held#	% of Holding	No. of Shares held#	% of Holding
Equity Shares				
Cedar Support Services Limited	**4,34,78,261**	**100.00**	1,39,86,60,000	100.00

Includes Shares held through nominees

2A. Equity Share Suspense Account

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
42,78,60,296 Equity Shares of ₹ 2/- each, fully paid-up, to be issued pursuant to the Scheme of arrangement with Future Enterprises Limited (formerly known as Future Retail Limited) (Refer Note No. 44)#	**42,78,60,296**	**85.57**	-	-
	42,78,60,296	**85.57**	-	-

Pursuant to the provisions of the Companies Act, 2013, the issues of 1,04,371 equity shares are kept in abeyance corresponding to their status in Future Enterprises Limited.

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
3.	**Reserve and Surplus**		
	Capital Reserve		
	Opening Balance	**396.00**	396.00
	Add: On Composite Scheme of Arrangement (Refer Note No. 44)	**1,874.58**	-
		2,270.58	396.00
	Surplus		
	Opening Balance	**(2,216.26)**	(1,837.05)
	Add : Profit for the Year	**14.55**	(379.21)
	Add : Arising on Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme of Arrangement (Refer Note No. 44)	**1,711.05**	-
		(490.66)	(2,216.26)
		1,779.92	(1,820.26)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
4.	**Optionally Convertible Debentures**		
	1542 Optionally Convertible Debentures having face value of ₹ 10,00,000 each (Refer Note No. 45)	**154.20**	-
		154.20	-
5.	**Long-Term Borrowings**		
	Secured (Refer Note No. 41)		
	Term Loan from Bank	**-**	54.00
		-	54.00
6.	**Other Long-Term Liabilities**		
	Lease Equalisation Account	**134.20**	111.73
		134.20	111.73
7.	**Long-Term Provisions**		
	Provision for Employee Benefits	**31.94**	8.42
		31.94	8.42
8.	**Short-Term Borrowings**		
	Secured (Refer Note No. 42)		
	Working Capital Loans from Banks	**918.20**	240.00
		918.20	240.00
	Unsecured (Refer Note No. 43)		
	Short-Term Loan from Bank	**50.00**	-
	Working Capital Loan from Bank	**-**	96.40
		50.00	96.40
		968.20	336.40
9.	**Trade Payables**		
	Trade Payables (Refer Note No. 30)	**2,208.72**	166.09
		2,208.72	166.09
10.	**Other Current Liabilities**		
	Interest Accrued but Not Due on Borrowings	**0.01**	0.91
	Lease Equalisation Account	**0.91**	0.43
	Other Payables #	**206.62**	41.16
		207.54	42.50
	# Includes Statutory Dues, Security Deposits, Advance from Customers, Bank Overdraft etc.		
11.	**Short-Term Provisions**		
	Provision for Employee Benefits	**6.68**	12.66
	Provision for Probable Store Closure	**-**	15.10
		6.68	27.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Fixed Assets

(₹ in Crore)

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 01, 2015	Additions#	Deductions#	As at March 31, 2016	Up to March 31, 2015	Deduction/ Adjustment#	For the Year	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
(A) Tangible Asset										
Leasehold Improvement	57.10	2.39	59.49	-	15.10	18.11	3.01	-	-	42.00
Plant & Equipments	84.27	2.66	86.93	-	60.56	68.03	7.47	-	-	23.71
Office Equipment	1.28	0.04	1.32	-	1.02	1.10	0.08	-	-	0.26
Computers	53.79	2.04	55.83	-	40.99	43.90	2.91	-	-	12.80
Furniture & Fittings	60.18	0.94	61.12	-	30.39	35.54	5.15	-	-	29.79
Total	256.62	8.07	264.69	-	148.06	166.68	18.62	-	-	108.56
(B) Intangible Asset										
Computer Software #	29.82	253.09	-	**282.91**	3.84	-	18.14	**21.98**	**260.93**	25.98
Total	29.82	253.09	-	**282.91**	3.84	-	18.14	**21.98**	**260.93**	25.98
Grand Total	286.44	261.16	264.69	**282.91**	151.90	166.68	36.76	**21.98**	**260.93**	134.54
Previous Year	267.48	51.87	32.91	286.44	123.99	16.20	44.10	151.89	134.54	143.48

includes impact of Composite Scheme of Arrangement (Refer Note No. 44)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
13.	**Long-Term Loans and Advances**		
	Capital Advances		
	Unsecured, Considered Good	-	4.60
	Doubtful	-	0.15
		-	4.75
	Less: Provision for Doubtful Capital Advances	-	0.15
		-	4.60
	Security Deposits		
	Unsecured, Considered Good	**243.47**	19.93
		243.47	19.93
	Other Loans and Advances		
	Others Unsecured, Considered Good*	**11.96**	4.60
	Doubtful	**0.60**	0.60
		12.56	5.20
	Less: Provision for Doubtful Other Loans & Advances	**0.60**	0.60
		11.96	4.60
		255.43	29.14
	* Includes Deduction/Payment of Income Tax (Net of Provisions etc.)		
14.	**Inventories**		
	Stock-in-Trade [Goods-in-Transit of ₹ 91.27 Crore (2015: ₹ 0.62 Crore)]	**3,294.07**	214.88
	Packing Materials & Others	**3.17**	1.27
		3,297.24	216.15
15.	**Trade Receivables**		
	Outstanding for a period more than six months from the date they are due for payment		
	Unsecured, Considered Good	**5.86**	0.00
	Doubtful	**0.16**	0.16
		6.02	0.16
	Less: Provision for Doubtful Receivables	**0.16**	0.16
		5.86	0.00
	Other Receivables		
	Unsecured, Considered Good	**121.62**	0.44
	Doubtful	**0.06**	0.06
		121.68	0.50
	Less: Provision for Doubtful Receivables	**0.06**	0.06
		121.62	0.44
		127.48	0.44

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
16.	**Cash and Bank Balances**		
	Cash and Cash Equivalents		
	Balances with Banks in Current Accounts	**66.34**	4.38
	Cheques on Hand	**0.84**	-
	Cash on Hand	**22.31**	3.95
	Other Bank Balances		
	Earmarked Balances with Banks*	**1.87**	1.47
		91.36	9.80
	*Include deposits of ₹ 1.87 Crore (2015: ₹ 1.47 Crore) with maturity of more than 12 months .		
17.	**Short-Term Loans and Advances**		
	Security Deposits		
	Unsecured, Considered Good	**1,014.06**	5.68
	Doubtful	**-**	1.19
		1,014.06	6.88
	Less: Provision for Doubtful Security Deposits	**-**	1.19
		1,014.06	5.68
	Other Loans and Advances*		
	Unsecured, Considered Good	**534.15**	19.04
	Doubtful	**0.75**	1.49
		534.90	20.53
	Less: Provision for Doubtful Loans and Advances	**0.75**	1.49
		534.15	19.04
		1,548.21	24.72
	*Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		
18.	**Other Current Assets**		
	Insurance Claim Receivables	**5.02**	-
	Other Receivables	**-**	0.10
		5.02	0.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		Year Ended March 31, 2016	Year Ended March 31, 2015
19.	**Revenue from Operations**		
	Sale of Products	**7,138.80**	1,886.43
	Less: Vat, Sales Tax	**422.62**	110.96
	Less: Excise Duty	**0.17**	-
	Other Operating Revenue	**128.95**	3.95
		6,844.96	1,779.42
20.	**Other Income**		
	Interest Income	**0.28**	0.12
	Net Gain on Sale of Non-Current Investments	**-**	0.05
	Reversal of Lease Equalisation	**-**	49.14
	Excess Provisions/Liabilities Written Back	**11.67**	15.02
	Miscellaneous Income	**3.56**	5.70
		15.51	70.03
21.	**Changes in Inventories of Stock-in-Trade**		
	Opening Inventories		
	Stock-in-Trade	**214.87**	222.96
	Add: On Composite Scheme of Arrangement (Refer Note No. 44)	**2,889.46**	-
	Closing Inventories		
	Stock-in-Trade	**3,294.07**	214.87
		(189.74)	8.09
22.	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	**293.27**	145.21
	Contribution to Provident and Other Funds	**23.42**	9.16
	Staff Welfare Expenses	**12.59**	7.15
		329.28	161.53
23.	**Finance Costs**		
	Interest Expense	**49.36**	19.93
	Other Borrowing Costs	**0.39**	0.30
		49.75	20.23
24.	**Other Expenses**		
	Consumable Stores	**5.69**	13.61
	Power and Fuel	**111.36**	39.63
	Repairs and Maintenance		
	Machinery	**1.82**	-
	Others	**32.78**	70.47
	Insurance	**6.12**	0.89
	Rates and Taxes	**8.45**	2.44
	Rent Including Lease Rentals	**601.36**	103.51
	Advertisement and Marketing	**137.13**	17.37
	Loss on Disposal/Discard of Fixed Assets (Net)	**0.01**	16.50
	Bad Debts Written Off	**3.64**	-
	Provision for Doubtful Debts	**-**	0.38
	Provision for Capital Advance/Store Closure	**-**	2.12
	Exchange Fluctuation Loss (Net)	**1.41**	0.00
	Miscellaneous Expenses	**455.24**	164.99
		1,365.01	431.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

25. As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

A. Change in Present Value of Obligation

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Present Value of the Obligation at the Beginning of Year	**-**	-	**8.30**	6.74	**5.08**	3.86
Liabilities Transfer	**-**	-	**0.25**	0.19	**0.14**	-
Pursuant to the scheme of arrangement	**4.26**	-	**9.53**	-	**8.15**	-
Interest Cost	**-**	-	**1.79**	0.59	**1.07**	0.34
Current Service Cost	**-**	-	**8.23**	2.99	**5.62**	2.39
Benefits Paid	**-**	-	**(5.61)**	(1.71)	**(4.21)**	(1.39)
Actuarial (Gain)/Loss on Obligations	**-**	-	**0.43**	(0.50)	**(0.15)**	(0.12)
Return on Plan Assets	**0.36**	-	**-**	-	**-**	-
Present Value of the Obligation at the Year end	**4.62**	-	**22.92**	8.30	**15.70**	5.08
Fair Value of Plan Assets	**4.62**	-	**-**	-	**-**	-
Un-Funded Liability	**-**	-	**22.92**	8.30	**15.70**	5.08

B. Amount Recognised in the Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Present Value of the Obligation	**4.62**	-	**22.92**	8.30	**15.70**	5.08
Fair Value of Plan Assets	**4.62**	-	**-**	-	**-**	-
Un-Funded Liability	**-**	-	**22.92**	8.30	**15.70**	5.08
Un-Funded Liability Recognised in Balance Sheet	**-**	-	**22.92**	8.30	**15.70**	5.08

C. Amount Recognised in the Profit and Loss Account

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Interest Cost	**-**	-	**1.79**	0.59	**1.07**	0.34
Current Service Cost	**-**	-	**8.23**	2.99	**5.62**	2.39
Actuarial (Gain) / Loss on Obligations	**-**	-	**0.79**	(0.50)	**(0.15)**	(0.12)
Actual Return (Gain)/Loss on Plan Assets	**(0.36)**	-	**-**	-	**-**	-
Total Expense Recognised in the Profit and Loss Account	**(0.36)**	-	**10.81**	3.08	**6.54**	2.61

D. Reconciliation of Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Present Value of the Obligation at the Beginning of Year	**-**	-	**8.30**	6.74	**5.08**	3.86
Acquisitions	**4.26**	-	**9.78**	0.19	**8.29**	-
Total Expense Recognised in the Profit and Loss Account	**(0.36)**	-	**10.81**	3.08	**6.54**	2.61
Contribution Paid	**-**	-	**-**	-	**-**	(1.39)
Benefit Paid During the Year	**-**	-	**(5.61)**	(1.71)	**(4.21)**	-
Fair Value of Plan Assets	**4.62**	-	**-**	-	**-**	-
Present Value of the Obligation at the Year end	**-**	-	**22.92**	8.30	**15.70**	5.08

E. Experience Adjustments

(₹ in Crore)

Gratuity	December 31, 2011	December 31, 2012	March 31, 2014	March 31, 2015	**March 31, 2016**
Defined Benefit Obligation	4.22	5.46	6.74	8.30	**27.54**
Plan Assets	-	-	-	-	**4.62**
Deficit	(4.22)	(5.46)	(6.74)	(8.30)	**(22.92)**
Experience Adjustments on Plan Liabilities	0.45	0.29	(0.09)	0.73	**(0.79)**
Experience on Plan Assets	-	-	-	-	**0.02**
Actuarial gain/(loss) due to change on assumption	0.22	0.21	(0.01)	(0.24)	**-**

F. The Assumptions Used to Determine the Benefit Obligations are as follows:

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00 % per annum	8.00 % per annum
Expected Rate of Increase in Compensation Levels	5.00 % per annum	5.00 % per annum
Expected Rate of Return on Plan Assets	8.44 % per annum	-

The estimate of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the market. The above information is certified by the actuary.

26. Leases

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets and Lease term for which the company intend to occupy the premises is the Lease Rent payable not later than one year is ₹ 863.00 Crore (2015: ₹ 73.52 Crore), payable later than one year but not later than five year is ₹ 2,761.33 Crore (2015: ₹ 303.28 Crore) and payable later than five years is ₹ 1,457.26 Crore (2015: ₹ 1,378.52 Crore).

27. Related Party Disclosures

Disclosure as required by Accounting Standard 18 "Related Party Disclosures" are given below:

A. List of Related Parties

1. Ultimate Holding Company

i. Bharti Enterprises (Holding) Private Limited

ii. Bharti Enterprises Limited

2. Holding Company
   i. Cedar Support Services Limited
3. Enterprises over which Key Management Personnel are able to exercises significant influence
   i. Bharti Airtel Limited (up to March 31, 2015)
   ii. Bharti Airtel Services Limited (up to March 31, 2015)
   iii. Bharti Reality Holdings Limited (up to March 31, 2015)
   iv. Airtel M Commerce Services Limited (up to March 31, 2015)
   v. Field Fresh Foods Private Limited (up to March 31, 2015)
   vi. Nxtra Data Limited (up to March 31, 2015)
   vii. Nile Tech Limited (up to March 31, 2015)
   viii. Centum Learning Limited (up to March 31, 2015)
   ix. Bharti AXA General Insurance Company Limited (up to March 31, 2015)
4. Key Management Personnel
   i. Raj Kumar Jain- CEO (April 1, 2014 to November 30, 2014)
   ii. Craig Wadsworth Wimsatt- CEO (December 1, 2014 to July 31, 2015)
   iii. Manish Sabnis- CEO (w.e.f. August 01, 2015)

B. Transactions with Related Parties

(₹ in Crore)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel Exercise Significant Influence	Key Management Personnel/ Relatives
Sale of Goods and Services	**0.01** (-)	- (-)	- (-)	- (0.29)	- (-)
Purchases of Goods and Services	- (11.17)	**4.22** (18.95)	- (-)	- (16.98)	- (-)
Purchases of Fixed Assets	- (-)	- (-)	- (-)	- (0.18)	- (-)
Repayment of Unsecured Loan	- (-)	- (-)	- (133.00)	- (-)	- (-)
Equity Share Capital	- (-)	**188.09** (-)	- (-)	- (-)	- (-)
Share Application Money Received	- (-)	- (133.00)	- (-)	- (-)	- (-)
Optionally Convertible Debentures	- (-)	**250.00** (-)	- (-)	- (-)	- (-)
Refund of Security Deposit	- (-)	- (-)	- (-)	- (0.53)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	**2.20** (3.25)
Outstanding Balances as on March 31, 2016 Receivable	- (-)	**0.75** (-)	- (-)	- (1.25)	- (-)
Payable	- (5.44)	**154.20** (1.72)	- (-)	- (5.24)	- (-)

C. Significant Related Party Transactions

i. Sale of Goods and Services includes Bharti Enterprises Limited ₹ 0.01 Crore (2015: ₹ Nil), Bharti AXA General Insurance Company Limited ₹ Nil (2015: ₹ 0.10 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 0.19 Crore).

ii. Purchases of Goods and Services includes Bharti Enterprises (Holding) Private Limited ₹ Nil (2015: ₹ 10.62 Crore), Bharti Enterprises Limited ₹ Nil (2015: ₹ 0.55 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 6.12 Crore), Nile Tech Limited ₹ Nil (2015: ₹ 4.61 Crore), Bharti Reality Holding Limited ₹ Nil (2015: ₹ 1.16 Crore), Bharti Airtel Services Limited ₹ Nil (2015: ₹ 0.11 Crore), Bharti AXA General Insurance Company Limited ₹ Nil (2015: ₹ 0.88 Crore), Airtel M Commerce Services Limited ₹ Nil (2015: ₹ 0.00 Crore), Nxtra Data Limited ₹ Nil (2015: ₹ 1.94 Crore), Field Fresh Foods Private Limited ₹ Nil (2015: ₹ 2.16 Crore).

iii. Purchase of Fixed Assets includes Nxtra Data Limited ₹ Nil (2015: ₹ 0.17 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 0.00 Crore).

iv. Repayment of Unsecured Loan includes Bharti Ventures Limited ₹ Nil (2015: ₹ 133.00 Crore).

v. Refund of Security Deposit Bharti Airtel Limited ₹ Nil (2015: ₹ 0.53 Crore),

vi. Managerial Remuneration includes Mr. Craig Wadsworth Wimsatt ₹ 1.56 Crore (2015: ₹ 0.73 Crore), Mr. Raj Kumar Jain ₹ Nil (2015: ₹ 2.52 Crore), Mr. Manish Sabnis ₹ 0.64 Crore (2015: ₹ Nil).

28. Payment to Auditors (Inclusive of Service Tax)

(₹ in Crore)

Particulars	2015-16	2014-15
Statutory Audit Fees	**0.86**	0.61
Tax Audit Fees	**-**	0.06
Other Expenses	**0.03**	0.03
Total	**0.89**	0.70

29. Earnings Per Share

The calculation of Earnings per Share (EPS) as disclosed in the Balance Sheet Abstract has been made in accordance with Accounting Standard (AS-20) on Earning per Share issued by the Institute of Chartered Accountants of India. A statement on calculation of Basic and Diluted EPS is as under:

Particulars	Units	2015-16	2014-15
Profit/ (Loss) after tax	₹ in Crore	**14.55**	(379.21)
The Weighted average number of Equity Shares for Basic EPS	No. in Crore	**22.02**	3.54
The Weighted average number of Equity Shares for Diluted EPS	No. in Crore	**22.02**	3.54
The Nominal Value per Share Equity	₹	**2**	2
Earnings Per Equity Share (Basic)	₹	**0.66**	(107.24)
Earnings Per Equity Share (Diluted)	₹	**0.66**	(107.24)

30. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(₹ in Crore)

	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	**8.25**	0.12
- Interest due on above	**0.17**	0.01
	8.42	0.13

	March 31, 2016	March 31, 2015
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	**0.46**	0.23
The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.63**	0.23
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	**0.86**	0.23

31. Value of Imports on CIF Basis

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traded Goods*	**84.06**	1.05
Capital Goods	**-**	2.68
Consumables	**-**	0.21

* Includes in transit ₹ Nil (March 31, 2015: ₹ 0.14 Crore)

32. Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil Crore (2015: ₹ 23.70 Crore).

33. Deferred Tax

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The significant component of deferred tax includes timing difference on account of unabsorbed depreciation and losses. In view of virtual certainty as laid down by the Standard, the Company has not recognised deferred tax assets (net) in its books as on the balance sheet date.

34. Contingent Liabilities

(₹ in Crore)

Particulars	2015-16	2014-15
Claims Against the Company Not Acknowledged as Debts		
i) Value Added Tax Act/Income Tax	**14.89**	3.76
ii) Others	**48.90**	1.24

There are various labour, legal metrology, food adulteration and cases under other miscellaneous acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

35. Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the company based on legal advice, challenged the levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court had passed an interim order dated October 14, 2011. In compliance of this order company has made an aggregate deposit of ₹ 39.60 Crore in respect of the liability for such service tax for the period from June 1, 2007 up to September 30, 2011. From October 1, 2011, the company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 79.20 Crore for the period June 1, 2007 to September 30, 2011 which would be appropriately recognised on final determination.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. Segment Reporting

The Company is primarily engaged in the business of Retail Trade, which in terms of Accounting Standard 17 "Segment Reporting" constitutes a single reporting segment.

37. Details of Purchases of Stock–In-Trade

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	**1,030.81**	43.13
Non-Apparel	**4,224.05**	1,519.67
Total	**5,254.86**	1,562.80

38. Details of Sales Value of Goods

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	**1,782.07**	79.59
Non-Apparel	**4,933.93**	1,692.82
Total	**6,716.01**	1,772.41

39. Expenditure in Foreign Currency (Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traveling Expenses	0.91	0.22
Professional Fees	1.77	0.67
Royalty	0.08	1.42
Interest	0.55	-
Others	0.84	0.20

40. Earnings in Foreign Currency (On Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Sales of Products (On FOB Basis)*	31.15	-

*Indirect foreign exchange earnings during the year through credit cards, as certified by the bankers.

41. Security clause in respect to Secured Long Term Borrowings includes Term Loans from Banks

₹ Nil (2015: ₹ 54.00 Crore) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders), carries coupon rate of 10.90% per annum.

42. Security clause in respect to Secured Short Term Borrowings includes Working Capital Loans from Banks

i) ₹ 918.20 Crore (2015: ₹ Nil) is transferred as part of the Retail Business Undertaking and is proposed to be secured by (a) First Pari-Passu Charge on Current Assets (excluding credit/debit card receivables) (b) Second Pari-Passu charge on Credit / Debit Card Receivables of all the Stores. Currently the borrowings are secured by the second charge on Fixed Assets of Future Enterprises Limited as assets are acquired subject to prior charge.

ii) ₹ Nil (2015: ₹ 240.00 Crore) are secured by first Pari-Passu charge on current assets. Further secured by corporate guarantee from erstwhile parent company, Bharti Ventures Limited and carries an interest rate of 10.30%.

43. Unsecured Short Term Loans from Bank ₹ 50.00 Crore (2015: ₹ 96.40 Crore) carries interest rate 9.80% (2015-10.35%).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. Composite Scheme of Arrangement

The Composite Scheme of Arrangement between the Company and erstwhile Future Retail Limited (now known as Future Enterprises Limited) ("FEL") and their respective shareholders and creditors under the Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 ('the Scheme'), for Demerger of Retail Business Undertaking of FEL into the Company and Demerger of the Retail Infrastructure Business Undertaking of the Company into FRL with effect from Appointment Date of October 31, 2015 (as defined in the Scheme) has been given effect on May 01, 2016 (Effective Date).

Pursuant to the Scheme, the paid up equity share capital has been reduced and reorganized to 4,34,78,261 Equity shares of ₹ 2/- each. Further, all the assets and liabilities pertaining to Retail Business Undertaking of FEL has been transferred to and vested in the Company. Accordingly, on May 18, 2016 the Company issued 42,78,60,296 Equity Shares to the shareholders holding shares on May 12, 2016 in FEL as per the Scheme. Further, all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been transferred to and vested in FEL and accordingly, on May 18, 2016 FEL issued 4,34,78,261 equity shares to the shareholders holding shares on May 12, 2016 in the Company as provided in the Scheme.

45. As per the provisions of the Scheme, the Company issued new Optionally Convertible Debentures having coupon rate of 10% p.a. as on Effective Date of Scheme, convertible at the option of the Company within a period of 18 months from the date of allotment at a price which shall be determined in accordance with Preferential issue guidelines under SEBI (ICDR) Regulations.

46. The Shareholders and OCD holders of Bharti Group have agreed to share with the respective companies (i.e. Company & FEL) an upside on the realization out of the shares of the two companies, subject to certain broad terms and conditions.

47. a. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes. Forward contracts (In USD & EURO) outstanding as at March 31, 2016 are ₹ 60.09 Crore (2015: ₹ Nil).

b. As of balance sheet date, the company has net foreign currency exposures (In USD & EURO) that are not hedged by derivative instruments or otherwise amounting to ₹ 59.00 Crore (2015: ₹ 0.90 Crore).

48. Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary without any restatement on account of demerged business and merger effect given in the current year, figures are not comparable with the previous year.

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

		Year Ended March 31, 2016	Year Ended March 31, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit /(Loss) Before Tax	**14.55**	(379.21)
	Adjusted for:		
	Depreciation and Amortization Expense	**36.76**	44.10
	Finance Costs	**49.75**	19.93
	Profit on Sale of Investments	**-**	(0.05)
	Loss on Disposal/Discard of Fixed Assets (Net)	**0.01**	16.50
	Excess Provisions Written Back	**-**	(9.55)
	Reversal of Lease Equalisation Reserve	**-**	(49.14)
	Interest Income	**(0.28)**	(0.12)
	Operating Profit/(Loss) Before Working Capital Changes	**100.79**	(357.55)
	Adjusted for:		
	Trade Receivable	**(127.03)**	(0.00)
	Loans and Advances and Other Assets	**(1,750.46)**	23.52
	Inventories	**(3,081.09)**	7.37
	Trade Payables, Other Liabilities and Provisions	**2,232.58**	43.81
	Cash Generated From Operations	**(2,625.21)**	(282.85)
	Taxes Paid (Net)	**(4.62)**	(1.45)
	Net Cash From Operating Activities	**(2,629.83)**	(284.30)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(217.79)**	(51.37)
	Sale of Fixed Assets	**98.01**	0.91
	Purchase of Non Trade Current Investment Mutual Funds	**-**	(19.25)
	Proceed From Sale of Non Trade Current Investment In Mutual Funds	**-**	19.30
	Deposits (with maturity more than three months)	**-**	(0.09)
	Interest Received	**0.28**	0.22
	Net Cash Used In Investing Activities	**(119.50)**	(50.27)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Shares	**188.09**	-
	Proceeds from Share Application Money	**-**	133.00
	Proceeds from Optionally Convertible Debentures	**154.20**	-
	Proceeds from Borrowings	**577.80**	207.40
	Interest Paid	**(49.75)**	(19.99)
	Net Cash Provided By Financing Activities	**870.34**	320.41
	On Composite Scheme of Arrangement	**1,960.16**	-
	Net (Decrease)/Increase In Cash and Cash Equivalents	**81.16**	(14.16)
	Net (Decrease)/Increase In Cash and Cash Equivalents	**81.16**	(14.16)
	Cash and Cash Equivalents (Opening Balance)	**8.33**	22.49
	Cash and Cash Equivalents (Closing Balance)	**89.49**	8.33

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

NOTES

This report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’, or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company’s actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

FUTURE RETAIL

Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road
Jogeshwari (East), Mumbai - 400 060, Maharashtra, India
http://futureretail.co.in/

Heritage Foods Limited

[Formerly known as Heritage Foods (India) Limited]

22nd Annual Report • 2013-14

Caution regarding forward-looking statements

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

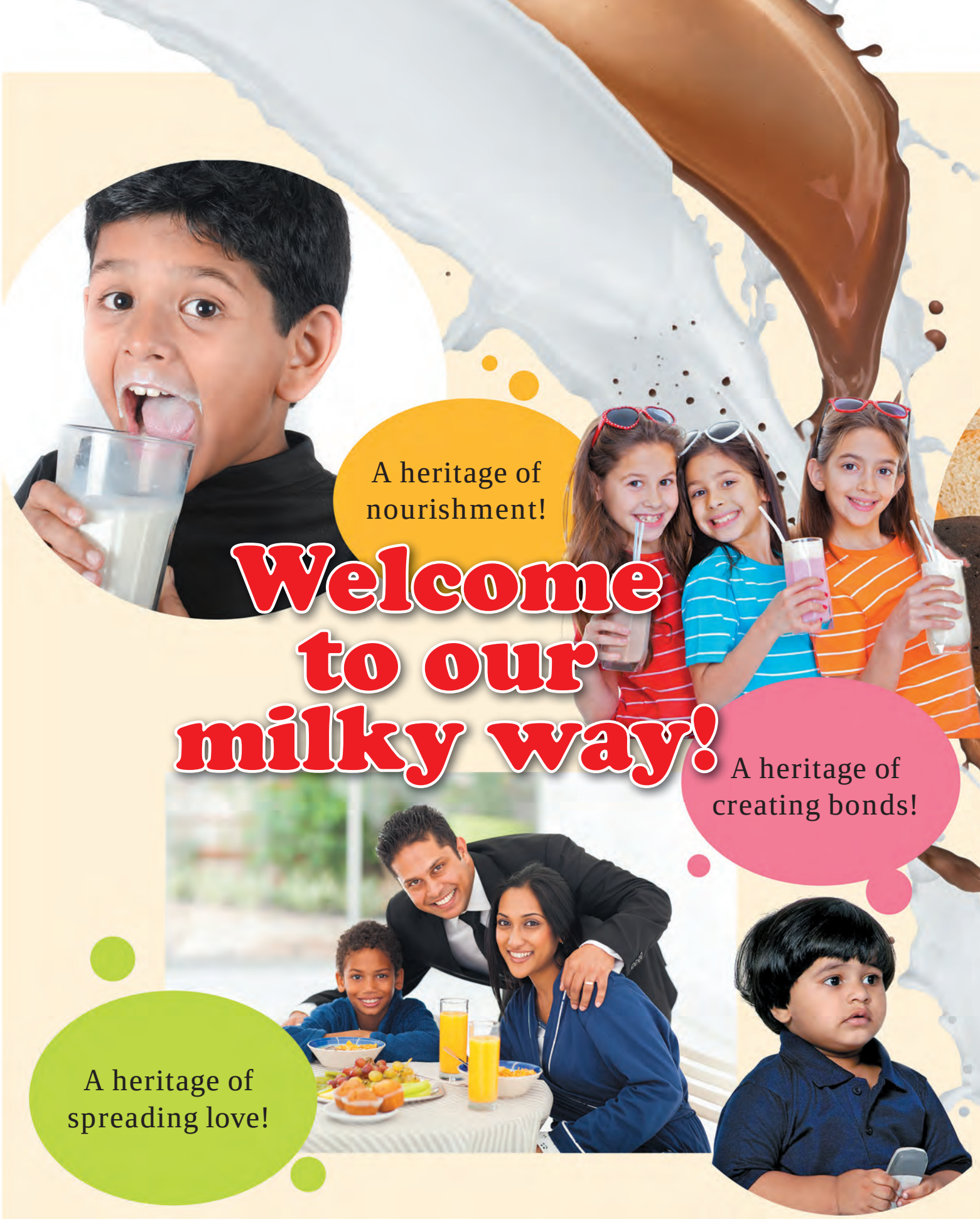
Welcome to the Heritage Foods Limited 2013-14 Annual Report. This is what you will find inside.

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

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

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

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


A heritage of nourishment!
Welcome to our milky way!
A heritage of creating bonds!
A heritage of spreading love!

A heritage of bringing neighbourhoods closer!

A heritage of environmental responsibility!

A heritage of strengthening relationships!

2013-14 key milestones

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

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

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

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

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

Retail losses (EBIT)
declined to
₹ -13.82 cr

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

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

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

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

2013-14 core financial highlights

Turnover
₹ 1,722.04 cr

EBIDTA
₹ 98.65 cr

EBIDTA margin
5.73%

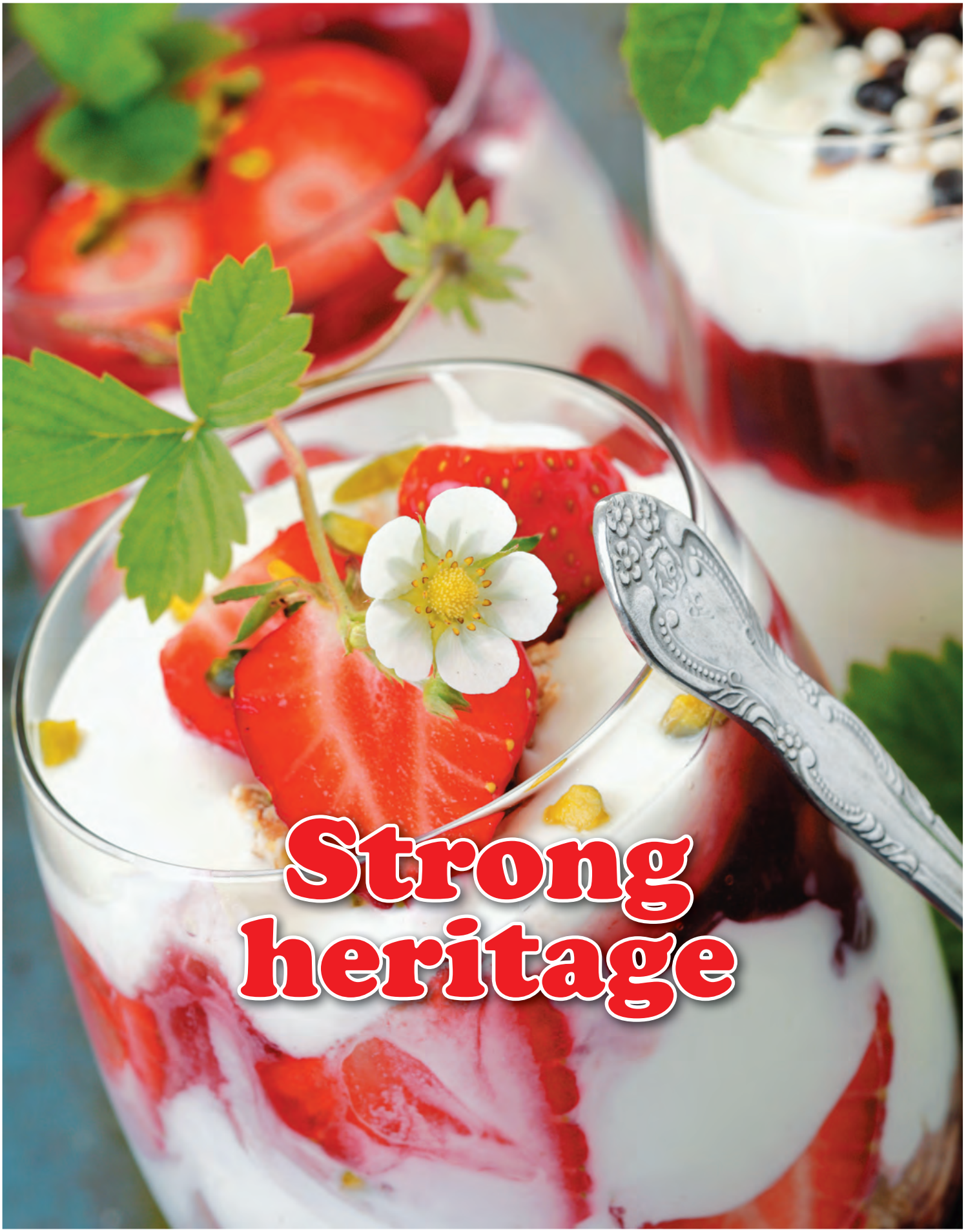
Cash profit
₹ 86.21 cr

Net profit
₹ 45.31 cr

Earnings per share
₹ 19.69

Dividend per share
₹ 3.00

Capital employed
₹ 303.78 cr


Strong
heritage

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

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

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

Mission

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

Vision

We expect to achieve our mission through:

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

Heritage

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

Market capitalisation

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

Leading the way

Key facts and statistics

USD 24 billion

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

USD 8 billion

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

14,000

Total number of farmers associated with Heritage

8.34 lakh litres

Milk supplied by Heritage every day

7,695 litres

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

18%
Share of value-added products of overall 2013-14 turnover

USD 793 billion
Projected size of the Indian retail industry by 2017, up from USD 490 billion today

74
Number of Heritage Fresh stores

1,222
Number of Heritage Parlour outlets (exclusively serving Heritage products)

₹90 cr
Expected capex planned for the next 2 years

THE HERITAGE LENS

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

– Shri D. Seetharamaih, Chairman

Dear fellow stakeholders,

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

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

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

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

Capitalising on the dairy value chain

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

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

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

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

USD 24 billion by 2020.

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

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

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

The Heritage milky way

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

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

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

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

Securing our bread, butter and 'cheese'

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

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

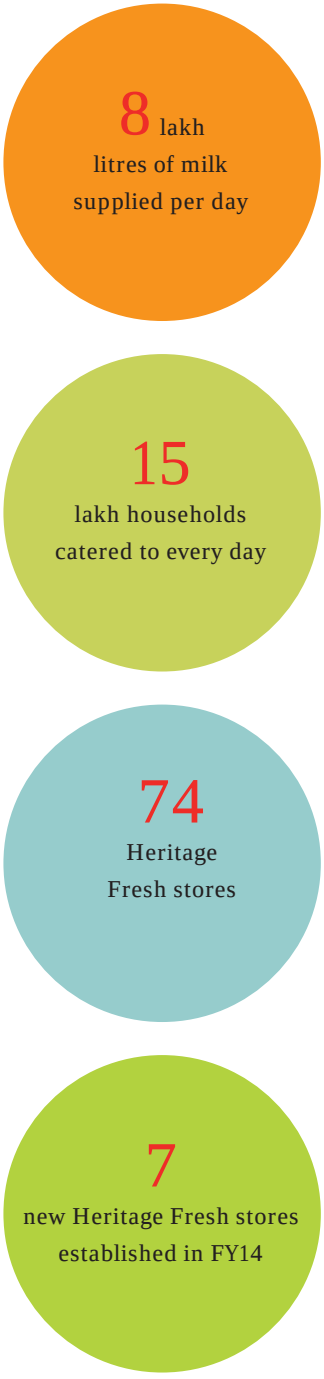
However as an essential resource and with prices directly linked to inflation, milk is a relatively commoditised business in India. Therefore, sizeable volumes are required to ensure business viability. Taking a long-term perspective on our business based on the two-pronged premise of widening accessibility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

Enthused by a strong response to our value-added products, we are also investing in downstream manufacturing capacities as well as beefing up our distribution infrastructure to be able to manage a larger product throughput. Besides higher margins, I must mention that a stronger focus on value-added products will enable us to stay a step ahead of the market and associate with a larger cross-section of the demographics. To this extent, we are targeting a substantial increase in ice-cream/frozen dessert sales to about 50,000 litres per day over the next 2-3 years. We are similarly looking at enhancing capacities for other premium products as well.

Consolidating our enterprise

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

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



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

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

Reinforcing our green philosophy

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

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

Our employees and associates make it possible

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

With my very best regards,

Shri D. Seetharamaih
Chairman, Heritage Foods Limited

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

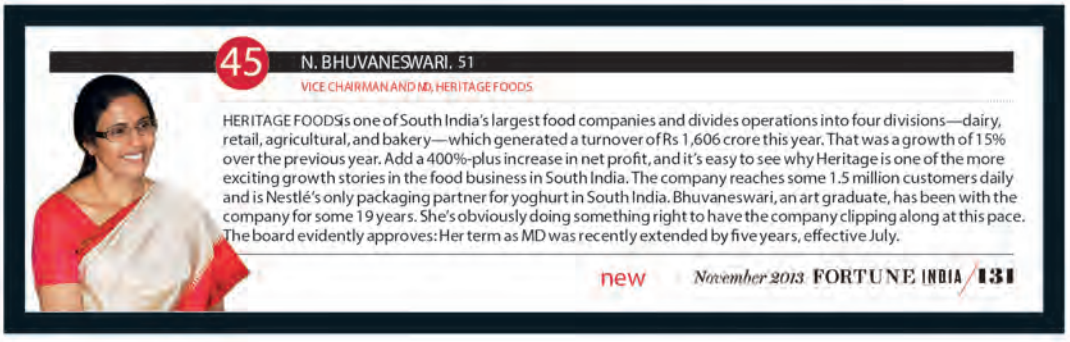
Global respect and recognition

FORTUNE
INDIA

50

MOST POWERFUL WOMEN IN BUSINESS

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



45 N. BHUVANESWARI, 51

VICE CHAIRMAN AND MD, HERITAGE FOODS

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

new

November 2013 FORTUNE INDIA 131

10-year financials

Consistent growth

(₹ in cr)

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

Key indicators

(₹ in cr)

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

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

Notice to Shareholders

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

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

ORDINARY BUSINESS:

1. To receive Consider and Adopt:

   a) The Audited Financial Statements of the Company for the Financial Year ended 31st March, 2014, the Reports of the Board of Directors and Auditors thereon ; and

   b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2014

2. To declare Dividend for the year.

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

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

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

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time & Clause 49 of the Listing Agreement with Stock Exchanges, Sri D.Seetharamaiah, (DIN 00005016), a Non-Executive Independent Director (designated as Chairman) of the Company, who has submitted declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2019, not liable to retire by rotation."

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

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

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

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

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

Resolution:

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

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

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

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

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

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

Remuneration:		
i.	Salary (Gross)	₹ 3.00 lakhs (Rupees Three Lakhs only) per month
Perquisites & Allowances		
ii.	Leave Travel Allowance	For self and family, once a year subject to ceiling of one month' s gross salary
iii.	Car & Telephone	Car & Telephone shall be as per the rules of the Company.
iv.	PF Contribution	Contribution to Provident Fund shall be as per rules of the Company.
v.	Gratuity	Gratuity payable shall be as per the rules of the Company.
vi.	Encashment of un-availed Leaves	Encashment of un- availed leaves as per the rules of the Company at the time of retirement/ cessation of service.
vii.	Personal Accident Insurance	For an amount, Premium of which shall not exceed ₹ 5000/- (Rupees Five Thousand only) per annum
viii.	Medical Reimbursement	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's gross salary in a year or as is provided by the companies' group medical insurance policy.

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

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

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

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

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

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

Remuneration:

i.	Basic Salary	: ₹10.00 lakhs (Rupees Ten Lakhs only) per month
Perquisites & Allowances		
ii.	Books & Periodicals	Books & Periodicals and outfit requirements not exceeding of ₹35,000/- (Rupees thirty five thousand only) per month
iii.	Leave Travel Allowance	For self and family, once a year subject to ceiling of one month' s basic salary
iv.	Car & Telephone	The Company shall provide a car with driver, telephone, other communication devices at the residence and Mobile phone for the Companies business purpose
v.	Club Fees	Fee of Clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.
vi.	Personal Accident Insurance	For an amount, Premium of which shall not exceed ₹50,000 (rupees fifty thousand only) per Annum
vii.	Medical Reimbursement	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basic salary in a year or as is provided by the companies' group medical insurance policy.
viii.	PF Contribution	Contribution to Provident Fund shall be as per rules of the Company.
ix.	Gratuity	Gratuity payable shall not exceed half a month's basic salary for each completed year of service.
x.	Encashment of un-availed	Encashment of un- availed leaves as per the rules of the Company at the time of retirement /cessation of service.

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

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

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

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

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

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

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

Remuneration:

i.	Basic Salary	₹5.00 lakhs (Rupees Five Lakhs only) per month
Perquisites & Allowances		
ii.	Books & Periodicals	Books & Periodicals and outfit requirements not exceeding of ₹ 25,000/-(rupees twenty five thousand only) per month
iii.	Leave Travel Allowance	For self and family, once a year subject to ceiling of one month' s basic salary
iv.	Car & Telephone	The Company shall provide a car with driver and telephone, other communication devices at the residence and Mobile phone for the Companies business
v.	Club Fees	Fee of Clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.
vi.	Personal Accident Insurance	For an amount, Premium of which shall not exceed ₹ 40,000 (Rupees Forty thousand only) per annum
vii.	Medical Reimbursement	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basis salary in a year or as is provided by the companies group medical insurance policy.
viii.	PF Contribution	Contribution to Provident Fund shall be as per rules of the Company.
ix.	Gratuity	Gratuity payable shall not exceed half a month's basic salary for each completed year of service.
x.	Encashment of un-availed	Encashment of un- availed leaves as per the rules of the Company at the time of leaves retirement/cessation of service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors

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

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

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR ITS REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. MEMBERS/PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. M/s Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company.
5. a) The Company has notified closure of Register of Members and Share Transfer Books from 22-09-2014 to 26-09-2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.

   b) The dividend on Equity Shares, if approved at the Meeting, will be credited / dispatched on 30-09-2014 to those members whose names shall appear on the Company's Register of Members; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
6. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board/Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are forming part of the Annual Report.
7. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
8. The dividend as recommended by the Board of Directors for the year ended 31st March, 2014, when declared at the Annual General Meeting will be paid to the members whose names appear:

   (i) As Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in Demat form;

   And

   (ii) As members on the Register of Members of the Company on record date after giving effect to all valid share transfers in physical form which would be received by the Company upto end of business hours on Record date.
9. Pursuant to provisions of Sub-Section (5) of Section 205A the Companies Act, 1956 the dividend, which remain Unclaimed / Unpaid for a period of 7 years shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.The Company has already transferred Unclaimed/ Unpaid amount of dividends declared up to the Financial Year 2005-06 to the Investor Education and Protection Fund of the Central Government as required under Section 205A and 205C of the Companies Act, 1956.Information in respect of such unclaimed dividend and the last date for claiming the same are given below:-

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
2006-07	22-08-2007	21-08-2014
2007-08	26-09-2008	25-09-2015
2009-10	30-07-2010	29-07-2017
2010-11	29-09-2011	28-09-2018
2011-12	29-09-2012	28-09-2019
2012-13	17-07-2013	16-07-2020

   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 unpaid and unclaimed amounts lying with the Company as on the 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.
10. Voting through electronic means:

    I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to the members to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by M/s. Karvy Computer Share Private Limited.

The instructions for e-voting are as under:

i. Use the following URL for e-voting:

   Karvy website: http://evoting.karvy.com

ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut off date i.e. 28th August, 2014 (End of Day) may cast their vote electronically.

iii. Enter the login credentials i.e. User ID and password mentioned in the slip attached with the Annual Report. Please follow the instructions given in the e-voting portal.

iv. After entering the details appropriately, click on LOGIN.

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

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

vii. On successful login, the system will prompt you to select the EVENT, i.e. Heritage Foods Limited.

viii. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN in case you wish to abstain from voting.

ix. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.

x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm, else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

xi. Once the vote on the resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently.

xii. The Portal will be open for voting from 9 A.M. on 20th September, 2014 to 6 P.M. on 22nd September,2014.

xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting.karvy.com or contact Smt. Shobha Anand at Tel No. 040-44655000.

II. The Company has appointed Smt. Savita Jyoti, Practicing Company Secretary, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.

III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forwarded to the Chairman of the Company.

IV. The results may be declared on the AGM of the Company. The results alongwith the Scrutinizer's Report shall be placed on the Company's website www.heritagefoods.in

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

12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat account(s). Members holding shares in physical form are requested to advise any change in their address or bank mandate(s) immediately to the Company / Karvy (RTA).

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat account(s). Members holding shares in physical form can submit their PAN to the Company / Karvy (RTA).

14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

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

Item No. 5

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

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

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

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

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

Item No. 6

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

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

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

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

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

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

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

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

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

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

Item No. 7

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

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

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

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

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

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

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

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

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

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

Item No. 8 & 9

The Board of Directors at their meeting held on 30th July, 2014 appointed Sri. K. Durga Prasada Rao (DIN: 06888949), as an Additional Director, designated as a Whole time Director in the Board of the Company. As per the terms of Section 161 of the Companies Act, 2013 his terms expires at this Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 along with the requisite deposit from member proposing his candidature for the office of director. Members are requested to approve the resolution at Item No 8 as Special resolution as per the provisions of Section 196 & 197 and the rules made thereof and Schedule-V of the Companies Act, 2013, being he is more than 70 years old.

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

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

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

Item No.10

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

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

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

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

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

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

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

Item No.11

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

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

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

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

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

Item No. 12

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

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

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

Item No.13

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

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

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

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

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

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

Item No.14

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

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

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

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

By Order of the Board of Directors

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

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

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

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

1	**Name of the Director**	**Dr. V. Nagaraja Naidu**
	Director Identification Number	00003730
	Date of Birth	01-07-1947
	Date of Appointment	05-06-1992
	Profile of the Director	Dr. V. Nagaraja Naidu, aged 65 years is a postgraduate in Commerce and Doctorate in Financial Management. Dr. Naidu started his career from Administrative Staff College of India, Hyderabad in 1972 held various positions in reputed Universities viz,. Professor, Dean Director etc., and taught in the fields of Finance and Business Economics at Post graduate and Doctorate levels. He had been the Registrar (Administrative head) of the Dr B R Ambedkar Open University for about 10 years.
	Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Heritage International Limited
	Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
	Shareholding in the Company (No's)	58000 Equity Shares

2.	**Name of the Director**	**Sri. D. Seetharamaiah**
	Director Identification Number	00005016
	Date of Birth	22-04-1926
	Date of First Appointment	26-08-1992
	Profile of the Director	Sri. D. Seetharamaiah, aged about 88 years is Fellow member from the Institute of Chartered Accountants of India, having vast experience in the field of Taxation, Accounting & Finance. He is in practice for last Five decades and leading practicing Chartered Accountant in the Country.
	Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Tera Software Limited Heritage Finlease Limited Heritage Foods Retail Limited Prithvi Asset Reconstruction and Securitization Company Limited Heritage Conpro Limited
	Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	**Audit Committee** Member :Tera Software Limited Prithvi Asset Reconstruction and Securitization Company Limited **Stakeholders Relationship Commiittee'** Member :Tera Software Limited **Nomination and Remuneration Committee:** Member: Tera Software Limited
	Shareholding in the Company	NIL

3.	Name of the Director	N. Sri Vishnu Raju
	Director Identification Number	00025063
	Date of Birth	28-12-1973
	Date of Appointment	22/10/2013
	Profile of the Director	Mr. N. Sri. Vishnu Raju aged about 41 years, holds B.E. (Chemical) from Oshmania University, Andhra Pradesh. He is the Founder Chairman and CEO of Exciga Group, which consists of five non banking Finance Companies approved by Reserve Bank of India. Exciga Group invests in various sectors like steel, housing, finance, banks, shipping, textiles, paper, petroleum, healthcare, power etc. He is the founder of many companies like Ninestar Information Technologies, an IT enabled Services Company providing solutions for publishing, newspaper, e-governance, law firm verticals, co founder of Elansoft Infocomm Limited, a Hyderabad based software product Company. Mr. Nr. Sri Vishnu Raju was trained with Friedman Billing and Ramesey a US top 10 investment Bank as research associate.
	Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Elansoft Infotech Limited Raasi Computer Limited Raasi Software Corporation Limited Amara Raja Batteries Limited
	Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	Audit Committee: Member: Amara Raja Batteries Limited
	Shareholding in the Company	NIL

4.	Name of the Director	Sri. Siva Rama Vara Prasad Motaparti
	Director Identification Number	00170919
	Date of Birth	15-05-1948
	Date of Appointment	30-07-2014
	Profile of the Director	Sri. M. Siva Rama Vara Prasad is a Metallurgical Engineer from Regional Engineering College, Warangal. After successfully turning around two sick units Mr. Prasad forayed into mini steel plant business and acquired M/s. Tema Steel Co. Ltd., Ghana, West Africa and turning it around in no time for which he was awarded "***The Most Successful and Innovative Entrepreneur***" for the African Region in the year 1996 by UNIDO.
	Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	Prithvi Asset Reconstruction and Securitization Company Limited Touchstone Equities Limited Mezzequity Software services Limited. Deccan Auto Limited
	Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
	Shareholding in the Company	NIL

5.	Name of the Director	Sri. K. Durgaprasada Rao
	Director Identification Number	06888949
	Date of Birth	15-06-1942
	Date of Appointment	30-07-2014
	Profile of the Director	Diploma in Mechanical Engineering, Diploma in Dairy Engineering from NDRI Karnal and Diploma in Dairy Technology from Hawkesbury Agricultural college, Richmond, Australia . He worked 3 years in Amul Dairy, 24 years in AP Dairy Development Co-operative Federation Limited in various positions. He is associated with the Organization since inception i.e June 1992.
	Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	NIL
	Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	NIL
	Shareholding in the Company (No's)	6160 Equity Shares

6.	Name of the Director	Smt N Bhuvaneswari
	Directors Identification Number	00003741
	Date of Birth	20-06-1962
	Date of First Appointment	12-12-1994
	Profile of the Director	Smt. N. Bhuvaneswari, aged 52 years is a Graduate in Arts and has about 20 years of Industry experience. She joined the Company in 1994 as whole time Director and now she is working in the Company as Vice Chairperson and Managing Director.
	Directorships held in other Public Companies* (Excluding Foreign and Private Companies)	1. Heritage International Limited
		2. Hertiage Foods Retail Limited
		3. Heritage Conpro Limited
		4. Heritage Finlease Limited
	Chairmanships/Membership of Committee(s) of other Public Companies (includes Audit Committee, Shareholders Relationship Committee' and Nomination & Remuneration Committee).	Nil
	Shareholding in the Company (No's)	53,30,826 Equity Shares

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

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

By Order of the Board of Directors

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

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

Directors' Report

To the members,

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

FINANCIAL RESULTS

(₹ in Lakhs)

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

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

PERFORMANCE OF THE COMPANY

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

DIVIDEND

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

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

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

INCREASE OF AUTHORISED CAPITAL

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

ISSUE OF BONUS EQUITY SHARES

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

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

CHANGE OF NAME OF THE COMPANY

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

CHANGE OF CORPORATE IDENTIFICATION NUMBER (CIN) OF THE COMPANY

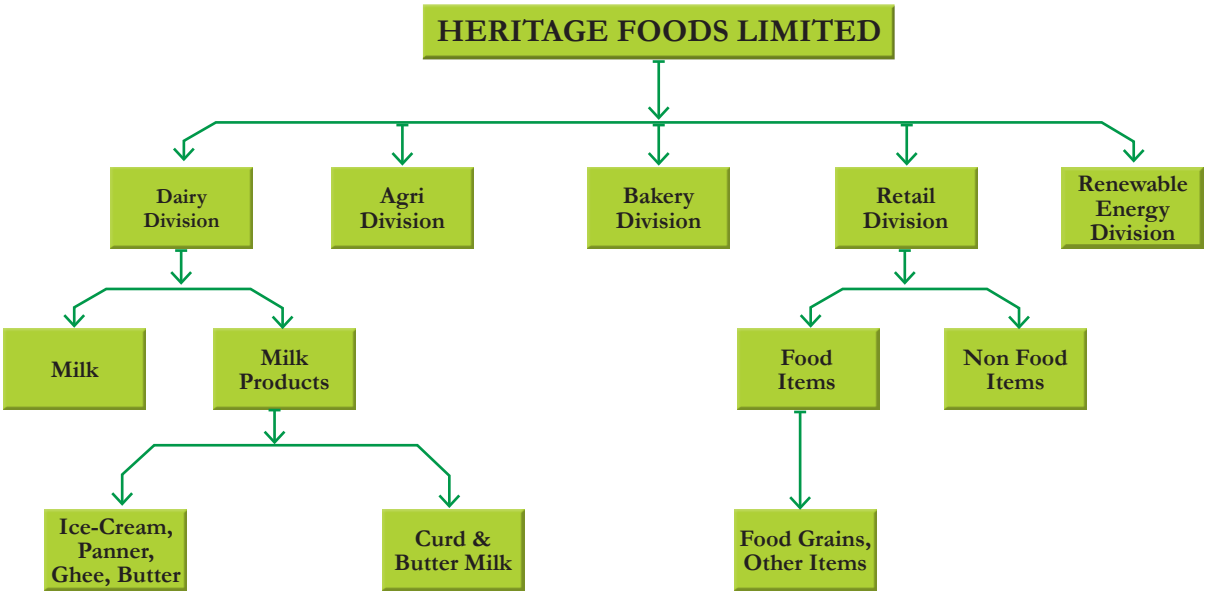
Due to the division of state (united Andhra) into State of Telangana and State of Andhra Pradesh on June 2nd 2014,The Ministry of Corporate Affairs, Govt. of India, had changed /allotted the New Corporate Identification Number (CIN) of the Company from L15209AP1992PLC014332 to L15209TG1992PLC014332.

TRANSFER TO RESERVES

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

BUSINESS REVIEW

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



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

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

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

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

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

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

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

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

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

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

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

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

Agri Division: Agriculture is the third largest sector of India's economy after services and industry. It Contributes 25% of Gross Domestic Product (GDP) of the country. The Current average growth rate of the agriculture sector is 2.2%. The sector which requires consistent monitoring, creating a conducive environment for farmers to increase their productivity and sell their products at competitive prices. There is still a lot of scope for increasing the productivity in India by adopting scientific methods of cultivation. During the past five years agriculture sector has witnessed spectacular advances in the production and productivity of food grains, oilseeds, commercial crops, fruits, vegetables, food grains, poultry and dairy. India has emerged as the second largest producer of fruits and vegetables in the world besides being the largest overseas exporter of cashews and spices.

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

Bakery Division:

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

Renewable Energy Division:

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

The 2.34 MWp Solar Power Plant is equipped to supply 3.75 million units of clean and green energy annually. It is expected to displace nearly 3,300 MT of CO_2 annually. The plant, spread across an area of 14 acres of land comprises of 9,360 Solar PV modules using multi crystalline technology.

The SWOT Analysis:

Strengths

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

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

Weaknesses

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

Opportunities

- Expanding market will see creation of enormous job and self employment opportunities.
- Economy is growing at the rate of nearly 8% of GDP. Consequently, the investment opportunities are also increasing continually.
- Demand for dairy products is income elastic. Continued rise in middle class population will see shift in the consumption pattern in favour of value added products besides the growth in demand for liquid milk.
- Greatly improved export potential for indigenous as well as western milk products.
- Opening of the world market offers opportunities for utilization of byproducts of the dairy industry for manufacturing value added products for import substitution.
- Difficult to target all segments of society,
- Emerge of hyper and super markets trying to provide customer with value, variety and volume,
- The unorganized sector has dominance over the organized sector because of low investment needs.
- Governments ambitious targets and attractive policies opens up many avenues for investment,
- Opportunities exist all along the solar PV business value chain, not just for power plants.
- It can become one of the largest industries in terms of numbers of employees and establishments,

Threats

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

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

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

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

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

DIRECTORS

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

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

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

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

The Board of Directors at their meeting held on 30th July, 2014, has appointed Sri. M. Siva Rama Vara Prasad (DIN: 00170919) as an Additional Director in accordance with Section 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and rules made thereof and in terms of the Articles of Association of the Company. Sri. M.Siva Rama Vara Prasad is proposed to be appointed for a term upto 5 Years as a Non-Executive Independent Director from this Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in 2019, not liable to retire by rotation.

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

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

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

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

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

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

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

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

AUDITORS AND AUDITORS' REPORT

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

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

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

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

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

INTERNAL AUDIT & CONTROL SYSTEMS

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

These are supplemented by internal audit of all divisions of the Company carried out by reputed firms of Chartered Accountants. Your Company has an Audit Committee consisting of Five Directors; in whom two are Non Executive and remaining of them are Non-Executive Independent Directors. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. The Company has a robust Management Information System which is an integral part of the control mechanism. The Board of Directors has appointed Internal Auditors for the FY 2014-15, as per the provision of Section 138 of the Companies Act, 2013 and rules made thereof.

CONSTITUTION & RESTRUCTURING OF COMMITTEES:

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

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

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

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

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

INDUSTRIAL RELATIONS

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

INSURANCE

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

AWARDS & RECOGNITIONS

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

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

PARTICULARS OF EMPLOYEES

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

TRANSFER OF UN-CLAIMED DIVIDENDS

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

FIXED DEPOSITS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

CSR ACTIVITIES

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

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

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

During the year your Company has started:-

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

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

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

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

Your Directors look forward to the future with confidence.

For and on behalf of
HERITAGE FOODS LIMITED

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

D. SEETHARAMAIAH
Chairman
(DIN: 00005016)

Date : 30th July, 2014

ANNEXURE TO THE DIRECTOR'S REPORT:

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

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

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

We believe that energy saved is energy produced.

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

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

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

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

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken:

FORM A

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

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

TECHNOLOGY ABSORPTION (ENCLOSED IN FORM B)

FORM B

(Form for disclosure of particulars with respect to absorption)

(₹ in lakhs)

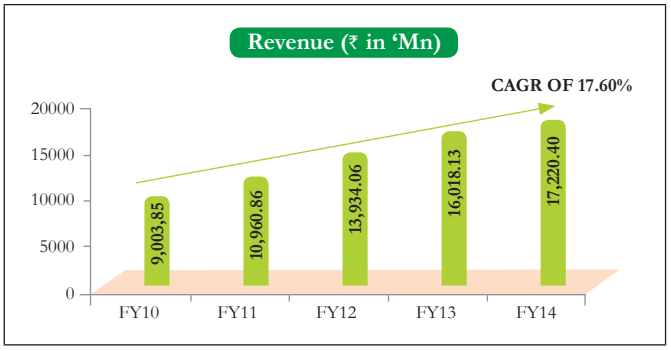
	2013-14		2012-13	
Research & Development (R & D)				Nil
Technology absorption, adaptation & innovation				Nil
Foreign Exchange Earnings		**770.84**		293.66
Foreign Exchange Outgo:				
Assets Purchases	**143.62**		36.03	
Term Loan repayment (incl. Interest)	**822.35**		1668.25	
Software Support	**Nil**		Nil	
Others	**-**	**965.97**	0.05	1704.33

Management Discussion and Analysis

OVERVIEW OF THE ECONOMY

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

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



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

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

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

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

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

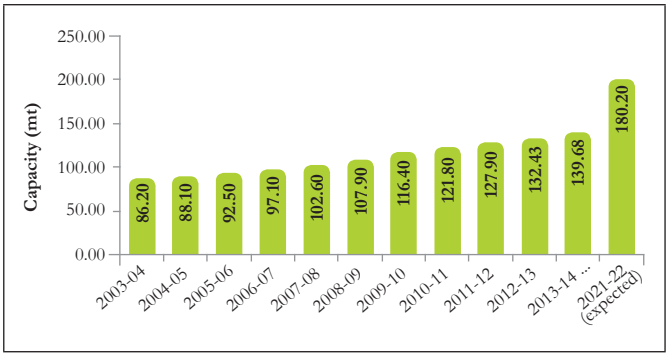
Strong Network: It enjoys strong relations from grass-root level to MNCs level. Currently it has strong network with over 3 lakh farmers for procurement of milk and is a packaging partner for curd for Nestle.

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

Dairy Industry:

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



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

Highlights:

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

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

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

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

Current Scenario:

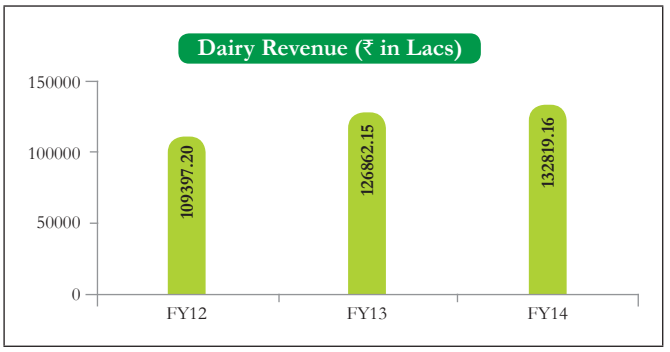
Milk prices are rising due to shortage and this is reflected generally even in the prices of chocolates, milkshakes, ice creams and such other milk-based products. The procurement prices of milk from farmers have gone up. The Milk production is directly linked to the monsoon and the absence of rains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

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

Dairy Business vertical:

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

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



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

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

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

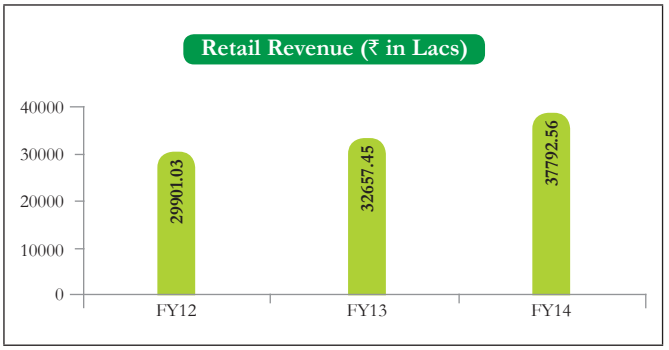
The profit margins in this division are almost double. Over the last 3 years, we have improved our value-add products' revenue by over ₹ 500 mn every year. Presently about 15% of our dairy revenues are coming from value-add products, we are keen to double the value-add contribution to 30% in 5 years.

Retail Business vertical:

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

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

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



Agri & Bakery Business vertical:

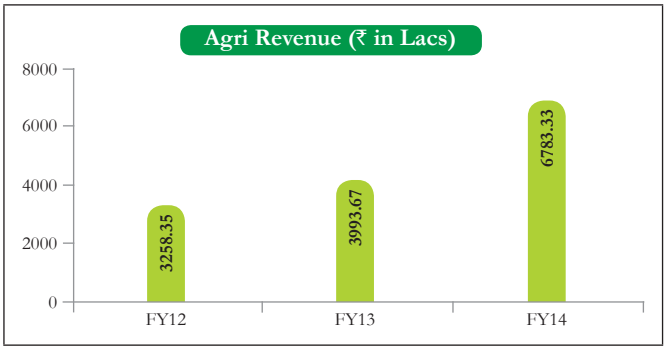
₹ 6,783 Lakhs Revenue From Agri	₹ 3,368 Lakhs Capital Employed in Agri	₹ 366 Lakhs Revenue from Bakery
₹ 1.120 Lakhs Capital Employed in Bakery	Agri & Bakery to Support Retail Operation	

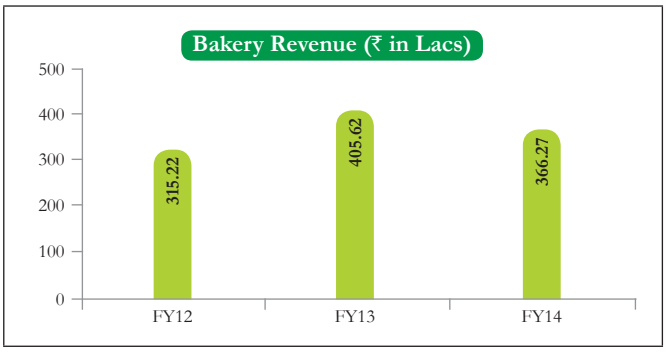
To support Retail division, your Company went for a backward integration into Agri and Bakery business. Agri and Bakery business verticals are likely to turnaround soon thereby contributing to the topline and bottomline, though in a minimal way.

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

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

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





Solar for Captive Consumption:

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

Emerging as Pan-India Player:

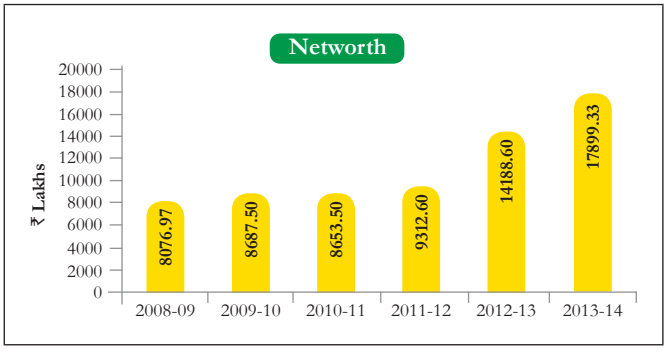
Your Company is well entrenched in South in general and in Andhra Pradesh, Telangana, Tamil Nadu, and Karnataka in particular. On the West side, Your Company forayed into Maharashtra and has already acquired a plant in Sangavi for processing the milk. On the Northern side, Your Company entered Delhi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

Discussion on financial and Operational performances

Value Addition since last five years

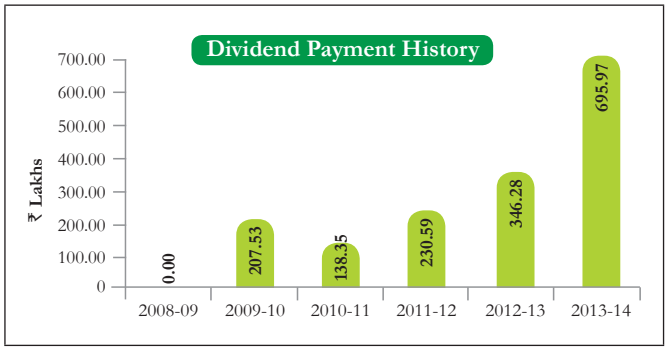
Increase in Net worth:

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



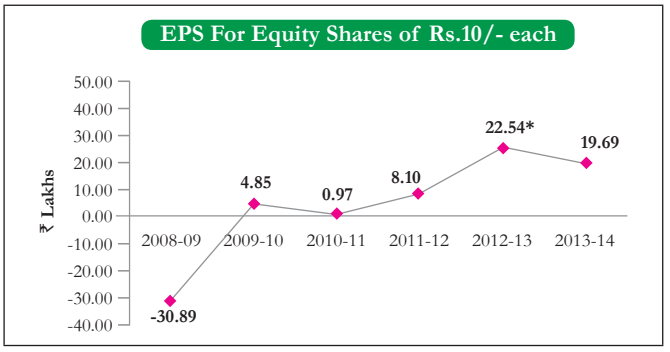
Dividend Payment History

The Company has a track record of dividend payment.



Earnings per Share

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

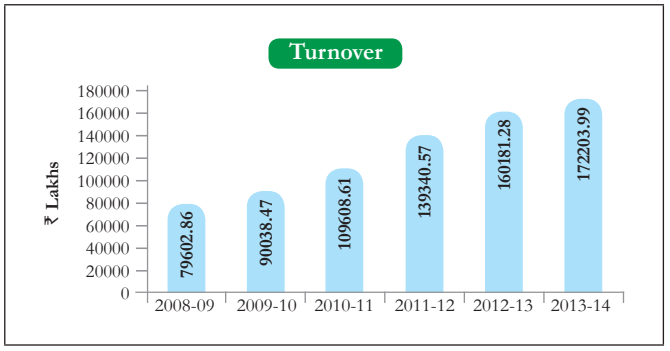


* The Board of Director issued / allotted 1:1 Bonus shares on 30th July 2013. Earnings Per Share(EPS) has been calculated after considering the bonus issue during the Financial Year ended March 31, 2014 and adjusted for all the periods presented as per AS-20 "Earnings Per Share (EPS)".

OPERATIONAL EXCELLENCE

Revenue Trend

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



STANDALONE FINANCIAL PERFORMANCE REVIEW

A. FINANCIAL PERFORMANCE

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

Overview of Standalone Financial Results

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

Standalone Segment results:

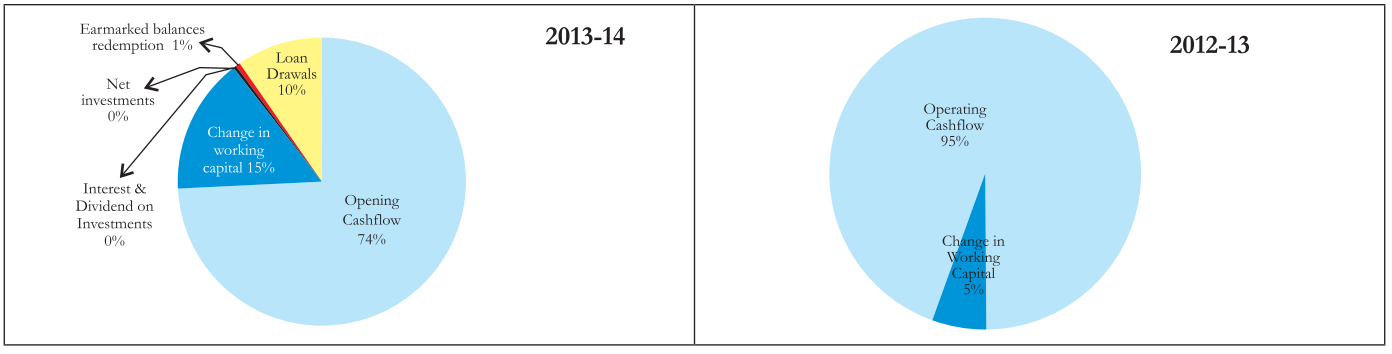
Particulars	2013 -14		2012 -13	
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue
1. Total Revenue				
a. Dairy	**132819.16**	**74.69**	126862.15	77.39
b. Retail	**37792.56**	**21.25**	32657.45	19.92
c. Agri	**6783.33**	**3.81**	3993.67	2.44
d. Bakery	**366.27**	**0.21**	405.62	0.25
e. Renewable Energy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

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

CASH FLOW ANALYSIS

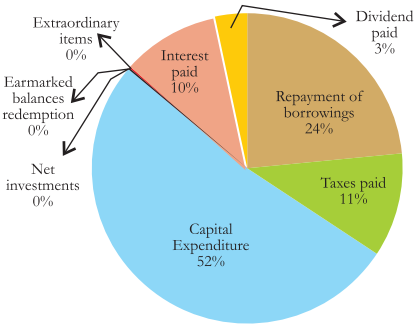
Cash inflows

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

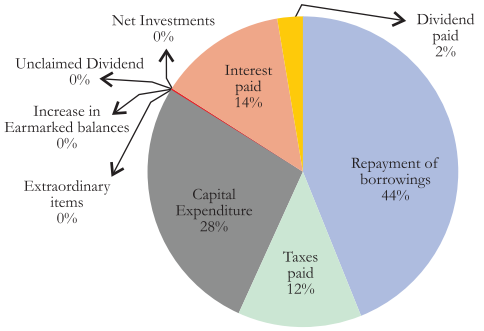


Cash Outflows

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



2013-14



2012-13

FORWARDLOOKING STATEMENTS

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

Report on Corporate Governance

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

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

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

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

BOARD OF DIRECTORS

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

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

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

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

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

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

$ N. Sri Vishnu Raju appointed as an additional Director on 22-10-2013

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

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

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

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

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

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

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

BOARD COMMITTEES

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

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

Audit Committee

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

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

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

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

b) Attendance of the Members at the Committee Meeting

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

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

c) The terms of reference

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

i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

ii. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.

iii. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

a) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956 (Section 134 of Companies Act, 2013).

b) Changes, if any, in accounting policies and practices and reasons for the same.

c) Major accounting entries involving estimates based on the exercise of judgement by management

d) Compliance with listing and other legal requirements relating to financial statements

e) Disclosure of any related party transactions

iv. Reviewing, with the management, the Quarterly Financial statements before submission to the Board for approval.

v. Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.

vi. Reviewing the adequacy of Internal Audit function.

vii. Discussion with Internal Auditors any significant findings and follow up there on.

viii. Reviewing mandatorily the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Statement of significant related party transactions, submitted by management;

c) Management letters / letters of internal control weaknesses issued by the statutory auditors, if any.

d) Internal audit reports relating to internal control weaknesses; and

e) The appointment, removal and terms of remuneration of the Internal Auditors

Remuneration Committee

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

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

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

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

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

(in Rupees)

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

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

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

Management Committee

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

The Management Committee comprises as on 31st March, 2014

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

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

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

Share Transfer & Shareholder/Investors' Grievance Redressal Committee

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

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

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

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

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

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

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

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

Number of Complaint/ request Received- 28

Number of Complaint/ request Resolved- 28

Number of Complaint/ request Pending – NIL

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

Annual General Meetings

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

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

b. All the Special Resolutions were passed only on show of hands at the Annual General Meeting held on 17-07-2013.

c. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

d. The Company sought the approval of shareholders through Postal Ballet for enhancement of Borrowing Powers of the Board of Directors and Creation of Charges etc., of the assets of the Company.

Disclosures

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

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

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

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

(a) **Tenure of Independent Director**: 5 consecutive Years tenure has been prescribed for Independent Directors.

(b) **Remuneration Committee**: Separate Remuneration Committee has been constituted.

(c) **Shareholders Rights:** Quarterly/Half Yearly/Annually Financial Statements are published in newspapers and uploaded on Company website: www.heritagefoods.in

(d) **Audit Qualification**: The Company already has a record of un-qualified financial statements. Auditors have raised no qualification on the financial statements.

(e) **Whistle Blower Policy:** The Company have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern. The full text of the Whistle Blower Policy is available in the company's website: www.heritagefoods.in

Means of Communication

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

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

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

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

General Shareholder Information

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

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

NIL

Dematerialisation

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

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

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

Plant Locations

Plant Locations are attached to the report.

Code of Conduct

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

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

Code for Prevention of Insider Trading Practices

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

CEO and CFO Certification

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

Secretarial Audit

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

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

Compliance Certificate from Auditors

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

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

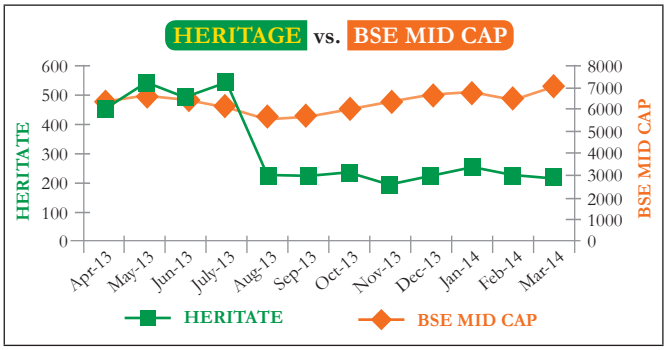
Market Price Data:

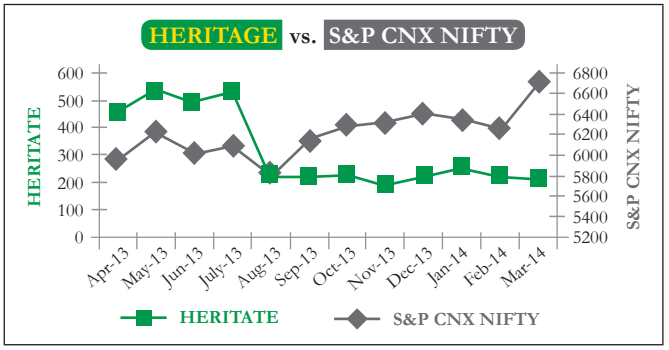
Closing High/Low Share Price during each month of the financial year 2013-14.

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

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

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





Share Transfer Systems

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

Register and Transfer Agent

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

Distribution of Shareholding as on 31st March, 2014

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

Categories of Shareholding Pattern as on 31st March, 2014

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

Address for Correspondence

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

Plant Locations

Processing and Packing Stations

Main Dairy Plant

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

Chilling Centers

1. **Atmakuru**
   Atmakuru Post, Nellore Dist., AP
2. **Hindupur**
   Cholasamudram (V), Lepakshi (M),
   Hindupur, Anantaput Dist.AP
3. **Piler**
   Yerraguntla (V),
   Piler (M), Chittoor Dist., AP
4. **Madanapalli**
   Basinikonda Village,
   Madanapalli Mandal, Chittoor Dist., AP
5. **Darsi**
   Darsi Post, Prakasam Dist., A.P
6. **Kandukuru**
   Katuturu Grampanchayat,
   Veletivaripalem(M),Kandukuru,
   Prakasam Dist., A.P
7. **Kondepi**
   Kondepi Village & Mandal,
   Prakasam Dist., A.P
8. **Muppavaram**
   Bytamanjuluru Post, J Pangaluru (M),
   Prakasam Dist., A.P
9. **Kavali**
   Gouravaram (V), Kavali (M),
   Potti Sree Ramulu, Nellore Dist, A.P
10. **Madhira**
    Rayapatnam Village, Madhira (M),
    Khammam Dist, T.S
11. **Kotananduru**
    Indugapalli (V), Kotananduru (M),
    East Godavari Dist., A.P
12. **Namakkal**
    Navani Vellali Patti Village,
    Namakkal Dist., T.N
13. **Tiruvannamalai**
    Somasipadi Pudhur,
    Tiruvannamalai Dist., T.N
14. **Uthangarai**
    Koorsampatti Village,
    Dharmapuri Dist., T.N
15. **Santhipuram**
    Chittoor (Dt), A.P.
16. **Karmala**
    Solapur Dt, Maharastra - 413106

Mini Chilling Centers

1. **Kalakada**
   Kalakada Mandal, Chittoor Dt,
2. **Podalakuru**
   Nellore Dist. AP-524345
3. **Kanigiri**
   Kanigiri (Md), Prakasam (Dt),
4. **Gantyada**
   Gantyada (V&M),
   Vizianagaram Dist., A.P
5. **L.Kota**
   C/o Sree Sravani Milk Chilling Center,
   L.Kota (V&M), Vizianagaram Dist.
6. **Somavaram**
   Krlampudi Mandalam,
   Visakhapatanam, A.P
7. **Chagarlamarri**
   Kallugotlapalli (V), Allagadda (M)
   Kurnool Dist. A.P
8. **Vinukonda**
   Guntur (Dt), A.P
9. **Kaligiri**
   Basireddypalem (V), Kaligiri (M)
   Potti Sree Ramulu Nellore Dist, A.P
10. **Challagundla,**
    Nakrikal (M), Guntur Dist, A.P.
11. **Kodada**
    Nalgonda Dist., T.S
12. **Satyawada**
    Undrajavaram (M), West Godavari, A.P
13. **Velvadam**
    Mylavaram (M), Krishna Dt., A.P
14. **Veeravalli**
    Bapulapadu (M), Krishna Dt., A.P
15. **Nandigama**
    Krishna Dist. A.P - 521185
16. **Ravikamatam**
    Visakhapatnam Dist. A.P
17. **Poosapatirega**
    Vizianagaram Dist., A.P
18. **Berigai**
    Berigai (V) & (P),
    Krishnagiri (Dt), Tamil Nadu.
19. **Bestavaripeta**
    Prakasam Dt, A.P.
20. **Rapthadu**
    SY. NO.486/1, Near Railway Gate,
    Rapthadu V & M - 515721
    Ananthapur (Dt)., A.P.
21. **Kothacheruvu**
    Sy.No.232/1, Near Railway Gate,
    Penukonda Road, Kothacheruvu V &M,
    Anantapuram Dt – 515133., A.P
22. **Redihalli**
    Adhiyaman Kotai-Hosur By-Pas Road,
    Reddihalli panchayt, Sogathur (Post),
    Dharmapuri(Dt), T.N., Pin: 636705.
23. **Devarajapalem**
    Devarajapalem Village, Molaiyanur (post),
    Papireddipati Taluk, Dharmapuri (Dt),
    T.N., Pin: 636905.
24. **Mulugu**
    Medak Dist, T.S -50227
25. **Bodhan**
    Auto Nagar, Achanpally (V), Bodhan (M),
    Nizamabad (Dt), T.S – 503180

Bulk Coolers

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

11. **Dubacharla**
Nachugunta (V), Unguturu (M),
West Godavari Dist. A.P
12. **Modavalasa**
Denkada (M),Vijayanagaram (Dt), A.P
13. **Samarlakota**
E-1 Industrial Estate, E.G.(Dt), A.P.
14. **Chinnagammuluru**
Kota Vuratla (M), Vizag (Dt), A.P
15. **Narsingi**
Chegunta (M), Medak (Dt), T.S.
16. **Vepanapalli**
Thalipalli (V), Krishnagiri (Dist), T.N
17. **Avanigadda,**
D.No-1-360, Yalavarthy Complex,
1st Ward, Mandali Nagar, Koduru Road,
Avanigadda, Krishna (Dt),
A.P., Pin: 521121
18. **Kanaganapalli**
Kanaganapalli (V&M),
Ananthapur (Dt), A.P., Pin: 515641
19. **Sompeta**
Chandi puttada (Villiage),
Rajupuram (post), Kaviti (M), Srikakulam
(Dist), Pin: 532322
20. **Seethanagaram (V&M),**
East Godavari (Dt), A.P., Pin: 533287
21. **Nirgudi**
Phaltan (Taluk), Satara(Dt),
Maharastra. Pin: 515523.
22. **Laveru**
Laveru (V&M), Srikakulam(Dt),
AP., Pin: 532407
23. **Garividi**
Garbam road, near surya pittam
Kondapalli village, Garividi (M)
Vijayanagaram Dt. A.P
24. **Korukonda**
Sairam chilling center, Jambhupatnam road
Korukonda V & M,East Godavari(Dt), A.P
25. **Sakharwadi**
Phaltan(Tal),
Satara Dt - 415522, Maharashtra. A.P
26. **Dhammapeta**
Dammapeta (V & M),
Khammam(Dt). Pin – 507306, T.S.
27. **P.Gannavaram**
Amalapuram road, Near Gromore
Fertilizers, P.Gannavaram V & M
East Godavari(Dt), AP
28. **T.Narasapuram**
C/o Aditya rice mill, Guruvai Gudem Rd,
T.Narasapuram (V & M),
West Godavari (Dt), AP.
29. **Kakkadasam**
Kakkadasam Village & Post,
D.Kotta to Tally Rd, Denkanikotta Taluk,
Krishnagiri Dt, TN.
30. **Ponduru**
Ponduru village, Srikakulam Dt.
31. **Gara**
Boravanipeta village, Gara (M), Srikakulam
Dt., AP
32. **Bikavolu**
Vulpalli road, Bikkavolu V&M,
East Godavari(Dt), AP
33. **Nagamangalam**
Nagamangalam (V) & (P),
Denkanikotta Taluk, Krishnagiri Dt., TN.
34. **Ragolu**
Gudam Road ,Near Jems Hospital,
Srikakulam(Dt), A.P - 532484
35. **Peruru**
Peruru (V), Ramagiri (M),
Ananthapur (D), AP. Pin-515621
36. **Palakonda**
Tumarada Village, Tampatapalli Post,
Palakonda, Srikakulam(Dt) A.P -532440
37. **Siddipet**
Opp.Rural Police station, Siddipet(V&M),
Medak Dist, T.S -502103
38. **Dwarapudi**
Opp rly station, Dwarapudi,
East Godavai (Dt), A.P - 533341
39. **Tekkali**
Tekkali(V&M), Srikakulam(Dt).,
A.P., Pin: 533201
40. **Venkannapalem,**
Venkannapalem(Village),
Chowdaram(Mandal), Vishakapatnam (Dt),
A.P., Pin:
41. **Porumamilla,**
Kammavaripalli (Village),
Porumamilla (Mandal), Kadapa (Dt)., A.P.,
42. **Taradgoan**
Phaltan (Taluk), Satara(Dt), Maharastra.
A.P., Pin:
43. **Kondapuram**
Gudavalluru (V), Kondapuram (PO & M),
SPSR Nellore District, A.P Pin:524201
44. **Sempatti**
Sevugam patty (V&P)
Near badrakaliamman kovil, Sempatty
to Battlagundu road, Nelakotti T.K,
Dindigul(Dt), T.N - pin:624211
45. **Atchutapuram**
Atchutapuram(V&M),
Visakhapatnam (Dt), A.P - 531011
46. **Rajale**
Milkat No: 808, A/P, Rajale,
Phaltan (Tal), Satara (Dt0, Maharastra
47. **Oddanchatiram**
no.1/7 Ellapatty (V), Puduchathram(P),
Oddanchathram (T.K) Dindigal (Dt),
T.N - Pin:624619
48. **Nidamanur**
Main Road, Opp. Check post,
Nidamanur(V&M),
Nalgonda Dist-T.S - 508278
49. **P.Velore**
K.K.Thottam, West Vannandurai,
Pandamangalam (P), Paramathi Velur,
Namakkal (Dt), T.N Pin:637208
50. **Nimmada**
Kotabommali, Srikakulam(Dt),
A.P - 532001
51. **Krishnapuram**
Krishnapuram (V), Chillakuru (M), SPSR
(Dt), A.P - 524412
52. **Bondapalli**
Bondapalli (M&P), Vizianagaram(Dist),
A.P - 535270

Bulk Coolers – Franchisee

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

18. **Sivampet**
Narsapur main road, Sivampet(V&M), Medak(Dt), T.S
19. **Kothapet**
Kothapet(Village), Kesvapatanam(M), Mahabubnagar, TS.
20. **Dhanamaiahgaripalli**
Dhanamaiahgaripalli(V&P), V.Kota (M), Chittoor(Dt), A.P., Pin: 517424
21. **Thoguta**
Thogutta (V&M), Opp. FCI Godown, Medak(Dt), T.S - 502372
22. **Jogipet**
Jogipet(V&M), Narayanakhed Main Road, Medak (Dt), T.S - 502273
23. **Pudur**
Pudur (V), Shamirpet(M), Ranga reddy(Dt), T.S - 501401
24. **Anajipur**
Anajipur(V), Bhogir (M), Nalgonda(Dt), T.S – 508116
25. **Meerkhanpet**
Meerkhanpet (V), Kandukur (M), Ranga reddy(Dt), T.S - 501509
26. **Kamareddy**
Kamareddy(V&M), Sirisilla Road, Nizamabad(Dt), T.S – 503111
27. **Kukunoorpalli**
Kukunoorpalli (V), Kondapak (M), Medak(Dt), T.S - 502103

Milk chilling at Ice Plants

1. **Amalapuram**
Batinavilli, Amalapuram, East Godavari Dist., A.P
2. **Bansur**
Kotaputali Raod, Bansur, Alwar (Dt), Rajasthan
3. **Sikar**
Plot No: 15 & 16, Major Colony, NH-11, Fathehpur Road, Sikar (Dt), Rajasthan.

Regional Offices

Ongole Regional Office

1. **Heritage Foods Limited,**
D.No: 5-400/1, Raavianjaneyulu road, Venkateswara Nagar, 2nd Lane, Ongole, AP Pin: 523 001.
2. **Vizag Regional Office**
Heritage Foods Limited, Door No: 50-48-15/2, 3rd Floor, P&T Colony, Near Gurudwara junction,Seethammadhara, Vizag-13
3. **Vijayawada Regional Office**
Heritage Foods (India) Limited, Door No: 54-20-6, Kanaka Durga Gazetted Officers Colony, Street No:1, Ring Road, Vijayawada – 520 008
4. **Tirupati Regional Office**
Heritage Foods Limited, Dr.No 19-12-154, Arch Road, Byragipatteda, Tirupati-517 501,
5. **Krishnagiri Regional Office**
Heritage Foods Limited, No. 1/1263-2, IInd Phase, New Housing Board, (Land Mark: HIG-82 Opp. (or) HIG-47 behind road) Krishnagiri -635001
6. **Sangvi Regional Office**
Vijayanagar Sangvi, Phaltan Taluk, Satara District.
7. **Heritage Foods Limited,**
Sikara Gandhi House, C-10, Road No: 7, IDA Uppal, Hyderabad-500039.

Sales Offices

Andhra Pradesh

1. **Visakhapatnam Sales Office**
D.No: 50-48-15/2, P&T Colony, Near Gurudwar Bus Stop, Seethammadhara, Visakhapatnam – 520013
2. **Tirupati Sales Office**
D.No: 19-12-154, RC Road, Bairagipatteda, Tirupati. 517501
3. **Rajahmundry Sales Office**
D.No:85-17-13, Beside Cherukuri Kalyana MAndapam, JN Road, Rajahmundry. 533103.
4. **Vijayawada Sales Office**
Plot No:188, Block No: C6, Enkepadu, Kanuru Road, Auto Nagar, Vijayawada – 523008
5. **Bobbili Sales Office**
Plot No.248&249, Growth Centre, Bobbili, Vizianagaram Dist., Andhra Pradesh
6. **Tanuku Sales Office**
Heritage Foods Limited NH-5, Sowmya Residency, Opp: Mullapudi Harichandra Prasad Kamma Kalyana Mandapam, Tanuku 534111

Telangana

1. **Hyderabad Sales Office 1, 3 & 6**
HFL, C-10, Kargandi Building , Road NO.7 ,IDA, Uppal, Hyderabad-500039
2. **Hyderabad Sales Office 2**
No: 8-3-166/5/2, Register Office Road, Behind Bata Show Room, Erragadda, Hyderabad. 500080
3. **Hyderabad Sales Office 4**
H.No:3-8-113, Shop No:23 & 24, Road No:5, Chandrapuri colony, L.B Nagar, Hyderabad
4. **Hyderabad Sales Office 5**
Shop No: 1 & 2 Cellar, Mamatha Estates, Indhra Reddy Allwyn Colony, Besides Subcourt, Miyapur 500049
5. **Hyderabad Sales Office 7**
Heritage Foods Limited H.No 1.4-164/2, Old Alwal Mangloni Chilaka, Opp to Mediplus (Near) Reliance Fresh, Hyd-500010
6. **Chittoor Sales Office**
Sundararaja Puram, E.R Palli Post, Chittoor - Puttoor Road, Chittoor
7. **Kalluru Sales Office**
Heritage Foods Limited, Korlagudem(Vill), Kalluru(Mand), Khammam Dist 507209

Karnataka

1. **Bangalore Sales Office 1**
No: 42, Survey No: 5&6, Bikasipura, Banashankari 5th Stage, Near Saibaba Temple, Bangalore 560061
2. **Bangalore Sales Office 2**
HFL, D.No: 525, 2 nd floor, 7 th cross, 6 th main, HBR Layout (Near BDA Complex), Bangalore 560043
3. **Bangalore Sales Office 3**
Yadavanahalli Village, Anekal Taluk, Gudahatti Road, Bangalore (South) – 562107

Tamil Nadu

1. **Chennai Sales Office 1**
Survey No: 16/6, Pariwakkam Main Road, Seneerkuppam Village, Poonamalle, Chennai – 600056
2. **Chennai Sales Office 2**
HFL, H.No.45, Lakshmi Nagar, Adambakkam, Chennai - 600088,TN
3. **Chennai Sales Office 3**
Plot No:13, 1 st Street, Mari Ammal Nagar, Kavangarai(East), Puzhal, Chennai
4. **Chennai Sales Office 4**
No:377/B, 1St Street, Samayapuram, Karambakkam, Porur, Chennai – 116
5. **Chennai Sales Office 5**
No:28, Agasthiyar street, East Tambaram, Opp to Gandhi Park, Chennai - 59
6. **Vadamadurai Sales Office**
HFL, NH-45, Trichy Rad, Moorpatti Village, Vadamadurai Post, Dindigul District – 624802

Maharastra

1. **Mumbai Sales Office**
Shop No. 1-2, Plot No. 17, Mangal Murti Co-Op Hsg. Soc. Ltd, Sector 30, Opp. Sanpada Railway Station, Vashi, Navi Mumbai. 400703
2. **Sangvi Sales Office**
Vijayanagar Sangvi, Phaltan Taluk, Satara District.

Delhi

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

Addresses of Retail Stores at Hyderabad

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 **Nizampet**
Sy.No.57, MCK Block, No.2,
Hyder nagar Village (Nizampet Rd),
Kukatpally municipal sub Division,
GHMC, Bala nagar Mandal,
Hyderabad – 500 072
Carpet Area:1936

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

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

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

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

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

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

34 **Shanthi Nagar**
Ground Floor,
Premises No.10-2-289/115,
Flat no.101,102 & 103, Shanthi Nagar,
Masab Tank, Hyderabad
Carpet Area:3730

35 **Sindhi Colony**
H-no. 1-8-142 & 143, Prendergasth Road,
Secunderabad – 500 003
Carpet Area:2940

36 **Srinagar Colony**
Door No.8-3-986 & 986/1, Plot No.124,
Srinagar Colony, Hyderabad
Carpet Area:2091

37 **Tolichowki**
Ground Floor,
MCH No.8-1-366/B/12, & 8-1-366/B/13,
Situated at Tolichowki, Hyderabad
Carpet Area:6444

38 **Vanasthalipuram**
Plot No. 1 & 2, Sy. No. 53 & 54,
Saheb Nagar Khund, Vanasthalipuram, R R District
Carpet Area:2304

39 **Vengalrao Nagar**
Plot No. 63/A, Municipal No. 8-3-191/67,
Vengalrao Nagar, Hyd-500038
Carpet Area:1724

40 **Vivekananda Nagar Colony**
Plot no.2, Sy.No.116/A/P,
MCK Block No.22,
(Leading Road to Allwyn colony),
Kukatpally Village & Municipality,
Balanagar Mandal, R.R. District
Carpet Area:1440

41 **West Marredpally**
H.no. 10-2-98 & 99, Tejaswini Arcade,
Plot No. 78, Secunderabad – 500 080
Carpet Area:2872

42 **Yousufguda**
Ground Floor, H.No.8-3-224/4/1
Plot No.4, Yellareddyguda,
Hyderabad-500080.
Carpet Area:3258

Addresses of Retail Stores at Chennai

1 **Adambakkam**
New No. 17, Old No. 16A,
Secretariat Colony Main Road,
Adambakkam, Chennai-600088
Carepet Area: 1610

2 **Adayar**
Ground floor, Old no.6/1,
New No.17/1, Indira Nagar,
1st Avenue, Adyar, Chennai –20
Carepet Area:1739

3 **Ayanavaram**
No. 9/5, VP Colony South Street;
(Next to ESI Hospital), Ayanavaram,
Chennai – 600 023
Carepet Area:1315

4 **Choolaimedu**
Ground floor, Commercial Shop,
Greata Pearl Apartments, No. 174,
Choolaimedu High Road, Chennai-94
Carepet Area:1985

5 **Gopalapuram**
No.17&19, Conron smith road,
Gopalapuram, Chennai – 600 086
Carpet Area:3141

6 **KB Dasan Road**
New Door No.32, (Old -43), Kavingnar
Bharathi Dasan Road, Teynampet,
Chennai – 600 018
Carpet Area:1943

7 **Kotturpuram**
No.1, 3rd Main Road, Kottur Garden,
Kotturpuram, Chennai – 600 085
Carpet Area:1893

8 **Madipakkam**
Baggyam Ceilo, No.1 & 2,
Bazaar Road, Baliah Garden,
Madipakkam, village, Chennai – 600 091
Carpet Area:1910

9 **Madipakkam (New Store)**
No.9, Madipakkam Main Road, Balaiah
Garden, Madipakkam, Chennai - 600 061
Carpet Area:5190

10 **Maduravoyil**
Ground Floor, Plot No.484 to 488,
Survey No.127/7C3A1A1A1A to 1E,
Poonamallee High Road,
Maduravoyil, Chennai - 600 095
Carepet Area:2505

11 **Mogapiyyar West**
No. PC-1, 80 Feet Road (Poiseon Biotech),
Mogappair west, Chennai – 600 037
Carpet Area:3093

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

13 **Nanganallur (New Store);**
Old No.37, New No.23, First Main Road,
Nanganallur, Chennai – 600 061
Carpet Area:3452

14 **Padur**
Survey No.520/2B, Ground Floor,
Door No.1/362, OMR, 43Padur Village,
Kanchipuram district, Pin Code.603 103.
Carepet Area:2600

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

16 **Perumbakkam**
Ground Floor, Plot No.1 & 2, Survey
No.429/2C (Part), No.139, Perumbakkam
Village, Tambaram Taluk, Kancheepuram
District, Chennai
Carepet Area:5500

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

18 **Porur**
Ground Floor, Door No.38, Mount
Poonamallee Road, Old Survey No.51/1,
New Survey No.51/1A2, Porur Village,
Ambattur Taluq, Thiruvallur District,
Chennai
Carepet Area:11170

19 **Shenoy Nagar**
No.1/2, 7th Cross Street, Tulasi Apartments,
Pulla Reddy Avenue Road,
Shenoy Nagar (west), Chennai
Carepet Area:1909

20 **T. Nagar**
19/3, Bajullah Road, T. Nagar,
Chennai-600017
Carepet Area:1807

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

22 **Tambaram West**
No.2, Venkatesan Street,
Tambaram West, Chennai – 600 045
Carepet Area:1932

23 **TTK Road (Alwarpet)**
No.26, TT Krishnamachari Road,
Alwarpet, Chennai 600 018
Caroet Area:1933

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

25 **Venkatnarayana Road**
16/5, Venkatanarayana Road,
T. Nagar, Chennai-600017
Carepet Area:2204

Addresses of Retail Stores at Bangalore

1 **Banashankari 2nd Stage**
Corporation No.1036, 14th C Main,
BSK IInd Stage, Bangalore – 560 050
Carpet Ara:2647

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

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

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

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

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

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

8 **Magadi Road**
173/1, 3rd Cross,1st Main Road,
HVR Layout Housing, Magadi Main Rd,
Bangalore - 560 079
Carpet Area:2007

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

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

11 **Uttarahalli (NEW)**
No.007, Beneka Towers,
Subramanyapura Main Road,
Chikalasandra, Padmanaba Nagar,
Bangalore – 61
Carpet Area:7000

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

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

Addresses of Distribution Centers

1. **Hyderabad DC**
Heritage Foods Limited
Survey No.171, Opp: M/S Coca Cola,
Ameenpur, Sanga Reddy, taluq, Medak,
Andhra Pradesh- 502294.

2. **Chennai DC (FMCG and F&V)**
Heritage Foods Limited.,
Survey No.16/4, Parivakkam Road,
Sennurkupam Village,
Poonamalli Taluq, Chennai-600056

3. **Bangalore DC (FMCG, F&V and Staples)**
Heritage Foods Ltd, Distribution Center,
Survey no: 178/2,Hullahally, C K Palya,
Sakalavasa Post,
B.G. Road, Bangalore -83.

Addresses of Regional Offices

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

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

3. **Hyderabad RO**
Municipal No: 6-3-542,
S.B.H.Lane, Farhath Manzil,
Panjagutta, Hyderabad – 500082

Addresses of Agri Division

Integrated Pack Houses:

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

2. **Mattam**
Mattam Village, Shanthipuram,
Chittoor Dist. 517423

Address of Bakery Division

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

Address of Renewable Energy Division

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

CEO & CFO Certification

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

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

a. We have reviewed the Financial Statements and the Cash Flow Statements for the year ended 31st March, 2014 and to the best of our knowledge and belief:

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

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

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

c. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee

   i. Significant changes in internal controls during the year;

   ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

   iii. That there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system

For **Heritage Foods Ltd.**

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

Place : Hyderabad
Date : 23-05-2014

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

Auditors' Certificate on Corporate Governance

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

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

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

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

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

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

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

M. Sivaram Prasad
Partner
(M No. 18943)

Place : Hyderabad
Date : 23-05-2014

Secretarial Audit Report

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

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

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

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

(i) The Companies Act, 1956 & 2013 and the Rules made there under ;

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

(iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;

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

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

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

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

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

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

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

I report that, during the year under review:

1. The status of the Company is Listed Public Company

2. During the year under review the name of the Company had changed from HERITAGE FOODS (INDIA) LIMITED to HERITAGE FOODS LIMITED and the Company had obtained necessary approvals from the Share holders and also Statutory Authorities i.e ROC,BSE & NSE

3. The Company has two subsidiary companies i.e Heritage Foods Retail limited and Heritage Conpro Limited. The company has not been a Government company.

4. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

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

5. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, independence and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.

6. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.

7. The company has not advanced loans, given guarantees and provided securities to directors and/or persons or firms or companies in which directors were interested, and has complied with the provisions of the Companies Act, 1956.

8. The Company has not made loans and investments; or given guarantees or provided securities to other business entities other than Subsidiary Companies and has complied with the provisions of the Companies Act, 1956 and any other statutes as may be applicable.

9. The amount borrowed by the Company from bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.

10. During the Year under the Company had increased the Authorized Capital.

11. During the year under review the Company had issued/ allotted Bonus Shares and complied with all the necessary compliances.

12. The Company has not defaulted in the repayment of unsecured loans, facilities granted by bank(s) / financial institution(s).

13. The Company has created & modified charges on the assets of the company and complied with the applicable laws.

14. All registrations under the various state and local laws as applicable to the Company are valid as on the date of report.

15. The Company has declared and paid dividends to its shareholders as per the provisions of the Companies Act, 1956 and other relevant statutes.

16. The Company has credited and paid to the Investor Education and Protection Fund within the stipulated time, all the unpaid dividends as required to be so credited to the Fund.

17. The Company has paid all its statutory dues and satisfactory arrangements have been made for arrears of any such dues.

18. The Company, being a listed entity has complied with the provisions of the Listing Agreement.

19. The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

I further report that:

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

For **Savita Jyoti Associates**
Company Secretaries

Savitha Jyoti
Member Ship No. F3738
CP No.: 1796

Place : Hyderabad
Date : 23/04/2014

Independent Auditors' Report

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

Report on the Financial Statements:

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

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

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

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

Opinion:

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

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and Regulatory Requirements:

1. As required by the Companies (Auditors' Report) Order, 2003 , as amended by the companies (Auditor' Report) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

   c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act) read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Date: 23-05-2014
Place: Hyderabad

M. Siva Ram Prasad
Partner
M No. 018943

Annexure to the Auditors' report

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

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) These fixed assets have been physically verified by the management during the year and discrepancies noticed on such verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets.

c) No substantial part of fixed assets has been disposed off during the year.

ii. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the companies act 1956 or to companies under the same management as defined in section 370(1-B) of the companies act,1956. Consequently, clauses (iii) (b), (iii) (c) and (iii)(d) are not applicable.

e) The company has not takenany loans secured or unsecured loan from companies, firms or parties covered in the register maintained under section 301 of the companies act 1956.Accordingly, paragraphs 4(iii)(e) to 4(iii)(g) of the order are not applicable.

iv. In our opinion and according to the information and explanations given to us, considering the size of the company and nature of business of various divisions of the company with regard to purchase of inventory and fixed assets and with regard to sale of goods and services, the internal control system commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

vi. The company has not accepted deposits from the public governed by section 58A and 58AA of the Companies Act, 1956 for the year under reference.

vii. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.

viii. The Central Government has prescribed maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of its products manufactured during the year. We are of the opinion that, prima facie, the prescribed accounts and records are properly prepared and maintained. We have not, however, carried out detailed examination of the same.

ix. a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities including Provident Fund, Investor Education and Protections Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax and Other Statutory dues applicable to it. There are no undisputed statutory dues outstanding for more than six months as on 31.3.2014.

b) According to the information and explanations given to us following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st march, 2014:

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

x. The company does not have any accumulated losses as at the end of the financial year under reference and the company has not incurred cash loss in the financial year under reference and in the financial year immediately preceding such financial year.

xi. The Company has not defaulted in the repayment of its dues to financial institutions or banks.

xii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the company is not a chit fund or nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the companies (Auditors' Report) Order, 2003 are not applicable to the company.

xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Investments have been held by the company in its own name.

xv. The company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. In our opinion, the term loans taken by the Company were applied for the purpose for which they were taken.

xvii. In our opinion and according to explanations and information given to us, funds raised on short-term basis have not been used for long term investment.

xviii. According to the information and explanation given to us, during the year the company has not made any preferential allotment of equity shares/warrants to parties and companies covered in the register maintained under section 301 of the companies act, 1956.

xix. The company has not issued any debentures

xx. The company, during the year, has not raised money by public issues.

xxi. Based on the audit procedures performed and the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

M.Siva Ram Prasad
Partner
M No. 018943

Place : Hyderabad
Date : 23-05-2014

Balance Sheet as at March 31, 2014

(₹ in lakhs)

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

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

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

(₹ in lakhs)

Particulars	Note No	Year Ended March 31, 2014	Year Ended March 31, 2013
1. Revenue from operations (Gross)	18	**172291.58**	160259.49
Less : Excise Duty		**87.59**	78.21
Revenue from operations (Net)		**172203.99**	160181.28
2. Other Income	19	**495.40**	419.95
3. TOTAL REVENUE (1 +2)		**172699.39**	160601.23
4. EXPENSES:			
a. Cost of materials consumed	20	**103058.17**	93973.45
b. Purchase of Stock-in-Trade	21	**32210.89**	26274.64
c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	**(888.39)**	3441.50
d. Power and fuel		**2986.20**	3640.63
e. Employee benefits expense	23	**10009.46**	8718.25
f. Finance costs	24	**1322.12**	1670.20
g. Depreciation and amortization expense	25	**2500.23**	2202.03
h. Other expenses	26	**15329.51**	14023.86
TOTAL EXPENSES		**166528.19**	153944.56
5. Profit before exceptional and extraordinary items and tax (3-4)		**6171.20**	6656.67
6. Exceptional Items		**-**	-
7. Profit before extraordinary items and tax (5 -6)		**6171.20**	6656.67
8. Extraordinary Items	27	**50.00**	291.34
9. Profit before tax (7 - 8)		**6121.20**	6365.33
10. Tax expense:			
a. Current tax		**1291.05**	1275.80
b. Prior period tax		**(0.46)**	(44.39)
c. Deferred tax		**299.38**	137.76
11 Profit for the year (9-10)		**4531.23**	4996.16
12. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		**19.69**	22.54
ii. Diluted		**19.69**	22.54
b. After Extraordinary items			
i. Basic		**19.53**	21.64
ii. Diluted		**19.53**	21.64
Significant Accounting Policies and Notes on Accounts	(1 to 45)		

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

Cash Flow Statement for the year ended March 31, 2014

(₹ in lakhs)

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

(₹ in lakhs)

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

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

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

0.1. Basis of Preparation of financial statements

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

1.2 Changes in Accounting Policies

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

1.3 Use of estimates

The preparation of financial statements **is**in conformity with Indian GAAP **which**requires management to make judgments, estimates and assumptions that affect the reported balances of assets, liabilities, income andexpenses 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 underinter-segment and includes unbilled revenues accrued up to the end of the accounting period. The inter-segment revenue is based on arms length price under comparable uncontrolled price (CUP) method as per the Specified Domestic Transfer Pricing regulations.

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

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

1.5 Fixed Assets

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

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

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

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

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

1.6 Depreciation and Amortization

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

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

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

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

1.7 Borrowing Cost

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

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

1.8 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 PUC Method at the end of the year and provided in accounts as per AS-15

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

1.12 Foreign Exchange transactions :

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

1.13 Leases

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

1.14 Inventories

Inventories are valued as under

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

1.15 Taxes on Income

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

1.16 Cash flow statement

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

1.17 Cash and Cash Equivalents

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

1.18 Earnings PerShare

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

1.19 Segment Reporting

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

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

1.20 Provisions

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

1.21 Contingent Liabilities

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

Standalone Notes to Accounts

Note 2 : Share Capital

(₹ in lakhs)

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

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

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

d) Rights, preferences and restrictions attached to equity shares

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

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

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

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

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

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

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

Note 3: Reserves and Surplus

(₹ in lakhs)

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

Contd...

Note 3: Reserves and Surplus

(₹ in lakhs)

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

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

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

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

Contd...

Term Loan from Banks (Secured) inlcudes :

(₹ In lakhs)

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

Contd...

Term Loan from Banks (Secured) inlcudes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
vii. Rupee Term Loan	ICICI Bank	**704.16**	920.82	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on both on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company , along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011
viii. Rupee Term Loan	ICICI Bank	**2,000.00**	2,375.00	2500.00	a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year:IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	First pari passu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company, along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012
ix. Rupee Term Loan	ICICI Bank	**1,200.00**	-	1200.00	IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any (Previous year: Nil)	First pari passu charge on both movable and immovable fixed assets of the Company, second pari passu charge on entire current assets of the company both present and future, along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014
Total rupee loans from banks		**4,318.92**	5,414.19				
c) Rupee loans from others:							
i. Retail Finance (Auto-Loan)	BMW Financial Services	**72.37**	-	94.75	Interest at the rate of 9.89% per annum	Hypothecation of Vehicle BMW 7 series 730LD	Repayable in 30 monthly installments commencing from August, 2013
Total Rupee Term Loans		**4,391.29**	5,414.19				
Total (Foreign Currency Loans + Rupee Term Loans)		**4,391.29**	5,928.19				

Deferred Payment Liabilities

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

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

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

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

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

Note 7: Long-Term Provisions

(₹ in lakhs)

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

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

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

Contd...

Working Capital Loans from Banks:

(₹ In lakhs)

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

Short Term Loans from Banks

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

Note 9: Trade Payables and Other Current Liabilities

(₹ in lakhs)

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

Note 10: Short Term Provisions

(₹ in lakhs)

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

NON-CURRENT ASSSETS

Note.11 Fixed Assets

(₹ in lakhs)

	Particulars	Gross Block				Accumulated Depreciation / Amortization					Net Block	
		Balance as at 01.04.2013	*Additions / other adjust-ments during the year	Deductions / Retire-ment during the year	**Balance as at 31.03.2014**	Balance as at 01.04.2013	Depreciation charge for the year	Deductions / adjust-ments during the year	Impair-ment loss for the year	Balance as at 31.03.2014	**Balance as at 31.03.2014**	Balance as at 01.04.2013
a.	**Tangible Assets**											
	Land	1530.07	26.44	12.32	**1544.19**	-	-	-	-	-	**1,544.19**	1,530.07
	Buildings	9063.58	648.05	9.71	**9701.92**	1,965.72	316.25	-	-	2,281.98	**7,419.94**	7,097.86
	Improvements to leasehold property	1452.17	160.63	31.56	**1581.24**	659.52	157.82	13.04	-	804.30	**776.94**	792.65
	Plant and Machinery	18885.30	4399.79	431.63	**22853.46**	7,114.77	1,489.88	352.38	32.49	8,284.76	**14,568.70**	11,770.53
	Furniture and Fixtures	1635.57	385.92	9.54	**2011.95**	478.56	191.05	2.73	-	666.88	**1,345.07**	1,157.01
	Office Equipment	2170.74	290.57	11.79	**2449.52**	1,369.62	192.88	8.67	-	1,553.83	**895.69**	801.12
	Vehicles	236.51	165.23	27.17	**374.57**	80.45	30.14	9.06	-	101.53	**273.04**	156.06
	Total - a	34973.94	6076.63	533.72	**40516.85**	11,668.64	2,378.02	385.88	32.49	13,693.28	**26,823.57**	23,305.30
b.	**Intangible Assets**											
	Computer Software	1373.69	72.71		**1446.40**	999.64	122.21	-	-	1,121.85	**324.55**	374.05
	Total -b	**1373.69**	**72.71**	**-**	**1446.40**	**999.64**	**122.21**	**-**	**-**	**1,121.85**	**324.55**	**374.05**
	Total (a+b)	**36347.63**	**6149.35**	**533.72**	**41963.25**	**12,668.28**	**2,500.23**	**385.88**	**32.49**	**14,815.13**	**27,148.12**	**23,679.34**
	Previous year	31749.70	3036.27	195.71	**34590.26**	9,577.54	2,118.65	137.38	5.11	11,563.92	**23,026.34**	
c.	**Capital Work-in-progress**										**1,111.81**	827.49

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

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

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

(₹ in lakhs)

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

Note 12 :Non-current Investments

(₹ in lakhs)

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

(₹ in lakhs)

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

Details of Other Investments

(₹ in lakhs)

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

Contd...

Note 12 :Non-current Investments

Details of Other Investments (₹ in lakhs)

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

Note: 13 Loans and Advances

(₹ in lakhs)

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

Contd...

Note: 13 Loans and Advances

(₹ in lakhs)

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

Loans and advances due by directors or other officers etc.

(₹ in lakhs)

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

Note: 14 Other non-current assets

(₹ in lakhs)

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

Note 15 : Inventories

(₹ in lakhs)

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

Details of Inventory

(₹ in lakhs)

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

Contd...

Details of Inventory

(₹ in lakhs)

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

Note: 16 Trade Receivables

(₹ in lakhs)

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

Note: 17 Cash and Bank Balances

(₹ in lakhs)

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

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

Note : 18 Revenue from operations

(₹ in lakhs)

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

Contd...

Note : 18 Revenue from operations

(₹ in lakhs)

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

Note: 19 Other Income

(₹ in lakhs)

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

Note : 20 Cost of materials consumed

(₹ in lakhs)

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

Contd...

Note : 20 Cost of materials consumed

(₹ in lakhs)

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

Note : 21 Purchase of Stock-in-Trade

(₹ in lakhs)

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

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

(₹ in lakhs)

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

Note : 23 Employee benefit expense

(₹ in lakhs)

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

Note: 24 Finance costs

(₹ in lakhs)

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

Note: 25 Depreciaiton and amortization expense

(₹ in lakhs)

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

Note: 26 Other expenses

(₹ in lakhs)

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

Contd...

Note: 26 Other expenses

(₹ in lakhs)

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

Note : 27 Extra-ordinary item represents:

(₹ in lakhs)

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

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

(₹ in lakhs)

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

Note: 29 Investor Education and Protection Fund

(₹ in lakhs)

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

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

Accounting Standard are given below

Defined Contribution Plan :

(₹ in lakhs)

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

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated 19.04.2014

(₹ in lakhs)

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

Contd...

Gratuity (Funded) : As per Acturial Report dated 19.04.2014 (₹ in lakhs)

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

Contd...

Defined Benefit Plan :

Leave Encashment & Sick Leave(Unfunded): As per Acturial Report dated 19.04.2014 (₹ in lakhs)

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

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

(₹ in lakhs)

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

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

Contd...

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

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

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

Contd...

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

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL	NIL
Guarantees and collaterals	1 Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director						
	2 Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Bank and the loan is also secured by second charge by way of equitable mortgage on the industrial property of Vice Chairperson & Managing Director of the Company .	2. Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank	2. Given personal guarantee for the short term loan facility of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director						
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 168.72 lakhs (Previous year: ₹ 4.80 lakhs)	₹ 55.20 lakhs (Previous year :₹ 118.37 lakhs)	₹ 164.04 lakhs (Previous year :₹ Nil)	₹ 169.68 lakhs is outstanding to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has been remitted subsequently (Previous year: ₹ 83.60 lakhs)	NIL	NIL	NIL	NIL	Contribution amount outstanding:₹ 12.32 lakhs the same has been remitted subsequently (Previous year : ₹ 13.50 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to-related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 33 Lease

(₹ in lakhs)

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

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

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

Note: 34 Earning per share (EPS)

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

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

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

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

(₹ in lakhs)

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

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

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

(₹ in lakhs)

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

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

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

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

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

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

Note: 40 Remittance in Foreign Currency on account of dividends

(₹ in lakhs)

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

Note: 41 Disclosures in respect of derivative instruments :

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

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

b) The derivative instruments have been acquired for hedging purposes

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

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

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

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

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

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

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

Auditors' Report on Consolidated Financial Statements

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

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

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

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

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

a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b) In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

M.SivaRam Prasad
Partner
M No. 018943

Place : Hyderabad
Date : 23/05/2014

Consolidated Balance Sheet as at March 31, 2014

(₹ in lakhs)

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

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

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

(₹ in lakhs)

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

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

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

(₹ in lakhs)

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

Contd...

(₹ in lakhs)

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

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

For and on behalf of the Board

M Sivaram Prasad
Partner
Membership No.018943

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

N Brahmani
Executive Director
(DIN : 02338940)

Place : Hyderabad
Date : May 23, 2014

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

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

Consolidated Notes to Accounts

Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

1.1 Basis of Preparation of financial statements

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

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

i) The Financial Statements of the Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

ii) Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from such transactions are also eliminated unless cost cannot be recovered.

iii) Minority Interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

iv) Minority Interest's share of net assets of consolidated subsidiaries as on March 31,2014 is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

The Subsidiaries considered in the Consolidated Financial Statements are :

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

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

1.4 Changes in Accounting Policies

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

1.5 Use of estimates

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

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

1.6 Revenue Recognition

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

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

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

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

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

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

1.7 Fixed Assets

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

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

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

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

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

1.8 Depreciation and Amortization

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

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

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

1.9 Borrowing Cost

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

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

1.10 Impairment of Fixed assets

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

1.11 Investments

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

1.12 Government Grants

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

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

1.13 Employee Retirement Benefits

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

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

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

1.14 Foreign Exchange transactions :

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

1.15 Leases

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

1.16 Inventories : Inventories are valued as under

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

1.17 Taxes on Income

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

1.18 Cash flow statement

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

1.19 Cash and Cash Equivalents

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

1.20 Earnings Per Share

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

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

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

1.21 Segment Reporting

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

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

1.22 Provisions

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

1.23 Contingent Liabilities

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

Consolidated Notes to Accounts

Note 2 : Share Capital

(₹ in lakhs)

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

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

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

d) Rights, preferences and restrictions attached to equity shares

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

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

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

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

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

Contd...

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

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

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Capital Redemption Reserve		
Opening Balance	**81.00**	81.00
Add: Current year transfer	**-**	-
Less: Written back in current year	**-**	-
Closing Balance	**81.00**	81.00
b) Securities Premium Reserve		
Opening Balance	**4944.09**	4659.75
Add: Securities premium credited on share issue *	**-**	284.34
Less: Security Premium utilized for issuing fully paid-up bonus shares	**1159.95**	-
Closing Balance	**3784.14**	4944.09
* Security premium credited during the financial year ended March 31, 2013 is related to fully Paid-up Sweat Equity Shares issued to an employee of the Company for consideration other than cash		
c) Deferred Government Grants		
Opening Balance	**73.99**	80.33
Add: Subsidy Received during the year	**-**	-
Less: Transfer to Profit and Loss statement	**6.25**	6.34
Closing Balance	**67.74**	73.99
d) Warrants Money Appropriated		
Opening Balance	**318.69**	318.69
Add: Current year transfer	**-**	-
Less: Written back in current year	**-**	-
Closing Balance	**318.69**	318.69
e) General Reserve		
Opening Balance	**5000.71**	2500.71
Add: Transfer from Surplus	**1000.00**	2500.00
Closing Balance	**6000.71**	5000.71
f) Surplus / (Deficit)		
Opening Balance	**2587.96**	498.11
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	**4529.99**	4994.98
Amount available for appropriations	**7117.95**	5493.09
Appropriations :		
Transferred to General Reserve	**1000.00**	2500.00

Contd...

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Proposed Dividend amount per share ₹ 3.00(Previous Year :₹ 3.00 per share)	**695.97**	346.28
Tax on Proposed Dividend	**118.28**	58.85
Closing Balance	**5303.70**	2587.96
Total	**15555.98**	13006.44

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

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

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

Term Loan from Banks (Secured) inlcudes :

(₹ In lakhs)

Type of Loan		Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
			31.03.2014	31.03.2013				
a	**Foreign Currency Loans from Banks:**							
	i. Foreign Currency Term Loan (FCTL)	Bank of Baroda	-	514.00	6285.99	@200 bps over 6 months US$ LIBOR (Previous year: '@200 bps over 6 months US$ LIBOR)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from December 2007
	Total Foreign Currency Loans		-	514.00				
b.	**Rupee Term Loans from Banks**							
	i. Rupee Term Loan (Previous Year: Foreign Currency Non-Resident (B) Loan (FCNRB))	Bank of Baroda	-	264.75	3206.00	'@base rate plus 4%(Previous year:@base rate plus 4%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from December 2007

Contd...

Term Loan from Banks (Secured) inlcudes :

(₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2014	31.03.2013				
ii. Rupee Term Loan	Bank of Baroda	129.76	416.91	1435.00	@base rate plus 2.75% (Previous year :'@base rate plus 4%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 20 quarterly installments commencing from Nov, 2009
iii. Rupee Term Loan	Andhra Bank	-	245.04	1500.00	@BMPLR minus 0.50% plus TP (Previous year :@BMPLR minus 0.50% plus TP)	First pari passu charge on entire fixed assets (present and future) of the Company along with consortium bankers	Repayable in 24 quarter installments commencing from April' 2008
iv. Rupee Term Loan	Andhra Bank	-	166.67	1000.00	@BMPLR (Previous year :@ BMPLR)	First pari passu charge on entire fixed assets (present and future) of the Company along with consortium bankers	Repayable in 24 quarter installments commencing from April' 2008
v. Rupee Term Loan	ICICI Bank	160.00	800.00	3000	1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy (Previous year :1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy)	First pari passu charge on fixed assets of the Company and Second charge on current assets of the Company	Repayable in 21 quarterly installments commencing from April 2009
vi. Rupee Term Loan	ICICI Bank	125.00	225.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly installments commencing from August 2012
vii. Rupee Term Loan	ICICI Bank	704.16	920.82	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on both on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company , along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011
viii. Rupee Term Loan	ICICI Bank	2000.00	2375.00	2500.00	a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year:IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	First pari passu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of other Company, along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012

Contd...

Term Loan from Banks (Secured) inlcudes : (₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2014	Loan Outstanding As on 31.03.2013	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
ix. Rupee Term Loan	ICICI Bank	1200.00	-	1200.00	IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any (Previous year: Nil)	First pari passu charge on both movable and immovable fixed assets of the Company, second pari passu charge on entire current assets of the company both present and future, along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014
Total rupee loans from banks		4318.92	5414.19				
c) Rupee loans from others:							
i. Retail Finance (Auto-Loan)	BMW Financial Services	72.37	-	94.75	Interest at the rate of 9.89% per annum	Hypothecation of Vehicle BMW 7 series 730LD	Repayable in 30 monthly installments commencing from August, 2013
Total Rupee Term Loans		4391.29	5414.19				
Total (Foreign Currency Loans + Rupee Term Loans)		4391.29	5928.19				
Deferred Payment Liabilities							
Deferred Payment Liabilities represent sales tax collected under deferrment scheme of State Government of Andhra Pradesh and is being repaid as per the sales tax deferrment scheme. The Company availed scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14th year for Gokul and Bayyavaram plants and 10th year for Narketpalle plant without interest and is secured by fixed assets of the respective dairy plants.							

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

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

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

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

Note 7: Long-Term Provisions

(₹ in lakhs)

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

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

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

Working Capital Loans from Banks:

(₹ In lakhs)

Name of the Bank	Type of Loan	Loan Outstanding As on		Working Capital	Rate of Interest	Security / Guarantee
	Facility	31.03.2014	31.03.2013	Loan Limit		
Bank of Baroda	Cash Credit	**2911.13**	2298.10	3000.00	Base rate plus 2.50%	First pari passu charge on current assets of the Company by way of 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
Andhra Bank	Open Cash Credit	**1396.30**	1161.51	1500.00	Base rate plus 2.75%	Hypothecation of inventory, receivables and advances to suppliers by way of first pari passu charge under consortium arrangement with Bank of Baroda and ICICI Bank Ltd.,
ICICI Bank	1. Cash Credit	**2291.61**	707.61		IBASE plus "spread" per annum subject to minimum rate of I Base plus 3.25% per annum plus applicable interest tax or other statutory 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 the Borrower's fixed assets both immovable and movable
	2. WCDL-FCN-R(B)	**-**	1200.00	3000 (with sublimit of WCDL- FCN-R(B), WCDL-Rupee	The rate of interest (Spread plus Libor) for each drawl of the facility will be stipulated by ICICI Bank at the time of disbursement plus applicable interest tax or other statutory levy, if any	First pari passu charge on Companies entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding moneys, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks. First pari passu charge on all the Borrower's fixed assets both immovable and movable
	3. WCDL -Rupee	**-**	300.00		IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.75% per annum plus applicable interest tax or other statutory 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 the Borrower's fixed assets both immovable and movable
		6599.04	5667.22	7500.00		

Short Term Loans from Banks

1. The short term loan outstanding as on March 31, 2014 is 999.58 lakhs (sanction limit :₹ 1000 lakhs)(Previous year :₹ Nil) from Kotak Mahindra Bank carries interest rate @ base rate plus 1.5% repayable in three installments on 25th day of 4th,5th and 6th month from the date of disbursement and is secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and extension of mortgage of industrial property belonging to Vice Chairperson & Managing Director of the Company and personal guarantees of Vice Chairperson & Managing Director, Executive Director and Non-Executive Director.

2. The short term loan outstanding as on March 31, 2014 is 1185.79 lakhs (Sanction limit: ₹ 3000 lakhs)(Previous year :₹ Nil) from Andhra Bank carries interest rate @ base rate plus 2.75% repayable in three equal monthly installments commencing from the end of fourth month from the date of disbursement and is secured by first pari passu charge on the current assets of the Company and extension of first pari passu charge on net fixed assets of the Company as a collateral security alongwith consortium banks.

3. The Company has overdraft facility outstanding as on March 31, 2014 of ₹ 40.77 lakhs (Previous year: ₹ 94.50 lakhs) (Sanction limit: ₹ 100 lakhs) from Kotak Mahindra Bank carrying interest @ 12.50% and secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Vice Chairperson & Managing Director, Executive Director and one of the Non-Executive Director.

Note 9: Trade Payables and Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables (Including acceptances)	**6897.65**	5681.76
Other Current Liabilities		
Current maturities of long-term borrowings (Ref Note 4)	**1387.56**	2809.13
Interest Accrued but not due on borrowings	**17.30**	12.60
Interest accrued and due on borrowings	**-**	-
Unpaid Dividends	**42.07**	36.95
Other Payables :		
Employee Related payables	**1136.82**	1293.48
Advance from Customers	**698.09**	519.32
Capital Creditors	**920.59**	693.23
Statutory Payables	**322.46**	252.30
Security Deposits	**349.52**	328.50
Deferred sales tax liability (Ref Note 4)	**24.16**	6.18
Freight Payables	**482.12**	493.27
Other payables	**1717.55**	1320.54
Total	**7098.23**	7765.51

Note 10: Short Term Provisions

(₹ in lakhs)

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

NON-CURRENT ASSSETS

Note.11 Fixed Assets

(₹ in lakhs)

	Particulars	Gross Block				Accumulated Depreciation / Amortization					Net Block	
		Balance as at 01.04.2013	*Additions / other adjustments during the year	Deductions / Retirement during the year	Balance as at 31.03.2014	Balance as at 01.04.2013	Depreciation charge for the year	Deductions / adjustments during the year	Impairment loss for the year	Balance as at 31.03.2014	Balance as at 31.03.2014	Balance as at 01.04.2013
a.	**Tangible Assets**											
	Land	1530.07	26.44	12.32	**1544.19**	-	-	-	-	-	**1544.19**	1530.07
	Buildings	9063.58	648.05	9.71	**9701.92**	1965.72	316.25	-	-	2281.98	**7419.94**	7097.85
	Improvements to leasehold property	1452.17	160.63	31.56	**1581.24**	659.52	157.82	13.04	-	804.30	**776.93**	792.65
	Plant and Machinery	18885.30	4399.79	431.63	**22853.46**	7114.77	1489.88	352.38	32.49	8284.76	**14568.70**	11770.52
	Furniture and Fixtures	1635.57	385.92	9.54	**2011.95**	478.56	191.05	2.73	-	666.88	**1345.07**	1157.02
	Office Equipment	2170.74	290.57	11.79	**2449.52**	1369.62	192.88	8.67	-	1553.83	**895.70**	801.13
	Vehicles	236.51	165.23	27.17	**374.57**	80.45	30.14	9.06	-	101.53	**273.04**	156.06
	Total - a	34973.94	6076.63	533.72	**40516.85**	11668.64	2378.02	385.88	32.49	13693.28	**26823.57**	23305.29
b.	**Intangible Assets**											
	Computer Software	1373.69	72.71	-	**1446.40**	999.64	122.21	-	-	1121.85	**324.55**	374.05
	Total -b	1373.69	72.71	-	**1446.40**	999.64	122.21	-	-	1121.85	**324.55**	374.05
	Total (a+b)	36347.63	6149.35	533.72	**41963.25**	12668.28	2500.23	385.88	32.49	14815.13	**27148.12**	23679.34
	Previous year	31749.70	3036.27	195.71	**34590.26**	9577.54	2118.65	137.38	5.11	11563.92	**23026.34**	-
c.	**Capital Work-in-progress**										**1111.81**	827.49

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

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

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

(₹ in lakhs)

Particulars	2013-2014	2012-2013	2011-2012	2010-2011
Asset details:				
Balance as at the beginning of the period	**5.87**	5.53	0.42	-
Impairment loss during the period	**32.49**	0.34	5.11	0.42
Reversal of accumulated impairment loss	**1.46**	-	-	-
Balance as at the end of the period	**36.90**	5.87	5.53	0.42

Note 12 :Non-current Investments

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Other Investments at cost				
Investment in Equity Instruments				
Associates	**57.51**	57.76	**-**	-
Less: Diminuition in value of investments	**-**	-	**-**	-
Cost of investment in Associate	**57.51**	57.76	**-**	-
Less: Share of Loss	**0.79**	0.25	**-**	-
Total	**56.72**	57.51	**-**	-
Investment in Government securities	**2.88**	2.20	**0.64**	-
Other non-current investments	**21.13**	21.13	**-**	-
Total	**80.73**	80.85	**0.64**	-
Less: Provision for diminution in value of investments	**15.17**	-		
Total	**65.56**	80.85	**0.64**	-

Particulars	Book Value		Market value	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Aggregate of quoted investments	**1.13**	1.13	**2.74**	2.70
Aggregate of un-quoted investments	**80.24**	79.97		
Total	**81.37**	81.10		

Details of Other Investments

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2014	As at March 31, 2013
Investment in Equity Shares of Associates :			
Skil Raigam Power (India) Limited		**65.00**	65.00
Less: Diminuition value of investments *		**6.98**	6.98
Cost of investment in Associate	Unquoted	**58.02**	58.02
Less: Share of accumulated losses		**0.51**	0.25
		57.51	57.77
Less : Share of current loss		**0.79**	0.25
Carrying Value		**56.72**	57.52
Investment in Government securities			
National Savings Certificates	Unquoted	**3.52**	2.21
Total		**3.52**	2.21

* 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

Contd...

Details of Other Investments (₹ in lakhs)

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

Note: 13 Loans and Advances (₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a) Capital Advances				
Unsecured , considered good	**218.32**	211.62		
b) Security Deposits				
Unsecured , considered good	**1674.87**	1339.07	**271.69**	304.86
Doubtful	**-**	-	**41.14**	18.35
	1674.87	1339.07	**312.83**	323.21
Less: Provision for doubtful security deposit	**-**	-	**41.14**	18.35
Total	**1674.87**	1339.07	**271.69**	304.86
c) Advances recoverable in cash or kind				
Unsecured , considered good	**-**	-	**1116.18**	1016.46
Doubtful	**-**	-	**27.94**	31.38
	-	-	**1144.13**	1047.84
Less: Provision for doubtful advances	**-**	-	**27.94**	31.38
Total	**-**	-	**1116.18**	1016.46
d) Advances to related parties	**-**	-	**-**	-
e) Other loans and advances				
Unsecured , considered good				
Advance income tax and TDS receivable	**-**	-	**131.78**	114.82

Contd...

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Net of provision for taxation)				
Prepaid expenses	**8.09**	2.68	**140.19**	114.81
Loans and advances to employees	**23.90**	66.55	**102.25**	104.76
Balances with Statutory / Government Authorities	**127.07**	127.07	**4.20**	2.17
Total	**159.06**	196.30	**378.42**	336.56
Total (a+b+c+d+e)	**2052.25**	1746.99	**1766.29**	1657.88

Loans and advances due by directors or other officers etc.

(₹ in lakhs)

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

Note: 14 Other non-current assets

(₹ in lakhs)

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

Note 15 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials (Includes in-transit of ₹ Nil (Previous Year:₹ Nil)	**4287.74**	2746.20
Work-in-Progress	**65.59**	36.76
Finished Goods	**2600.76**	2188.42
Stock-in-Trade (Includes in-transit of ₹ Nil (Previous Year of ₹ 48.01 lakhs)	**2937.02**	2489.80
Packing Material	**790.69**	565.45
Stores and spares	**173.59**	182.57
Total	**10855.39**	8209.20

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
A. Inventory : Raw Materials		
a) Dairy		
Skimmed milk powder	**4197.20**	2702.07
Other materials	**81.27**	35.40
Total	**4278.47**	2737.47
b) Bakery		
Bakery raw materials	**9.27**	8.73
Total	**9.27**	8.73
Total (a + b)	**4287.74**	2746.20
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	**64.45**	32.85
b) Bakery-in-process material	**1.14**	3.91
Total	**65.59**	36.76
C. Inventory: Finished Goods		
a) Dairy		
Milk	**921.31**	684.66
Value Added Products	**411.88**	271.31
Fat Products	**968.80**	901.60
Skimmed milk powder	**194.37**	270.17
Total	**2496.36**	2127.74
b) Agri		
Fruits and vegetables	**102.57**	59.48
Total	**102.57**	59.48
c) Bakery		
Bakery products	**1.83**	1.20
Total	**1.83**	1.20
Total (a + b + c)	**2600.76**	2188.42
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	**36.87**	38.50
Total	**36.87**	38.50

Contd...

Note 15 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
b) Retail		
FMCG - Food	**1408.82**	970.88
FMCG - Non-food	**1439.00**	1440.52
Fruits and vegetables	**45.55**	36.71
Total	**2893.37**	2448.11
c) Agri		
Others	**6.78**	3.18
Total	**6.78**	3.18
Total (a + b + c)	**2937.02**	2489.80

Note: 16 Trade Receivables

(₹ in lakhs)

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

Note: 17 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2014	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			**3322.44**	2424.16
Deposits with original maturity of less than three months			**-**	-
b) Cheques, drafts on hand			**34.04**	47.56
c) Cash on hand			**1023.80**	701.68
Total Cash and Cash Equivalents			**4380.28**	3173.40
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	**-**	-	**42.07**	36.95
- Other deposits	**14.10**	14.10	**0.09**	68.75
b) Margin money deposit	**54.48**	30.35	**31.22**	27.58
c) Deposits with original maturity for more than 12 months	**-**	-	**-**	0.17
Total Other Bank balances	**68.58**	44.45	**73.38**	133.45
Total Cash and Bank Balances	**68.58**	44.45	**4453.66**	3306.85

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

Note : 18 Revenue from operations

(₹ in lakhs)

Particulars	**Year Ended March 31, 2014**	Year Ended March 31, 2013
Revenue from operations :		
A. Sale of Products		
i) Finished goods		
Domestic Sales	**129130.97**	123728.06
Export Sales	**383.04**	236.78
Total	**129514.01**	123964.84
ii) Traded goods		
Domestic Sales	**39069.67**	33189.59
Export Sales	**493.10**	180.41
Total	**39562.77**	33370.00
Total		
Domestic Sales	**168200.64**	156917.65
Export Sales	**876.14**	417.19
Total - A (i+ii)	**169076.78**	157334.84
B. Sale of services		
Job work	**517.16**	773.37
C. Other operating revenues		
Scrap Sales	**86.94**	72.80

Contd...

Note : 18 Revenue from operations

(₹ in lakhs)

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

Note: 19 Other Income

(₹ in lakhs)

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

Note : 20 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Raw material :		
Inventory at the beginning of the year	**2746.20**	472.03
Add: Purchases	**99747.80**	91958.35
	102494.00	92430.38
Less: Inventory at the end of the year	**4287.74**	2746.20
Raw Material consumed (a)	**98206.26**	89684.18
b) Packing material :		
Inventory at the beginning of the year	**565.45**	496.11
Add: Purchases	**5077.15**	4358.61
	5642.60	4854.72
Less: Inventory at the end of the year	**790.69**	565.45
Packing Material Consumed (b)	**4851.91**	4289.27
Cost of materials consumed (a+b)	**103058.18**	93973.45
Details of Raw materials consumed:		
a) Dairy		
Raw Milk	**82125.65**	81872.26
Skimmed Milk Powder	**11199.96**	3423.03
Other Raw materials	**1475.18**	976.28
Total	**94800.79**	86271.57
b) Agri		
Fruits and Vegetables	**3260.58**	3216.35
Total	**3260.58**	3216.35
c) Bakery		
Bakery raw materials	**144.89**	196.26
Total	**144.89**	196.26
Total (a + b + c)	**98206.26**	89684.18

Note : 21 Purchase of Stock-in-Trade

(₹ in lakhs)

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

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

(₹ in lakhs)

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

Note : 23 Employee benefit expense

(₹ in lakhs)

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

Note: 24 Finance costs

(₹ in lakhs)

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

Note: 25 Depreciaiton and amortization expense

(₹ in lakhs)

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

Note: 26 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Consumption of Stores ,spares and consumables	**1266.85**	1334.50
Rent	**2171.46**	1930.50
Bank Charges	**209.25**	271.38
Insurance	**92.84**	70.36
Travelling and conveyance	**385.22**	372.23
Communication cost	**225.52**	219.05
Safety and Security	**469.20**	388.75
Printing and Stationery	**105.78**	99.24
Office Maintenance	**53.07**	48.47
House Keeping Expenses	**132.11**	118.91
Books and periodicals	**0.76**	0.71
Electricity Charges	**778.16**	683.21
Rates and taxes	**215.15**	189.48
Repairsand maintenance :		
Buildings	**94.07**	60.47
Machinery	**236.07**	204.08
Others	**494.27**	411.20
Wheeling Charges	**22.30**	-
Operation & Maintenance Charges	**6.95**	-
Legal and Professional Charges	**402.59**	355.57

Contd...

Note: 26 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Payment to Auditors :		
As Auditor:		
Audit Fee	**13.65**	13.71
Tax Audit fee	**4.49**	4.49
Limited Review	**3.37**	3.37
Corporate Governance	**1.12**	1.12
In other capacity :		
Taxation matters	**3.88**	3.68
Certification fee	**1.28**	1.36
Reimbursement of expenses	**2.58**	3.73
Advertisement expenses	**231.15**	157.95
Selling and Distribution expenses	**1099.93**	874.94
Warehouse and logistics	**248.19**	232.71
Freight outwards	**6041.56**	5451.01
Directors' sitting fees	**8.30**	4.90
Provision for bad and doubtful advances	**25.22**	46.31
Bad Debts written off	**2.92**	26.83
Bad and doubtful advances written off	**4.57**	39.39
Provision for doubtful debts	**64.69**	70.65
Loss on sale of fixed assets (net)	**-**	122.92
Impairment loss on fixed assets	**32.49**	0.34
Recruitment and Training expenses	**34.59**	35.36
Contribution to Heritage Farmers Welfare Trust	**99.32**	106.41
Exchange differences (net)	**-**	1.52
Prior Period items *	**6.31**	44.73
Miscellaneous expenses	**23.61**	19.40
Diminuition in value of investments	**15.17**	-
Total	**15330.01**	14024.92
* Prior period items:		
Debits relating to earlier years	**23.02**	44.73
Credits relating to earlier years	**16.71**	-
Total	**6.31**	44.73

Note : 27 Extra-ordinary item represents:

(₹ in lakhs)

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

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

(₹ in lakhs)

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

Note: 29 Investor Education and Protection Fund

	As at March 31, 2014	As at March 31, 2013
Unclaimed Dividend		
Opening Balance	**36.95**	39.29
Add: Unclaimed dividend amount of earlier years	**2.14**	-
Less Claims during the year	**0.35**	0.41
Less: Transfer to IEPF	**6.51**	9.74
Add: Current year's unclaimed dividend	**9.84**	7.81
Closing Balance	**42.07**	36.95

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

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

Defined Contribution Plan :

(₹ in lakhs)

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

Contd...

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated 19.04.2014

(₹ in lakhs)

Particulars	As at 31-Mar-2014	As at 31-Mar-2013
1. Assumption		
Discount Rate	**9.00%**	8.20%
Salary Escalation	**5.00%**	5.00%
Rate of Return on Plan Assets	**9.25%**	9.25%
Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs
2. Table showing change in present value of obligations		
Present value of obligations as at beginning of year	**369.92**	271.00
Acquisition adjustments	**-**	-
Interest cost	**30.33**	23.58
Current Service Cost	**75.22**	71.65
Curtailment Cost / (Credit)	**-**	-
Settlement Cost / (Credit)	**-**	-
Benefit Paid	**(29.49)**	(33.57)
Acturial (gain)/ loss on obligations	**(40.22)**	37.25
Present value of obligations as at end of year	**405.76**	369.92
3. Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	**382.06**	280.21
Acquisition adjustments	**-**	-
Expected return on plan assets	**30.56**	24.96
Contributions	**103.71**	110.46
Benefits paid	**(29.49)**	(33.57)
Acturial gain / (loss) on plan assets	**-**	-
Fair value of plan assets at end of year	**486.84**	382.06
4. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	**382.06**	280.21
Acquisition adjustments	**-**	-
Actual return on plan assets	**30.56**	24.96
Contributions	**103.71**	110.46
Benefits paid	**(29.49)**	(33.57)
Fair value of plan assets at the end of year	**486.84**	382.06
Funded Status	**81.08**	12.14
Excess of Actual over estimated return on plan assets	**-**	-
5. Acturial Gain / Loss recognised		
Acturial (gain)/ loss on obligations	**40.22**	(37.25)
Acturial (gain)/ loss for the year -plan assets	**-**	-

Contd...

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated 19.04.2014 (₹ in lakhs)

Particulars	As at 31-Mar-2014	As at 31-Mar-2013
Total (gain) / loss for the year	**(40.22)**	37.25
Acturial (gain)/ loss recognised in the year	**(40.22)**	37.25
6. The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	**405.76**	369.92
Fair value of plan asets as at the end of the year	**486.84**	382.06
Funded Status	**81.08**	12.14
Net asset/ (liability) recognised in balance sheet	**81.08**	12.14
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	**75.22**	71.65
Past Service Cost	**-**	-
Interest cost	**30.33**	23.58
Expected return on plan assets	**(30.56)**	(24.96)
Curtailment Cost / (Credit)	**-**	-
Settlement Cost / (Credit)	**-**	-
Net Acturial (gain) / loss recognised in the year	**(40.22)**	37.25
Expenses recognised in statement of profit and loss	**34.77**	107.52

Defined Benefit Plan :

Leave Encashment & Sick Leave(Unfunded): As per Acturial Report dated 19.04.2014 (₹ in lakhs)

1 Assumptions	**Leave Encashment**		**Sick Leave**	
Particulars	**As at 31-Mar-2014**	As at 31-Mar-2013	**As at 31-Mar-2014**	As at 31-Mar-2013
Discount Rate	**9.00%**	8.20%	**9.00%**	8.20%
Rate of increase in Compensation levels	**5% p.a.**	5% p.a.	**5% p.a.**	5% p.a.
Rate of Return on Plan Assets	**-**	-	**-**	-
Expected Average remaining working lives of employees (years)	**29 yrs**	28 yrs	**25 Yrs**	25 Yrs
2. Reconciliation of Defined benefit obligation				
Particulars				
Present Value of Obligation as at the beginning of the year	**429.55**	381.06	**84.43**	62.44
Acquisition adjustment	**-**	-	**-**	-
Interest Cost	**35.22**	33.15	**6.92**	5.43
Past Service Cost	**-**	-	**-**	-
Current Service Cost	**42.93**	48.49	**9.98**	21.99
Curtailment Cost / (Credit)	**-**	-	**-**	-
Settlement Cost / (Credit)	**-**	-	**-**	-
Benefits paid	**(99.46)**	(120.64)	**(15.52)**	(11.56)
Actuarial (gain)/ loss on obligations	**64.24**	87.49	**8.60**	6.13
Present Value of Obligation as at the end of the year	**472.47**	429.55	**94.42**	84.43

Contd...

Particulars	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2014	As at 31-Mar-2013
3. Acturial Gain / Loss Recognised				
Particulars				
Actuarial (gain)/loss for the year – Obligation	**(64.24)**	(87.49)	**(8.60)**	(6.13)
Actuarial gain/(loss) for the year - Plan Assets	**-**	-	**-**	-
Total (gain) / loss for the year	**64.24**	87.49	**8.60**	6.13
Actuarial (gain) / loss recognized in the year	**64.24**	87.49	**8.60**	6.13
Unrecognized actuarial (gains) / losses at the end of year	**-**	-	**-**	-
4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss				
Particulars				
Present Value of Obligation as at the end of the year	**472.47**	429.55	**94.42**	84.43
Value of Plan Provisions as at the end of the year	**-**	-	**-**	-
Funded Status	**(472.47)**	(429.55)	**(94.42)**	(84.43)
Unrecognized Actuarial (gains) / losses	**-**	-	**-**	-
Net Asset / (Liability) Recognized in Balance Sheet	**(472.47)**	(429.55)	**(94.42)**	(84.43)
5. Expenses Recognized in the statement of Profit & Loss				
Particulars				
Current Service Cost	**42.93**	48.49	**9.98**	21.99
Past Service Cost	**-**	-	**-**	-
Interest Cost	**35.22**	33.15	**6.92**	5.43
Expected Return on Plan Assets	**-**	-	**-**	-
Curtailment Cost / (Credit)	**-**	-	**-**	-
Settlement Cost / (Credit)	**-**	-	**-**	-
Net actuarial (gain)/ loss recognized in the year	**64.24**	87.49	**8.60**	6.13
Expenses Recognized in the statement of Profit & Loss	**142.38**	169.13	**25.51**	33.56

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

(₹ in lakhs)

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

2. Segment Results

Particulars	As at March 31, 2014 Total	As at March 31, 2013 Total
Profit/(Loss) before finance costs and tax		
i. Heritage Foods Limited		
a. Dairy	**9869.18**	10889.78
b. Retail	**(1992.16)**	(2198.59)
c. Agri	**(298.70)**	(257.27)
d. Bakery	**(102.13)**	(153.16)
e. Renewable Energy	**(11.54)**	-
ii. HFRL	**(0.28)**	(0.53)
iii. Heritage Conrpo Limited	**(0.22)**	(0.53)
Total Segment Results	**7464.15**	8279.70
Less: i. Finance costs	**1322.12**	1670.20
Add: Interest income	**43.70**	44.25
Add: Net Unallocable Income / (Expenditure)	**(15.04)**	1.86
Profit / (Loss) before Extra-ordinary items and Tax	**6170.70**	6655.61
Less: Extra-ordinary items	**50.00**	291.34
Profit / (Loss) before Tax	**6120.70**	6364.27
Less:		
a. Current tax	**1291.05**	1275.80
b. Prior peiod tax	**(0.46)**	(44.39)
c. Deferred tax	**299.38**	137.76
Net Profit / (Loss)	**4530.73**	4995.10

Contd...

Particulars	As at March 31, 2014 Total	As at March 31, 2013 Total
3. Total Capital Employed		
(Segment Assets - Segment Liabilities)		
i. Heritage Foods Limited		
a. Dairy	**17611.21**	14837.28
b. Retail	**6460.95**	5851.02
c. Agri	**3368.09**	3404.07
d. Bakery	**1119.33**	1124.35
e. Renewable Energy	**1675.05**	-
ii. HFRL	**(0.39)**	(0.42)
iii. Heritage Conrpo Limited	**(0.39)**	(0.42)
Total Segment Capital Employed	**30233.85**	25215.89
Add: Unallocated Assets	**1249.55**	1119.88
Less: Unallocated Liabilities	**1105.70**	723.14
Total Capital Employed	**30377.70**	25612.63
4. Capital Expenditure incurred during the year		
i. Heritage Foods Limited		
a. Dairy	**2999.53**	2341.03
b. Retail	**1167.03**	517.98
c. Agri	**74.96**	51.15
d. Bakery	**64.14**	10.37
e. Renewable Energy	**1714.02**	-
ii. HFRL	**-**	-
iii. Heritage Conrpo Limited	**-**	-
Total Segment Capital Expenditure	**6019.68**	2920.53
Add: Unallocated Capital Expenditure	**129.68**	166.99
Total Capital Expenditure	**6149.36**	3087.52
5. Depreciation andAmortisation for the year		
Segment Depreciation		
i. Heritage Foods Limited		
a. Dairy	**1422.15**	1251.05
b. Retail	**636.01**	601.43
c. Agri	**223.54**	196.25
d. Bakery	**53.26**	52.61
e. Renewable Energy	**40.83**	-
ii. HFRL	**-**	-
iii. Heritage Conrpo Limited	**-**	-
Total Segment Depreciation andAmortisation	**2375.79**	2101.34
Add: Unallocated Depreciation	**124.44**	100.69
Total Depreciation and Amortisation	**2500.23**	2202.03
6. Significant Non Cash Expenditure (excluding depreciation, amortisation and impairment)	**290.28**	319.98

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

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

Contd...

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

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Particulars									
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL	NIL
Guarantees and collaterals	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank	1. Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director						
	2. Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Bank and the loan is also secured by second charge by way of equitable mortgage on the industrial property of Vice Chairperson & Managing Director of the Company .	2. Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank	2. Given personal guarantee for the short term loan facility of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director						

Contd...

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

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	Heritage Finlease Limited	Heritage Foods Retail Limited	Heritage Conpro Limited	SKIL Raigam Power (India)Ltd	Nirvana Holdings Private Limited	Heritage Farmers Welfare Trust
Particulars									
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 168.72 lakhs (Previous year: ₹ 4.80 lakhs)	₹ 55.20 lakhs (Previous year : ₹ 118.37 lakhs)	₹ 164.04 lakhs (Previous year :₹ Nil)	₹ 169.68 lakhs is outstanding to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has beenremitted subsequently (Previous year: ₹ 83.60 lakhs)	NIL	NIL	NIL	NIL	Contribution amount outstanding:₹ 12.32 lakhs the same has been remitted subsequently (Previous year : ₹ 13.50 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 33 Lease

(₹ in lakhs)

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

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

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

Note: 34 Earning per share (EPS)

	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Calculation of weighted average number of equity shares of ₹ 10/-each :		
Number of Equity Shares outstanding at the beginning of the year	**11599500**	11529500
Add: Issue of shares during the year	**11599500**	70000
Number of Equity shares outstanding at the end of the year	**23199000**	11599500
Weighted average number of equity shares outstanding during the year	**23199000**	11542733
b) Net Profit / (Loss) after tax	**4529.99**	4994.98
c) Basic and diluted Earnings per share (Before Extraodrdinary items) of ₹ 10 each (₹)	**19.69**	22.54
d) Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	**19.53**	21.64

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

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

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

(₹ in lakhs)

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

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

(₹ in lakhs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Note: 37 Value of Imports calculated on CIF basis in respect of :		
Capital Goods	**143.62**	36.03
Total	**143.62**	36.03

Note: 38 Expenditure in Foreign Currency on account of : (₹ in lakhs)

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

Note: 39 Earnings in Foreign Currency : (₹ in lakhs)

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

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

Note: 40 Remittance in Foreign Currency on account of dividends :

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

Note: 41 Disclosures in respect of derivative instruments :

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

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

b) The derivative instruments have been acquired for hedging purposes

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

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

Note: 42 Statement pursuant to Section 212 of the Companies Act, 1956 related to subsidiary companies (₹ in lakhs)

Sl No.	Name of the Subsidiary	Heritage Foods Retail Limited		Heritage Conpro Limited	
1.	Financial period of the Subsidiary	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
2.	Shares of the subsidiary held by the Company on the above date				
	(a) Number	165000	165000	76000	76000
	Face Value	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each
	(b) Extent of Holding	99.64%	99.64%	75.70%	75.70%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial period of the subsidiary so far as they concern members of the company:				
	(a) dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	(0.28)	(0.53)	(0.22)	(0.53)
	(b) not dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	NIL	NIL	NIL	NIL
4.	Net Aggregate amount of profits/ (losses) of the subsidiary since it became a subsidiary so far as they concern members the company:				
	(a) dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	(13.09)	(12.81)	(2.81)	(2.59)
	(b) not dealt with in the accounts of the Company for the period ended 31st March 2014 (Previous year: 31st March 2013)	NIL	NIL	NIL	NIL

Note 43.The details of subsidiaries in terms of General circular No. 2/2011 Dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, is as under:

(₹ in lakhs)

Sl No.	Name of the Subsidiary ==> Particulars	Heritage Foods Retail Limited	Heritage Conpro Limited
1	Share Capital	16.56	10.04
2	Reserves and Surplus	(13.09)	(2.81)
3	Total Assets	3.86	7.62
4	Total Liabilities	3.86	7.62
5	Details of Investments	-	-
6	Turnover and Other Income	-	-
7	Profit / (Loss) Before Taxation	(0.28)	(0.22)
8	Provision for Taxation	-	-
9	Profit / (Loss) after Taxation	(0.28)	(0.22)
10	Proposed Dividend	-	-

Note: 44 Confirmation of balances for Trade Receivables / Payables, Loans and advances and others have been received from many parties. Wherever conformation of balances have not been received, they are subject to adjustment and reconciliation, if any.

Note: 45 The financial statements for the year ended March 31, 2014 are prepared as per revised Schedule VI of the Companies Act, 1956 and in or form as near as thereto. The items which are not applicable as per revised Schedule VI are not disclosed.

Note: 46 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 47 The amounts in the financial statements are presented in Indian Rupees in lakhs

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

M Sivaram Prasad
Partner
Membership No.018943

Place : Hyderabad
Date : May 23, 2014

For and on behalf of the Board

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

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

N Brahmani
Executive Director
(DIN : 02338940)

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

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HERITAGE FOODS LIMITED

Formerly known as HERITAGE FOODS (INDIA) LIMITED

CIN:L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082

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

ATTENDANCE SLIP

DP ID*		**Folio Number**	
Client ID*			

Name (in BLOCK letters):

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 22nd Annual General Meeting of the Company to be held at **NATIONAL INSTITUTE FOR MICRO, SMALL AND MEDIUM ENTERPRISES, YOUSUFGUDA, and HYDERABAD-45** on Friday, the 26th September, 2014 at 10.30 a.m.

.....

Signature of the Shareholder /Authorized Representative/Proxy **

* Applicable for investors holding shares in electronic form

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

HERITAGE FOODS LIMITED

Formerly known as HERITAGE FOODS (INDIA) LIMITED

CIN:L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082

PROXY FORM

[Pursuant Section 105(6) of the Companies Act 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014

Name of the Member(s):		
Registered address:		
Folio No./Client Id:	DP ID:	
E-mail Id:		

I/We, being the member(s) having ..... shares of the above named Company, hereby appoint:

1.	Name :	Address :
	E-mail Id :	Signature :
	or failing him/her	
2.	Name :	Address:
	E-mail Id :	Signature :
	or failing him/her	
3.	Name :	Address:
	E-mail Id :	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Friday, 26th September, 2014 at 10:30 p.m. at National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business:				
1.	Adoption of Financial Statements of the Company for the year ended 31 March, 2014 including Balance Sheet as at 31 March, 2014 and the Statement of Profit & Loss, Reports of the Board of Directors and Auditors thereon.			
2.	Approval of dividend for the financial year ended 31March, 2014.			
3.	Appointment of Director in place of Dr. V.Nagaraja Naidu, (DIN: 00003730) who retires by rotation and, being eligible, offers himself for re-appointment.			
4.	Appointment of M/s Raju & Prasad (Firm Registration No. 003475S) as Auditors of the Company and to fix their remuneration.			
Special Business:				
5.	Appointment of Sri D Seetharamaiah (DIN: 00005016) as Non Executive Independent Director (designated a as the Chairman) of the Company.			
6.	Appointment of N.Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director .			
7.	Appointment of Sri M.Siva Rama Vara Prasad, (DIN: 00170919) as an Non Executive Independent Director .			
8.	Appointment of Sri K Durga Prasada Rao (DIN: 06888949) as Director of the Company			
9	Appointment of Sri K Durga Prasada Rao (DIN:06888949) as Whole time Director of the Company .			
10	Re-appointment of Smt. N.Bhuvaneswari (DIN: 00003741) as Whole time Director designated as Vice Chairperson & Managing Director of the Company			
11	Re-appointment of Smt. N.Brahmani (DIN: 02338940) as Whole time Director designated as Executive Director of the Company			
12	Increase the Sitting fee of Non Executive Director for attending the Board/ Committee			
13	Alteration of the Articles of Association of the Company			
14	Approval of the related party Transactions.			

Signed this ..... day of 2014

Affix Revenue Stamp

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. This Form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy, however, such person shall not act as proxy for any other person or Shareholder.

Corporate information*

Board of Directors:

Sri. D. Seetharamaiah	*Non Executive Independent Chairman*
N. Sri Vishnu Raju	*Non Executive Independent Director*
Sri. M. Siva Rama Vara Prasad	*Non Executive Independent Director*
Sri. N. P. Ramakrishna	*Non Executive Director*
Dr. V. Nagaraja Naidu	*Non Executive Director*
Sri. N. Lokesh	*Non Executive Director*
Smt. N. Bhuvaneswari	*Vice Chairperson & Managing Director*
Smt. N. Brahmani	*Executive Director*

Chief Financial Officer: CA A. Prabhakara Naidu

Company Secretary: CS Umakanta Barik

Senior Management:

Dr. M. Sambasiva Rao	*President*
Sri. K. Durga Prasad Rao	*Chief Operating Officer-Dairy Division*
Sri. S. Jagdish Krishnan	*Chief Operating Officer-Retail & Bakery Divisions*
Sri. Anil Kumar Srivastava	*Chief Operating Officer-Agri Division*

Board Committees *

Audit Committee
Sri. D. Seetharamaiah, *Chairman*
N. Sri Vishnu Raju
Sri. M. Siva Rama Vara Prasad
Dr. V. Nagaraja Naidu
Sri. N. Lokesh

Stakeholders Relationship Committee
Dr. V. Nagaraja Naidu, *Chairman*
Sri. D. Seetharamaiah
N. Sri Vishnu Raju
Smt. N. Bhuvaneswari

Nomination & Remuneration Committee
N. Sri Vishnu Raju, *Chairman*
Sri. D. Seetharamaiah
Sri. M. Siva Rama Vara Prasad
Sri. N. Lokesh

Management Committee
Sri. D. Seetharamaiah, *Chairman*
N. Sri Vishnu Raju
Smt. N. Bhuvaneswari
Sri. N. Lokesh

CSR Committee
Sri. D. Seetharamaiah, *Chairman*
N. Sri Vishnu Raju
Smt. 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.
Bankers	: Bank of Baroda, Andhra Bank, ICICI Bank Limited.
Listed with	: BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.
Registrar and Transfer Agents	: M/s Karvy Computershare Private Limited Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
Website	: www.heritagefoods.in

*As on 30th July, 2014

Heritage Foods Limited
[Formerly known as Heritage Foods (India) Limited]
CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta
Hyderabad-500082, Telangana
Phone: 040-23391221/2
Email: hfl@heritagefoods.in
Web site: www.heritagefoods.in

HERITAGE FOODS LIMITED

(Formerly Known as M/s. Heritage Foods (India) Limited)
CIN:L15209TG1992PLC014332
Regd .Off:# 6-3541/C, Panjagutta, Hyderabad-500 082, Telangana, India
Tel: 040-23391221/222, Fax: 040-30685458
Web: www.heritagefoods.in, e-mail: hfl@heritagefoods.in

22nd Annual Report 2013-14

BALLOT FORM

Sr. No :

1. Name and Registered Address of the Sole/First named shareholder :

2. Name(s) of the Joint Holder(s), if any :

3. Registered Folio / DP ID No. & Client ID No.* :

4. Number of Shares held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the notice dated 30th July, 2014, convening the 22nd Annual General Meeting of the Company to be held on 26th September, 2014, by conveying my/our assent or dessent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below.

Item No.	Description	Type of Resolution	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Adoption of Financial Statements (Standalone & Consolidated) of the Company for the year ended 31 March, 2014 including Balance Sheet as at 31 March, 2014 and the Statement of Profit & Loss, Reports of the Board of Directors and Auditors thereon.	Ordinary Resolution			
2	Approval of dividend for the financial year ended 31st March, 2014.	Ordinary Resolution			
3	Appointment of Director in place of Dr. V.Nagaraja Naidu, (DIN: 00003730) who retires by rotation and, being eligible, offers himself for re-appointment.	Ordinary Resolution			
4	Appointment of M/s Raju & Prasad (Firm Registration No. 003475S) as Statutory Auditors of the Company and to fix their remuneration.	Ordinary Resolution			
5	Appointment of Sri D Seetharamaiah (DIN: 00005016) Director as Non Executive Independent Director (designated as Chairman) of the Company.	Ordinary Resolution			
6	Appointment of N.Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director.	Ordinary Resolution			
7	Appointment of Sri M.Siva Rama Vara Prasad, (DIN: 00170919) as an Non Executive Independent Director	Ordinary Resolution			
8	Appointment of Sri K Durga Prasada Rao (DIN: 06888949) as Director of the Company	Special Resolution			
9	Appointment of Sri K Durga Prasada Rao (DIN:06888949) as Whole- time Director of the Company.	Special Resolution			
10	Re-Appointment of Smt N.Bhuvaneswari (DIN:00003741) as whole-time Director Designated as Vice-Chairperson & Managing Director of the company	Ordinary Resolution			
11	Re-Appointment of Smt N.Brahmani (DIN:02338940) as whole-time Director Designated as Executive Director of the company	Ordinary Resolution			
12	Increase the Sitting fee of Non Executive Director(s) for attending the Board/Committee(ies)	Special Resolution			
13	Alteration of the Articles of Association of the Company	Special Resolution			
14	Approval of the related party Transactions.	Special Resolution			

Place :
Date :

Signature of the Shareholder

NOTE: Kindly read the instructions printed overleaf before filing the form. Valid Ballot Forms received by the scrutinizer by 6:00 pm. on 22nd September, 2014 shall only be considered.

INSTRUCTIONS:

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to Mrs. Savita Jyoti, Practicing Company Secretary. The Scrutinizer, C/o Karvy Computershare Pvt. Ltd., Unit: Heritage Foods Limited, Plot No.17-24, Vittal Rao Nagar, Near Image Hospital, Madhapur, Hyderabad-500081 or to the email Id: hfl@heritagefoods.in so as to reach by 6:00 pm on 22nd September, 2014. Ballot Form received thereafter will strictly be treated as if not received.

2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.

3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.

4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.

5. The right of voting by Ballot Form shall not be exercised by a proxy.

6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the speciman signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent (i.e. M/s Karvy Computershare Pvt. Ltd.) of the Company. Members are requested to keep the same updated.

7. There will be only one Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.

8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.

9. Where the Ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc/ a certified copy of the relevant authorization/Board Resolution to vote should accompany the Ballot Form.

10. Instructions for e-voting procedure are available in the Notice of 22nd Annual General Meeting and are also placed on the website of the Company, www.heritagefoods.in and https://evoting.karvy.com

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E-VOTING

Users who wish to opt for e-voting may use the following login credentials.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

Please follow steps for e-voting procedure as given in the Notice of AGM by logging on to- https://evoting.karvy.com

Heritage Foods Limited

(Formerly known as Heritage Foods (India) Ltd)

23rd Annual Report 2014-15

Adding Value

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Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Heritage Foods Limited, which are forward-looking. By their nature, forward-looking statements require the company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Heritage Foods Limited Annual Report 2014-15.

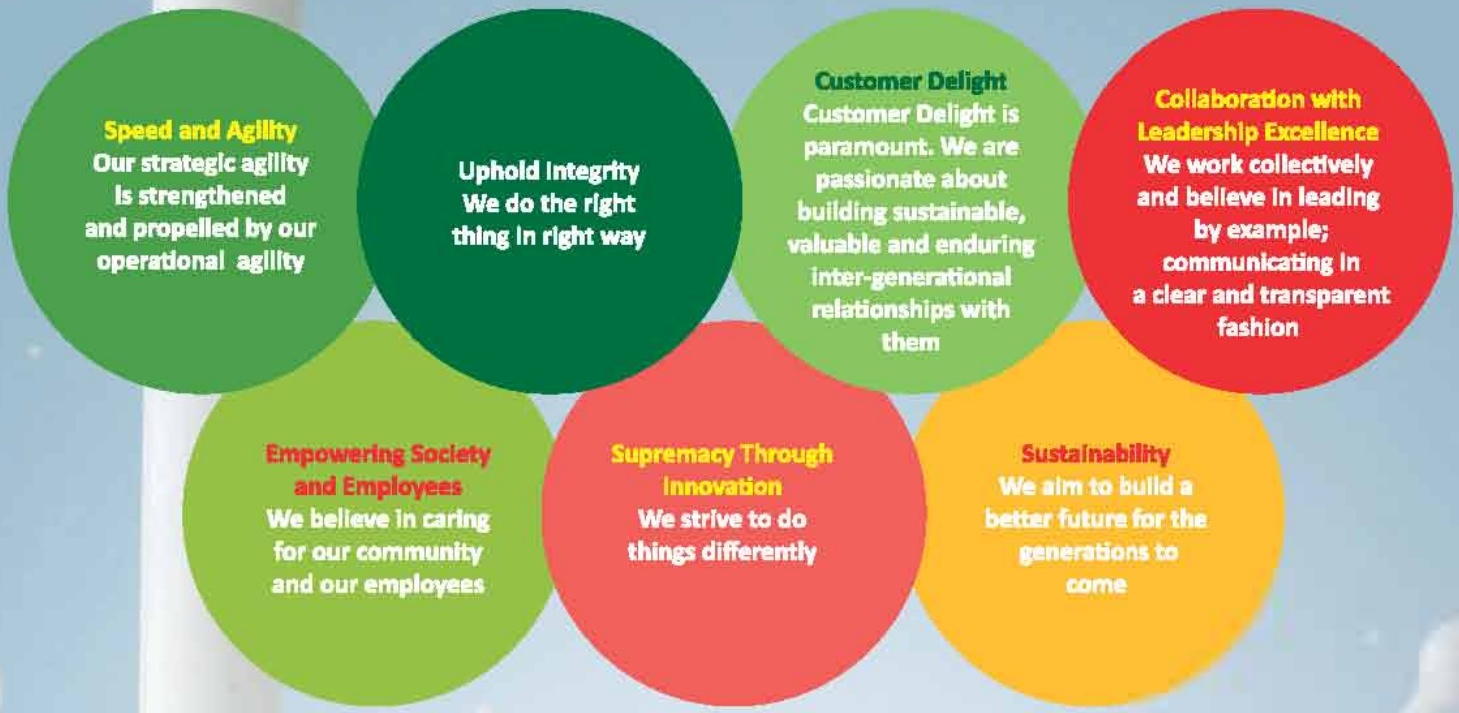
Adding Value

Heritage is in the business of value-added dairy products, retail, agriculture and bakery. The inherent value of our products is the main driving force for ever increasing brand equity and economic growth of the company. In recent years, we have fortified our product mix with many value-added variants. Our dairy & bakery product portfolio as well as our retail business were revamped with renewed values and features. Beyond adding value to products, at Heritage, it's our earnest endeavour to persistently create social as well as financial value for our stakeholders. We channelize our organisational strategies and resources to add value to our employees, our community encompassing farmers, our suppliers and other stakeholders. Going forward, we will continue to delight our stakeholders by adding value.

Our Vision

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

How we create value



Our Mission

To be a nationally recognized brand for healthy and fresh products with a revenue of INR 6000 Crores by 2020

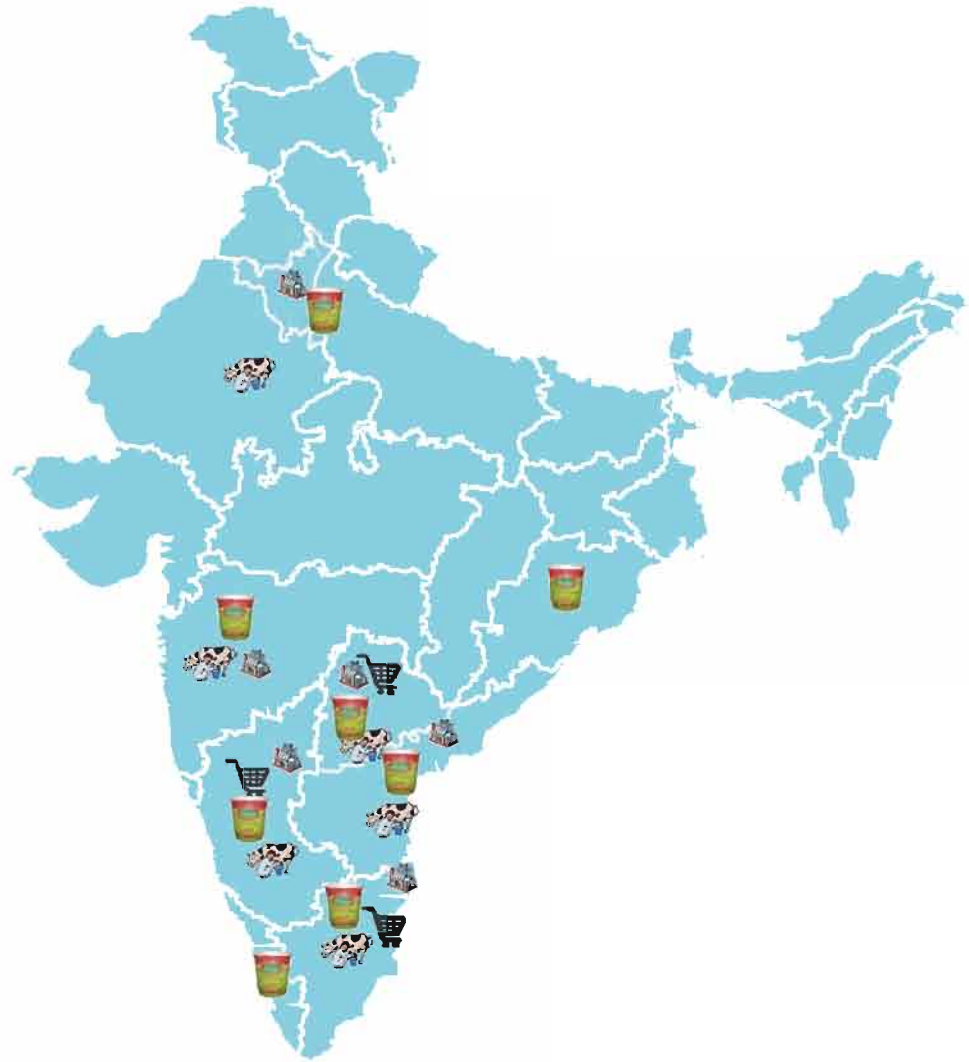
We anticipate, understand and respond to our customers' needs by creating high quality products and making them available through innovative and convenient channels

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 farming community through our unique "Relationship Farming" Model

We aim to be the employer of choice by nurturing entrepreneurship, promoting empowerment alongside transparent and open communication

Heritage operates in 10 states



Map Not to Scale

Processing/Cooling /Chilling Plants | Milk/Milk Product (Sales) | Milk Procurement | Retail Stores

	AP	Telangana	TN	Karnataka	Maharashtra	Kerala	Odisha	Haryana	Rajasthan	NCR
Milk & Milk product (Sales)								-	-	
Milk Procurement (Litres Per Day)	498,142	94,147	165,293	15,447	180,327	-	-	3,787	11,821	-
No. of Processing, Bulk cooling /Chilling Plants	78	46	13	1	7	-	-	1	2	-
Retail Stores	-	51	27	14	-	-	-	-	-	-

Refreshing Values

" Dairy, our flagship business segment clocked a revenue of Rs.1,556 cr in the year 2014 - 15 a 17.14% growth Year-on-Year (Y-o-Y). In the year under review, the revenue contribution of value-added products in the dairy product mix is 20% against 17% in the previous year. This is in sync with our long-term strategy to increase the revenue from value-added products and to capitalise on the growing demand for value-added dairy products in India "

Dear Fellow Shareholder,

Before taking you to the highlights of the performance of the year under review, I would like to inform you with profound grief, the demise of Dr. A Appa Rao, who served the Board of your Company as Non-Executive Independent Director, early this financial year. He served the Company for 14 long years and contributed significantly to put in place good operational systems. He guided the management in adopting best practices in governance and made significant contributions during Board deliberations. At this juncture, along with my colleagues on the Board, I sincerely appreciate the contributions made by Dr. A Appa Rao, during his tenure with the Company.

The company continues to maintain its growth momentum. I have immense pleasure in informing you that the Financial Year 2014-15 is another milestone in the history of the company and a memorable year for the organization, with gross revenue from operations crossing the Rs. 2,000 cr mark.

The revenue for the year stands at Rs. 2,073 cr as against Rs. 1,722 cr in the previous year.

In tune with our progressive dividend policy, the Board of Directors have recommended a final dividend of Rs. 3 per share for FY 2014-15.

Another hallmark of this year's performance has been the increase in the store level EBIDTA by 61% on a Y-o-Y basis in our retail business. This is a clear indication of our strategies to turnaround the retail business yielding results . As you may recall, since the last 5 years we have been rationalising the retail business by renegotiating rents, relocating underperforming stores and improving various retail business practices. We continue to expand on the retail business front. The retail carpet area crossed 3 lakhs sq ft during the year to reach a total of 3.38 lakhs sq ft at the end of the year. While we added 22 new stores during the year, we closed 4 underperforming stores as part of our rationalization process. During the year we could also reduce the Stores Fixed Costs by Rs. 20 per sq ft per month.

Dairy, our flagship business segment clocked a revenue of Rs. 1556 cr in the year - a 17.14% growth. In the year under review, the revenue contribution of value-added product in the dairy products mix is 20% against 17% in the previous year. This is in sync with our long-term strategy to increase the revenue from value-added products and to capitalise on the growing demand for value-added dairy products in India. Going forward we are confident that the value-added dairy product sales will increase its share in the overall dairy revenue.

Today Heritage is a pan-India dairy brand with our footprints in Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, Maharashtra and NCR Delhi. Commercial production of our 14th Packing Station was commenced on December 26, 2014 at our newly acquired plant at Sonipet, Haryana. This unit comes with 75,000 litres per day capacity to process liquid milk, paneer, pouch and cup curd, buttermilk and lassi. With this new plant, we are able to serve the consumers in and around NCR.

"We have clearly set our targets for 2020 to become a Rs. 6,000 cr (USD 1 Billion) company. While our operational mechanism is gearing up to achieve this goal, our strategies are aimed at increasing the value-added products sales in the dairy business and making a complete turnaround of the retail business by improving margins"

Our Renewed Mission and Values

We remain clear on our long-term strategy to grow branded and value-added products sales, to become more efficient, to reduce risk, to improve the quality of our earnings and to make value enhancing acquisitions and disposals.

We have clearly set our targets for 2020 to become a Rs. 6,000 cr (USD 1 Billion) company. While our operational mechanism is gearing up to achieve this goal, our strategies are aimed at increasing the value-added products sales in the dairy business and making a complete turnaround of the retail business by improving margins.

To strengthen our endeavour towards achieving this goal we have engaged an external consultant to guide us on all aspects of the business which includes rationalization of business operations, opportunity mapping, and business restructuring.

Milk Procurement

Currently we procure milk from over 300,000 farmers in Southern and Western India. Procurement of more milk gives us the strength to grow. Heritage, therefore increased its milk volume significantly in 2015. Out of 9.69 lakhs liters per day (LLPD) milk procured, AP contributes 51%, Maharashtra 18.5%, Tamil Nadu 17% and Telangana 10%.

Farmer empowerment is inherent in our vision. What makes Heritage attractive for a dairy farmer is that the company over the years, has been handholding farmers for better managing their cattle. This is assisting on optimal feed and animal health and by facilitating animal insurance and dairy farm loans from Banks and Financial Institutions.

Emerging Segments

Agriculture and Bakery segments of the company continued the growth momentum generating a revenue of Rs. 840 Million and Rs. 58 Million respectively.

Let me conclude by thanking all our stakeholders for their continued support.

Regards

D. Seetharamaiah
Chairperson

Key Performance Indicators (2014 -15)

Revenue (Rs. Million)
20730

EBIDTA (Rs. Million)
881

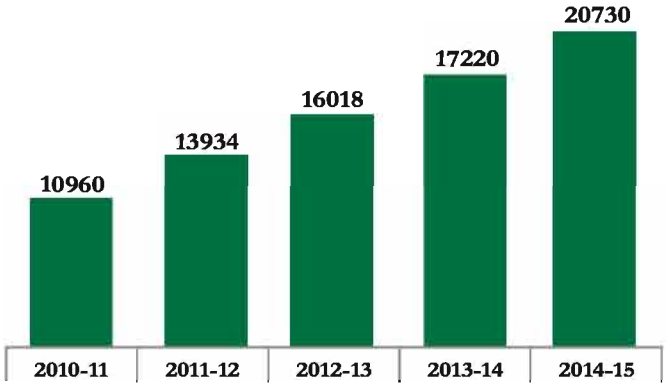
PAT (Rs. Million)
282

Networth (Rs. Million)
1930

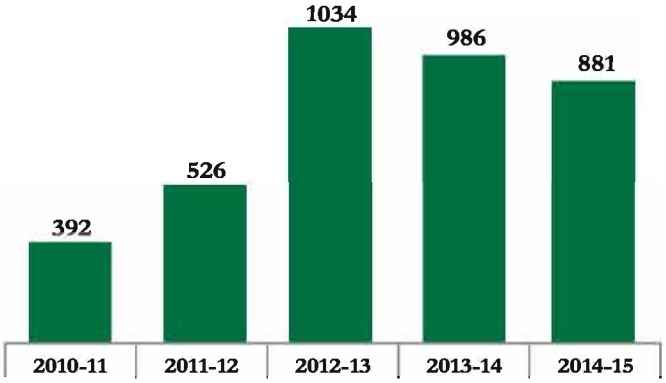
Segment Wise - Revenue (Rs. Million)

Year	Dairy	Retail	Agriculture	Bakery	Renewable Energy
2014-15	15559	4940	840	59	26
2013-14	13282	3779	678	37	8
2012-13	12686	3266	399	41	-

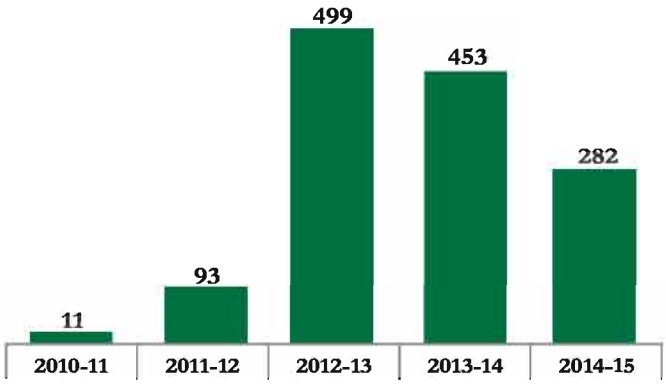
Revenue (Rs. Million)



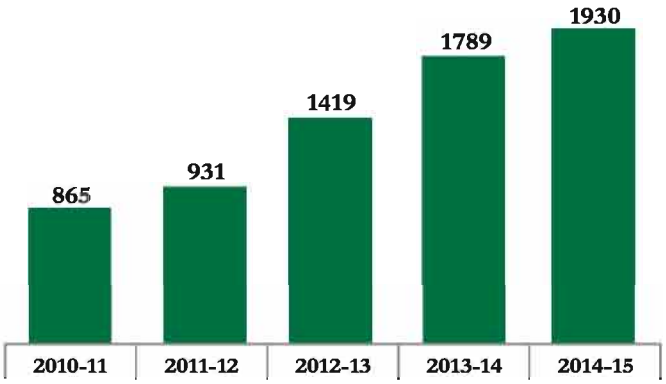
EBIDTA (Rs. Million)



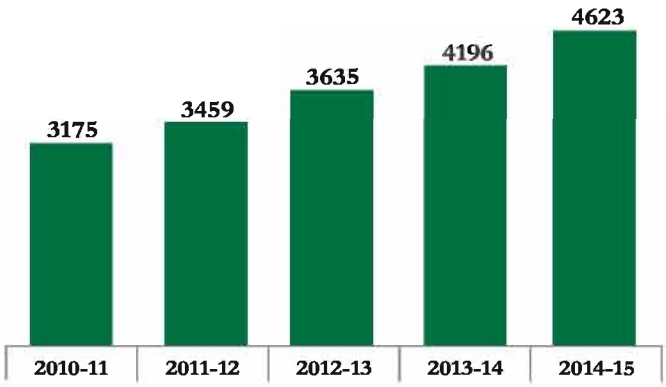
PAT (Rs. Million)



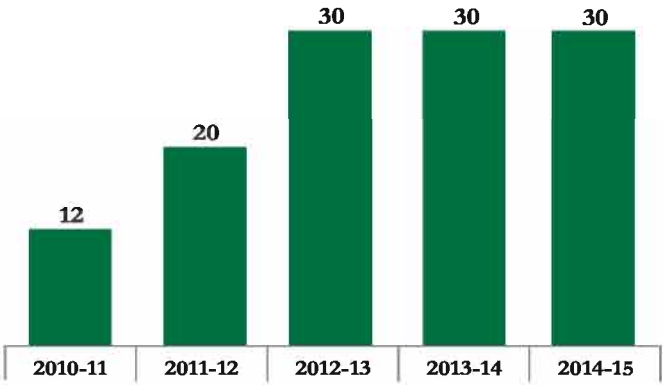
Networth (Rs. Million)



Gross Fixed Assets (Rs. Million)



Equity Dividend (%)



10 Year Financials

(Rs in crores)

	1	2	3	4	5	6	7	8	9	10
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover	2072.97	1722.04	1601.81	1393.41	1096.08	900.38	796.02	588.03	346.33	292.07
Other Income	7.02	4.95	4.20	3.21	4.81	2.93	3.23	40.13	1.29	1.27
Total Income	2079.99	1726.99	1606.01	1396.62	1100.89	903.31	799.25	628.16	347.62	293.34
Earnings before Depreciation, Interest and Tax (EBIDTA)	88.08	98.65	103.42	52.58	38.85	47.03	3.43	23.66	12.17	25.23
Depreciation & Amortization	33.99	25.00	22.02	21.19	19.94	19.64	17.22	10.55	6.78	4.80
Interest	14.95	11.93	14.84	17.82	15.97	16.67	14.58	12.43	1.84	0.40
Tax Expenses	10.93	15.90	13.69	4.24	1.83	4.98	6.58	(0.26)	1.82	6.39
Profit after Tax	28.21	45.31	49.96	9.33	1.12	5.60	(35.61)	0.94	1.72	13.64
Cash Profit/(Loss)	62.20	70.31	71.98	30.52	21.06	25.24	(18.39)	11.49	8.51	18.44
Equity Dividend (%)	30.00	30.00	30.00	20.00	12.00	18.00	Nil	18.00	30.00	30.00
Dividend Payout (Including Tax on Dividend)	8.37	8.14	4.05	2.68	1.61	2.42	Nil	2.13	3.51	3.42
Equity Share Capital	23.20	23.20	11.60	11.53	11.53	11.53	11.53	11.53	9.99	9.99
Reserves and Surplus	169.81	155.79	130.29	81.60	75.01	75.35	69.24	104.17	59.31	62.50
Networth	193.01	178.99	141.89	93.13	86.53	86.87	80.77	115.70	69.30	72.49
Gross Fixed Assets	462.34	419.63	363.48	345.90	317.50	294.24	264.47	206.45	128.88	80.15
Net Fixed Assets	280.65	271.48	236.79	230.26	221.72	215.24	203.68	162.41	95.38	53.33

Key Ratios

	1	2	3	4	5	6	7	8	9	10
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Earnings per share -Rs.	12.16	19.53	21.64*	8.1	0.97	4.85	(30.89)	0.92	1.73	13.65
Cash Earnings per Share -Rs.	26.81	30.31	31.03*	26.47	19.84	26.32	(9.67)	9.96	8.51	18.46
Book Value per share -Rs.	83.19	77.15	61.16*	80.77	75.05	75.35	70.05	100.35	69.37	72.57
Debt : Equity Ratio	0.32:1	0.25:1	0.42:1	0.99:1	1.15:1	1.34:1	1.50:1	0.96:1	0.79 : 1	0.00 : 1
EBIDTA/Turnover -%	4.25	5.73	6.27	3.77	3.52	5.22	0.43	4.02	3.51	8.63
Net Profit Margin -%	1.36	2.63	3.12	0.67	0.1	0.62	(4.47)	0.16	0.5	4.65
RONW -%	14.62	25.31	35.21	10.02	1.29	6.45	(44.09)	0.81	2.48	18.81

**EPS and book value per share for FY-2012-13 has been adjusted on account of issue of bonus shares in FY-2013-14*

Strategic Review

Our key strategies continue to aim at enhancing the value proposition across our business segments. With capex infusion and product and market expansions we have been able to substantially improve our revenue over the years. Along with revenue growth, our long-term plans are to further improve margins by adding value across business segments, products and operations. As an indication of this, we saw retail store level EBIDTA improvement in FY15 and the Value-Added Dairy Product (VADP) sales growth by 33%. VADP which has twice the EBIDTA margins of liquid milk, increased its revenue share in the overall dairy business to 20%. We added 22 new retail stores to strengthen our retail store network. During the year under review, we also made our dairy footprint in NCR Delhi.

The overall dairy business in India is getting consolidated with the entry of MNCs and with large national dairy brands expanding the market. Against this emerging scenario, regional and small dairy firms with limited access to capital, inadequate operational leverage and market reach will find the going tough.

On the contrary, today Heritage is a pan-India dairy brand with milk procurement, processing and distribution network across many states. Our VADP range consists of 22 products processed from our plants and made available to consumers through 1,274 dairy parlours besides General Trade outlets.

In addition to this operational advantage, we are the only dairy company in India with own Modern Retail Format. This enables us to further increase the customer reach. Last but not least, the key stakeholders in our dairy business are over 300,000 cattle owners, who supply us milk. We handhold them on various animal feed, health and farm development initiatives.

Smt N Brahmani
Executive Director

Smt N Bhuvaneswari
Vice Chairperson & Managing Director

On expansion /capex plans :

Capital expenditure is key to our growth and going forward we would continue to invest for all expansion plans. This primarily includes dairy and retail segments.

Expectations from FY16 and goals for FY16 & beyond:

We expect FY16 to be an encouraging year with continued growth and improvement in margins. Going forward we will increased the Heritage reach and simultaneously expand the range of value-added products.

We will work towards increasing the value-added products sales contribution in the dairy segment from 20% today to 40% in the next 5 years. On the retail front, the goal is to increase the carpet area from the current 3.38 lakhs sq ft to 5 lakhs in the next 3 years.

"We expect FY16 to be an encouraging year with continued growth and improvement in margins. Going forward we will increased the Heritage reach and simultaneously expand the range of value-added products."

Dairy Business

Heritage is among the largest dairy firms in India. The dairy products sale of Heritage extends across Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala, Maharastra, Odisha and Delhi. Known for its high-quality standards, Heritage Milk is consumed by over 11 lakh households in India. Heritage's value-added dairy range of products such as **Curd, Paneer, Ice Cream and Flavoured Milk** have a high brand equity in all its markets. Beyond adding value to its loyal and increasing customer base, Heritage's business model is also akin to adding value to dairy farmers from whom the company has been procuring milk. As an outcome of adding value to the entire dairy value chain, this segement has been growing at a CAGR of 15% between 2010-15.

How we create environment and social value

Conserving energy is akin to our business model. Energy conservation methods and audits are carried out at various levels of our manufacturing process regularly. The Dairy Division of the Company has received the 1st prize, 'National Energy Conservation Award' 2014, in Dairy sector from the Ministry of Power, Govt. of India in December-2014. This is the 4th time that the Company has been recognised with this award (previously the Company won the award, 1st prize in the Year-2012, 2nd prize in the Year-2010 and 1st prize in the Year-2008).

Heritage Foods is committed to co-creating value for over 300,000 dairy farmers from whom we procure milk twice a day. We offer farmers a fair and market-related price and provide them with the most comprehensive farm support service for improving their income.

Milk Procurement : Y-o-Y Growth **16.33%**

9.69	134	14	1274	5200
(Lakhs Litres Milk Procure Per Day)	Bulk Cooling /Chilling Units	Processing & Packing Plants	Dairy Parlours	Agents & Distributors

Significant amount of transformation has taken place in the Indian demographic space, which led to heightened consumer interest in VADPs. Over the last couple of years, this shift in the dynamics of the sector proved beneficial for the company as we added more variants of VADPs in our dairy products mix.

VADP revenue share in the total dairy business has been increasing for Heritage Foods. From a 12 % share in FY13, revenue from over 20 product varieties of VADPs such as curd, ice cream, paneer, lassi, cooking butter etc. has increased to 20 % share in FY15. The company is confident of increasing the total value-added diary products revenue share to 40 % of the Diary business in 5 years.

VADP revenue share in the total dairy business has been increasing for Heritage Foods. From a 12 % share in FY13, revenue from over 20 product varieties of VADPs such as curd, ice cream, paneer, lassi, cooking butter etc. has increased to 20 % share in FY15. The company is confident of increasing the total value-added diary products, revenue share to 40 % of the Diary business in 5 years.

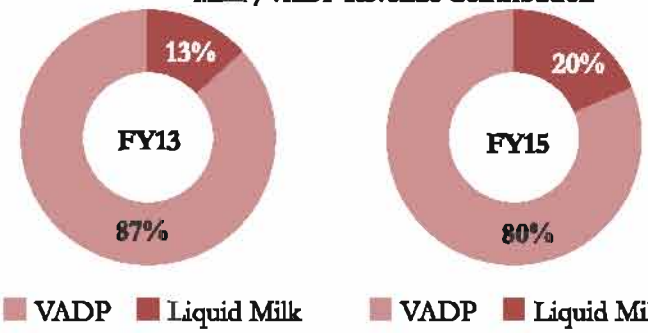
Increase in value-added product sales (FY15)

30%

Curd Pouch + 21.79%
Curd Cup + 28.51%
Ice Cream/FD + 11.63%
Cooking Butter + 25.6 %
Paneer + 25.6 %

As part of the company's geographical expansion plans, dairy products from the Heritage product basket have been added in key urban markets such as Mumbai, Delhi, Bangalore and Chennai in FY15. To further expand the market reach the company has also tied up with other leading pan Indian modern retail chains.

Milk /VADP Revenue Contribution



Retail Business

Heritage Fresh chain is designed to meet the needs of the modern Indian consumer. The unique value of our retail outlets is that, it rediscovers the taste of nature every day by bringing in fresh farm and grocery items for consumers.

The unique value proposition of Heritage Retail is built around three key pillars.

A wide range of fresh fruits and vegetables which are directly sourced from the farmers through our integrated pack houses.

"Farmers Pride" under which we offer a full range of staples (rice, pulses, spices and dry fruits) of the highest quality sourced from the best growing areas in the country which also ensures that the customer gets them at the most competitive prices.

"Oven @ Fresh", our own brand of bakery products includes an extensive range of cakes, pastries, savouries, cookies, sandwiches and salads.

Heritage Retail formats:

Heritage Fresh store – Spread over an average of 3000 sq ft with a merchandise mix which fulfills all the essential home needs of an Indian Kitchen. This includes fresh fruits and vegetables, grocery, processed food, cleaning aids, general merchandise, bakery, dairy, beverages, and frozen food.

92
Stores

3.38
Lakhs sq ft Carpet area

1.5 Mn
Footfall pm

30.70 %
Y-o-Y growth in revenue

61 %
Increase in store level EBIDTA

Agri Business

1,00,000 Metric Tons of Fruits & Vegetables Sourced from Farmers Every Year

Heritage's Agri segment is a 'farm-to-fork' business model. Objective of this segement is to reduce the cost of Fruits & Vegetables (F&V) by optimizing cost of cultivation and disintermediation. While this model creates benefit to consumers by making available farm fresh F&V at a reasonable price, it adds value to farmers by creating more income through a viable market linkage.

The vertical integration of farm level production, procurement and down stream processing and trade, enables more efficient and effective control of the quality of F&Vs in the retail stores.

Pack Houses :
The company maintains two state of the art integrated pack houses at Mattam in Chittoor district of AP and at Mulugu in Medak district of Telangana state.

The facility comes with Reverse Osmosis (RO) and De-Mineralized Plant (DM) and Effluent Treatment Plant (ETP). Processing and dispatch areas are fully air conditioned with sorting and grading lines, pre-cooling, short, and long-term humidity controlled storage chambers & ripening chambers.

Dairy Feed
The company supplies cattle feed to dairy farmers and to the other farmers through general trade across South India.

Maize and Other Commodities
Leveraging on the Company's farmer network across south India, we source the best quality maize at competitive prices to supply to various feed mills. The company has infrastructure to store maize for off season requirements.

FY15 Revenue (Rs.)
840 Million

Y-o-Y Growth
23.84 %

Bakery Business

Heritage Bakery created its own production facility in Hyderabad for cookies and muffins in 2007. We further continued to expand our menu selections adding delicious brownies, croissants, quiches, sandwiches and signature cakes.

Our menu items are freshly prepared daily and with only the finest ingredients available. Just as you would do at home. We are a "hands on" bakery and café. It's what sets us apart and keeps our loyal customers coming back.

We are respected today as a leading brand in the bakery and cafe segment of the industry.

FY15 Revenue (Rs.) 59 million

Y-o-Y Growth 61%

Awards and Recognitions

ET 500

The Retail division of the Company has received "Most Admired Retailer of the Year 2014 in Food & Grocery Award from India Retail Forum Mumbai in September, 2014.

The Retail Division of the Company has received 'COCA COLA Golden Spoon Award' 2015 for being the IMAGES Most Admired Food & Grocery Retailer of the Year - Regional Chain' at India Food Forum, Mumbai in January, 2015

The Dairy Division of the Company has received the 1st prize in 'National Energy Conservation Award' 2014 in Dairy sector from the Ministry of Power, Govt. of India in December, 2014. This is the 4th time that the Company has been recognized with this award (previously the Company won the award, 1st prize in the Year-2012, 2nd prize in the Year-2010 and 1st prize in the Year-2008)

The company was listed among the top-500 Indian Companies list for the Year 2014 compiled by The Economic Times, on the basis of Industry Respect and Key Financial Parameters.

Social Responsibility

CSR Vision Statement

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged.

Corporate Social Responsibility is the commitment of business to contribute for sustainable economic development by working with the employees, local community and society at large to improve their lives in ways that are good for business and development. It is the contribution of the corporate sector for philanthropic causes like education, health, water, environment and community welfare.

In alignment with the vision of the Company, through its CSR initiatives, we will continue to enhance value creation in the society, through own services, conduct and initiatives.

Heritage Farmers Welfare Trust

While delighting every home with fresh and healthy products, Heritage Foods empowers the farmers through its farm services initiative - Heritage Farmers Welfare Trust (HFWT). HFWT provides dairy farmers with knowledge on dairy management and helps them in enhancing milk productivity through optimal health, feed and breeding initiatives.

HFWT Impact 2014-15

No of Cattles treated
155000

No of Milk collection Centers Covered
2844

No of cattle health Camps organized
2136

No of HFL Locations Covered
124

No of Artificial Inseminations
1041

No of Video Films shown
1991

Heritage Mobile Veterinary Clinics (HMVC)

HFWT provide dairy farmers with knowledge on dairy farm management and helps them in enhancing milk productivity through optimal health, feed and breeding practices. Towards fulfilling this objective HFWT runs Heritage Mobile Veterinary Clinics (HMVC) in Andhra Pradesh, Telangana and Tamil Nadu. HMVCs are equipped with necessary tools and trained human resource on veterinary treatment and cattle management practices. HMVCs have been giving free VET services in the remotest places of Andhra Pradesh and Telangana on all 365 days. The mobile veterinary van reaches various locations to present educational video films on cattle management and to conduct animal health camps.

Heritage Institute of Milk Sciences

To generate employment for rural youth Heritage runs a milk science institute in Hyderabad which offers an 18 month course on dairy management. For admissions, preference is given to youth from agricultural families. All selected candidates are given a stipend of Rs. 2,500/- per month. The training exposes candidates to various aspects of dairy value chain management including milk procurement, processing, quality, product development, milk handling technology. Sessions on IT and spoken English are included. Upon completion of training, employment opportunity is given in Heritage Foods.

Corporate Information

Board of Directors:

Sri D Seetharamaiah	Non Executive Independent Chairperson
Sri N Sri Vishnu Raju	Non Executive Independent Director
Dr A Appa Rao	Non Executive Independent Director (up to 30th April, 2014)
Dr N R Siva Swamy	Non Executive Independent Director (up to 16th July, 2014)
Sri M Siva Rama Vara Prasad	Non Executive Independent Director (w.e.f. 30th July, 2014)
Sri N P Ramakrishna	Non Executive Director
Dr V Nagaraja Naidu	Non Executive Director
Sri N Lokesh	Non Executive Director
Smt N Bhuvaneswari	Vice Chairperson & Managing Director
Smt N Brahmani	Executive Director
Sri K Durga Prasada Rao	Whole-Time Director (w.e.f. 1st August, 2014)
Chief Financial Officer:	CA A Prabhakara Naidu
Company Secretary:	CS Umakanta Barik

Senior Management:

Dr M Sambasiva Rao	President
Sri K Durga Prasad Rao	Chief Operating Officer-Dairy Division (up to 31st July, 2014)
Sri J Sambamurthy	Head – Dairy Division (w.e.f. 1st August, 2014)
Sri S Jagdish Krishnan	Chief Operating Officer-Retail & Bakery Divisions (up to 13th April, 2015)
Sri Dharmender K Matai	Chief Operating Officer-Retail & Bakery Divisions (w.e.f. 20th July, 2015)
Sri Anil Kumar Srivastava	Chief Operating Officer-Agri Division

Board Committees

Audit Committee
Sri D Seetharamaiah, Chairperson
Sri N Sri Vishnu Raju
Sri M Siva Rama Vara Prasad
Dr A Appa Rao (up to 30th April, 2014)
Dr N R Siva Swamy (up to 16th July, 2014)
Dr V Nagaraja Naidu
Sri N Lokesh

Risk Management Committee
Sri M Siva Rama Vara Prasad, Chairperson
Sri D Seetharamaiah
Sri N Sri Vishnu Raju
Smt N Bhuvaneswari
Sri K Durga Prasad Rao

Nomination & Remuneration Committee
Sri N Sri Vishnu Raju, Chairperson
Sri D Seetharamaiah
Sri M Siva Rama Vara Prasad (w.e.f. 30th July, 2014)
Dr A Appa Rao (up to 30th April, 2014)
Dr N R Sivaswamy (up to 16th July, 2014)
Sri N Lokesh

Management Committee
Sri D Seetharamaiah, Chairperson
Sri N Sri Vishnu Raju
Smt N Bhuvaneswari
Dr A Appa Rao (up to 30th April, 2014)
Sri N Lokesh

Stakeholders Relationship Committee
Dr V Nagaraja Naidu, Chairperson
Sri D Seetharamaiah
Sri N Sri Vishnu Raju
Dr A Appa Rao (up to 30th April, 2014)
Smt N Bhuvaneswari

CSR Committee
Sri D Seetharamaiah, Chairperson
Sri N Sri Vishnu Raju
Smt N Bhuvaneswari

Registered Office	:	#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, Tel: 040-23391221/2, Fax: 040-30685458 CIN: L15209TG1992PLC014332, E-mail: hfl@heritagefoods.in
Statutory Auditors	:	M/s. Raju & Prasad, Chartered Accountants 401, "DIAMOND HOUSE", Adj. Amrutha Hills, Panjagutta, Hyderabad - 500 082.
Bankers	:	Bank of Baroda, Andhra Bank, ICICI Bank Limited.
Listed with	:	BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.
Registrar and Transfer Agents	:	M/s Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad – 500 032, Tel No: 91 040 6716 1566
Website	:	www.heritagefoods.in

Notice to Shareholders

Members of Heritage Foods Limited (Formerly known as Heritage Foods (India) Limited) are hereby given notice for the 23rd Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date :	**Thursday, 24th September, 2015**
Time :	**10.30 A.M.**
Venue :	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad - 500 045, Telangana.

ORDINARY BUSINESS:

1. To receive Consider and Adopt:

   a. The Audited Financial Statements of the Company for the Financial Year ended 31st March, 2015, the Reports of the Board of Director's and Auditor's thereon; and

   b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2015

2. To declare a dividend of ₹ 3/- per equity share (30%) on Equity Shares of ₹ 10/- each for the year 31st March, 2015

3. To appoint a Director in place of Sri N Lokesh (DIN: 02230945) who retires by rotation and being eligible, offers himself for re-appointment.

4. To resolve not to fill the vacancy for the time being in the Board caused by the retirement of Sri N P Rama Krishna (DIN: 00003751) who retires by rotation and does not seek for re-appointment..

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

   "RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under and the Listing Agreement with the Stock Exchanges, pursuant to the recommendations of the audit committee of the Board of Directors and pursuant to the resolution passed by the members at the AGM held on 26th September, 2014, the appointment of M/s. Raju & Prasad, Chartered Accountants (FRN: 003475S) as the auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the Audit Committee in consultation with the auditors, as may be agreed upon between the auditors and the Board of Directors."

SPECIAL BUSINESS:

6. **Modification of the Object Clause of the Memorandum of Association of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder the consent of Company be and is hereby accorded for modification of object clause of the Company by substituting the heading of clause III (A) and III (B) as under:

   III (A) the objects to be pursued by the Company on its Incorporation are:

   III (B) Matters which are necessary for furtherance of the objects specified in Clause III (A) are:

   "RESOLVED FURTHER THAT the Clause III (B) of the Memorandum of Association of the Company be and is hereby Modified by inserting following Clauses 28 – 36 after the existing Clause No: 27.

   28. To carry on all kinds of agency business and to take part in the management, supervision or control of the business or operations of any other Company, association, firm or Person (and to act as the agent, secretaries, or other of any such Company, association, firm or person) and in connection therewith to appoint and remunerate any directors, accountants and other experts or agents.

   29. To carry on the Retail business of FMCG Products, Food & Non-food items, Fruits & Vegetables and Dairy Products etc, by either establishing the Retail Stores by its own or in a Franchise or E-Commerce Mode and to carry on the business of import, export, distribution of all merchandise, and to act as agents, stockiest, distributors for firms and companies in India and abroad.

   30. To buy, sell, manufacture, refine, manipulate, import, export and deal wholesale and retail in commodities, substances, apparatus and things of all kinds, capable of being used or which can conveniently be dealt in by the Company in connection with any of its objects.

   31. To carry on the business of agriculturists, horticulturists, planters, cultivators of tea, coffee, teak, tobacco or any other kind of commercial plantations.

   32. To construct, enlarge, repair, equip, acquire, improve, work, develop, administer, manage or wholly or partially control in India or elsewhere public or other works roads, bridges, subways, express ways, tunnels,

railways, tramways, docks, locks, harbor, piers, wharves, jetties, ships, launching ways, canals, reservoirs, aqueducts, bridges, embankments, irrigations, reclamations, air and water pollution plant, solar energy devices, sanitary water gas and electrical and electronic works conveyor systems and aerodromes, hangers, cold storage plants, warehouses, shops, shopping complex's or centers, recreational facilities such as theatre, clubs, sports centers, gardens, hotels, restaurants, parks, resorts, medical centers like hospitals and dispensaries, educational centers like schools and colleges, libraries, infrastructural facilities for village, town/city developments, other construction such as parking spaces and to promote and participate in ecological developments, preservation and betterment of environment through plantation of trees, effluent treatment and disposal systems and to carry on the business of proprietors, managers and renters either separately or in collaboration with others and to render technical and managerial advice in building construction, maintaining, repairing and managing such places including terminals and all other works of public utility, and to carry on, contribute to, subsidies, or otherwise aid or take part in any such operations.

33. To purchase or acquire land and to undertake development of land and building activities.

34. To promote, establish, generate, operate, distribute accumulate, maintain, transmit, supply electricity and or power for Captive consumption or for sale by installing, maintaining, operating power plants whether based on thermal, hydel, gas, solar, wind energy, tidal energy or any other source, whether conventional or non-conventional and to lay down, establish power stations, cables, transmission lines, towers, substation terminals and other works for the aforesaid purposes as a division or as a generating company or separate undertaking and to acquire, take on lease, run or manage any company or undertaking engaged in similar activities within the policies, if any laid down by the government from time to time and for any or all of the aforesaid purposes, to do all the ancillary activities as may be considered necessary or beneficial or desirable.

35. To buy, sell, manufacture and deal in minerals, charcoal, coal woods, plants, machinery, implements, appliances, conveniences, and to take on lease or licence, concessions or otherwise in India or elsewhere, mines, mining rights any land and to explore, work, export, develop, turn to account the same and to crush, win, get, carry smelt, calcine, refine, dress, amalgamate, manipulate or prepare for market ore, metal and mineral substances of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the objects of the company.

36. To aid, assist, promote, develop and manufacture agricultural implements, agricultural machinery and other equipment's and technological development in equipment's used in agricultural field and to organise, conduct, or manage engineering or repair shop or workshops of all description and to manufacture, import, export, buy, sell, or otherwise deal in, agricultural machinery, of all kinds and to adopt such means of making known the uses thereof.

"RESOLVED FURTHER THAT other objects mentioned in the clause III (C) of the Memorandum of Association of the Company be and are hereby deleted."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such other acts and deeds as it may deem fit and appropriate and as may be necessary to settle any question, difficulty or doubt that may arise in regard to the said resolution."

7. Modification in liability Clause of the Memorandum of Association of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 consent of Company be and is hereby accorded to m3odify the liability clause of the Memorandum of Association of the Company by substituting the existing Clause IV with the following:

Clause IV. "The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

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 : 22nd July, 2015

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 members not exceeding fifty (50) and holding in the aggregate not more than ten percent 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 person or shareholder.

   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 sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable

2. Corporate Members intending to send their authorised 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 authorising their representative(s) to attend and vote on their behalf at the Meeting.

3. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members 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 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 under Clause 49 of the Listing Agreement with the Stock Exchanges, are forming part of the Annual Report.

6. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.

7. a) The Company has notified closure of Register of Members and Share Transfer Books from Thursday 17-09-2015 to Thursday 24-09-2015 (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 Tuesday 29th September, 2015.

8. The dividend as recommended by the Board of Directors for the year ended 31st March, 2015, when declared at the Annual General Meeting will be paid to the members whose names appear:

   (i) as Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in Demat form;

   And

   (ii) As members on the Register of Members of the Company on record date after giving effect to all valid share transfers in physical form which would be received by the Company upto end of business hours on Record date.

   Pursuant to provisions of Sub-Section (5) of Section 124 the Companies Act, 2013 (Section 205 of the Companies Act, 1956) The Company has transferred the unclaimed/unpaid dividends declared up to financial years 2006-07, 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 26th September, 2014 (date of last Annual General Meeting) on the website of the Company (www.heritagefoods.in) as also on the website of the Ministry of Corporate Affairs, the information in respect of such unclaimed dividend and the last date for claiming the same are given below:-

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
2007-08	26-09-2008	25-09-2015
2009-10	30-07-2010	29-07-2017
2010-11	29-09-2011	28-09-2018
2011-12	29-09-2012	28-09-2019
2012-13	17-07-2013	16-07-2020
2013-14	26-09-2014	25-09-2021

9. 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 and Clause 35B of the Listing Agreement, 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 services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.

V. The Board of Directors of the Company has appointed Smt Savita Jyothi, a Practicing Company Secretaries, (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. September 17, 2015.

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. September 17, 2015 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, Thursday, 17th September, 2015 may write to the Karvy on the email Id: varghese1@karvy.com or to Mr P A Varghese, Contact No. 040-33215424, 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: https://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 September 21, 2015

End of remote e-voting: Up to 5.00 p.m. (IST) on September 23, 2015

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 will 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, i.e. September 24, 2015.

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.

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: hfl.scrutinizer@karvy.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 Post/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

10. 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.

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

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

13. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

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 : 22nd July, 2015

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 6:

In order to comply with the provisions of Section 4, 13 and other applicable provisions of the Companies Act, 2013, the Company needs to delete the other object clause from the Memorandum of Association.

In terms of Section 13 of the Companies Act, 2013 approval of members in general meeting by way of special resolution is required to modify Memorandum of Association of the Company.

The Members are therefore requested to approve, by passing a Special Resolution, modification in the Object Clause of the Memorandum of Association as proposed in accompanying resolution. The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the Shareholders.

Copy of Memorandum of Association of the Company and other documents referred in the notice shall remain open for inspection by the members at the registered office of the Company during working hours on any working day except Saturday, Sunday & Public Holidays.

None of the Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Item No. 7:

In order to comply with the provisions of Section 4 of the Companies Act, 2013, the Company needs to modify the Liability Clause of the Memorandum of Association. The modification in the Memorandum of Association is carried out to give effect to the provisions of the Companies Act, 2013.

The Members are therefore requested to approve, by passing a special resolution, modification in the Liability Clause of the Memorandum of Association as proposed in accompanying resolution. The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the Shareholders.

Copy of Memorandum of Association of the Company and other documents referred in the notice shall remain open for inspection by the members at the registered office of the Company during working hours on any working day except Saturday, Sunday & Public Holidays.

None of the Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No : FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : 22nd July, 2015

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges 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	Sri N Lokesh
DIN	02230945
Date of Birth	23.01.1983
Date of First Appointment	30.06.2008
Profile of the Director	Post Graduate in Business Administration and Management from Stanford University, USA and was associated with world Bank in various World Bank projects.
Directorship held in other public companies (excluding foreign, private and Section 8 Companies)	1. Heritage Foods Retail Limited 2. Heritage International Limited 3. Heritage Conpro Limited
Chairmanship/Memberships of Committee across	Audit Committee - Member Nomination & Remuneration Committee – Member Management Committee – Member
Shareholding in the Company	2,366,400 Equity Shares

By Order of the Board of Directors

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : 22nd July, 2015

UMAKANTA BARIK
Company Secretary
M. No : FCS-6317

Directors' Report

To the Members,

Your Directors have great pleasure in presenting the 23rd Annual Report of the Company together with the Standalone & Consolidated Audited statement of accounts for the Financial Year ended 31st March, 2015.

Financial Results

(₹ in Lakhs)

Particular	2014-15	2013-14
Revenue from Operations (Gross)	**207402.61**	172291.58
Less: Excise Duty	**105.96**	87.59
Total Revenue from operations	**207296.65**	172203.99
Add: Other Income	**702.66**	495.40
Total Revenue	**207999.31**	172699.39
Total Expenditure	**199093.36**	162705.84
Profit /(Loss) before Finance Cost, Depreciation & amortization and Tax	**8905.95**	9993.54
Finance cost	**1593.01**	1322.12
Depreciation & Amortization	**3399.03**	2500.23
Profit /(Loss) before Extraordinary Item and Tax	**3913.91**	6171.20
- Extraordinary Item Tax	**-**	50.00
Profit /(Loss) before Tax	**3913.91**	6121.20
Tax Expenses		
- Current & prior period tax	**1168.91**	1290.59
- Deferred Tax	**(76.02)**	299.38
Net Profit /(Loss) for the Year	**2821.02**	4531.23

The above are standalone figures, as the subsidiary companies are yet to commenced business. Hence consolidated figures are not given.

Performance of the Company

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 207402.61 Lakhs, achieved an increase of 20.38% over the previous year. The Gross profit was of ₹ 8905.95 (4.28% on total revenue) as against ₹ 9993.54 (5.79% on total revenue) in the previous year. The operating profit after depreciation was amounted to ₹ 5506.92 (2.64% to revenue) as against ₹ 7443.32 (4.31% of revenue) in the previous year.

Dividend

Your Directors have recommended a dividend of ₹ 3/- (30%) per equity share of ₹ 10/- each for the financial year ended March 31, 2015, amounting to ₹ 837.65 lakhs (₹ 695.97 Lakhs dividend and ₹ 141.68 lakhs tax on dividend). The dividend payout is subject to approval of members at the ensuing Annual General Meeting. Dividend (including dividend tax) as a percentage of net profit after tax is 29.69 % as compared to 17.96% in the previous year.

The Register of Members and Share Transfer Books will remain closed from Thursday, 17th September, 2015 to Thursday 24th September, 2015 (both days inclusive) for the purpose of payment of the final dividend for the financial year ended 31st March 2015, and the Annual General Meeting. The Annual General Meeting is scheduled to be held on 24th September, 2015.

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

Transfer to Reserves

Your Company proposes to transfer ₹ 1000 Lakhs to General Reserve. An amount of ₹ 983.37 Lakhs is proposed to be retained in the Surplus.

Share Capital

The paid up Equity Share Capital as at March 31, 2015 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 31st March 2015, 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 of 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 the 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.

All related party transactions are placed before the audit committee as also to the Board for approval. A statement giving details of all related party transactions are placed before the Audit committee and Board for review and approval on a quarterly basis. 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.

Variation in market capitalization

	As at March 31,		Increase / (decrease) in %
	2015	2014	
Market capitalization (₹ in Crore)	**764.17**	464.21	64.61
Price earnings ratio	**27.08**	10.25	

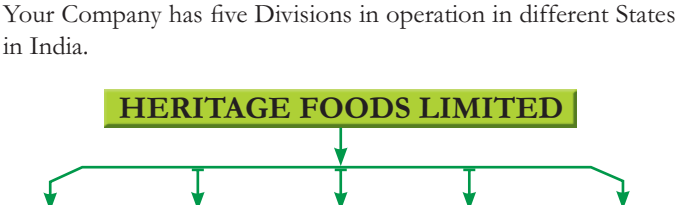
Note: Data bases on share prices quoted on BSE

Management's Discussion and Analysis

In terms of the provisions of Clause 49 of the Listing Agreement, the Management's Discussion and Analysis is set out in this Annual Report.

Business Review

Your Company has five Divisions in operation in different States in India.



Dairy Business:

With the economic slowdown, most sectors have been struggling and have reported subdued growth in the last couple of years, except the dairy sector, which has witnessed double digit growth with demand for milk and milk products rising in the country.

The Dairy sector shot up 12.6 per cent from a year ago this financial year and is expected to grow at 15.6 per cent in 2015-16 driven by strong sector growth both in demand and prices, continued policy and monetary support from the Centre and an expected improvement in the economy.

Domestic prices of milk have remained firm in 2014-15 despite the collapse of global milk and dairy product prices in 2014. The demand for milk and milk-based products remained high due to changing dietary habits and rising buying power. As a result, dairy products witnessed a steep rise in prices in 2014.

The dairy sector will reap benefits from the federal government's increased focus on dairy development, enhanced availability of quality fodder and promotion of bovine breeding, among other aspects of raising milk productivity.

However, despite being the world's largest milk producer, India is not a significant player in the global dairy market. India's dairy exports have remained slow due to a drop in international prices, sluggish global demand, rising cost of domestic milk production and the abolition of skimmed milk powder export incentives by the government in July 2014.

Although FY16 is likely to open up new export markets for India in view of Russia approaching Indian dairy Companies.

Operation Flood' and other initiatives by, several States and central government to improve the livestock productivity and increase the availability of quality fodder helped India to become the world's largest milk producer. The milk production is expected to increase to 151 million tonnes by FY16 from 138 million tonnes in FY14.

During the financial year 2014-15, Dairy Division has increased milk Chilling capacity by 35,000 LPD by commissioning of 22 units which includes Bulk mini chilling units, Mini Chilling units, chilling centres and Franchisee Bulk mini chilling units and Franchisee units to increase the milk procurement and to maintain the quality. The Turnover has grown by 17.14% from ₹ 132819.16 Lakhs to ₹ 155585.71 Lakhs.

Retail Division:

Indian Retail sector has been at the helm of India's growth story. The sector accounts for 22% of the gross domestic product (GDP) and contributes to 8% of the total employment. Indian Retail sector continues to grow despite irregular global economic trends. A report has estimated that the total retail sales in India to grow from $411 billion in 2011 to $804 billion by 2015. Robust economic growth, high disposable income with the end-consumer and rapid construction of organized retail infrastructure are key factors behind the forecast.

Over the last decade, the Indian Retail industry has grown phenomenally with a remarkable shift towards organized retailing formats. However, more than 90% of the Indian retail sector still falls in the unorganized sector category. While, the market of organized retail segment despite the downturn is growing exponentially as economic growth brings more people into the consuming classes and organized retail lures more shoppers, its share remains at nascent 7.50%. Meanwhile, online retail business, which is relatively a new phenomenon in India, a format, which has high potential for growth in the near future, has share of 0.50%.

As observed in past years, the organized retail space in the first decade of this century was viewed as offering enormous potential for growth in India. However, post FY08 the industry witnessed a sharp moderation in expectations with most retailers across formats facing significant head winds in terms of like-to-like growth and viability of stores. Following the pronounced slowdown, the industry witnessed a modest recovery in FY10. This recovery gathered further momentum in the first three quarters of FY11 and yielded strong double-digit like-to-like growth across most credible retail formats. Consumer sentiment thereafter was impacted in FY12 and continued to be muted till the second quarter of FY14 with high inflation expectations, pronounced interest rates and economic uncertainty being key contributing factors. In the recent quarters consumer sentiment improved, which was seen with retailers reporting an improving trend.

Growing Purchasing Power of Indian Middle Class: This is yet another driving force for the organized retail industry. Most research studies suggest rising incomes in the next decade. This is likely to continue propelling the rise of the middle class whose consumption will become the largest in the country. Therefore, targeting the mid-market seems to offer substantial revenue potential. The number of households with annual income brackets in the range of ₹ 2 lakhs to ₹ 10 lakhs is expected to increase significantly in the next decade.

During the Financial year 2014-15, Retail Division turnover has grown by 30.70% from ₹ 37793 Lakhs to ₹ 49397 Lakhs. The Institutional sales segment achieved sales of ₹ 3049 Lakhs and sales delivered by General Trade FMCG distribution business of ₹ 191 Lakhs. For comparable stores in both the years Retail business has grown by 32.32 %, and also the new stores which are opened this year have delivered more throughput than previous year.

Agri Division:

India has no doubt provided opportunities for multinationals to participate in industrial development with new technologies and resources. However, we cannot neglect agriculture and expect economic progress sans rural development. The opportunities in agri-business are enormous and can be encashed with locally available technologies.

With plenty of labour, land and water resources along with tropical weather conditions, India can compete with other developed countries and capture the global market, with improved agricultural practices and water resources management. These crops can be fruits, vegetables, flowers and medicinal plants having good export market. The surplus land can also be utilised to cultivate crops like maize and sugarcane and the produce can be diverted to industrial production of alcohol, a substitute for imported petroleum. Such industrial products having good demand can provide assured market and remunerative price to the growers.

The farmers should be oriented to make a swift forecast of the demand for various commodities and exploit the opportunities. There is good scope for setting up market outlets to reach the customers without involving middlemen. Business houses can establish a direct link with farmers' organisations for procuring raw materials. Such agencies can support farmers with seeds of improved varieties, finance and other critical inputs for optimising their crop yield.

Your Company, during the year under review apart from the sourcing the fruits & vegetables and custom farming, started the Veterinary care business with an aim to provide the quality feed , fodder and vet medicines to the farmers to increase the productivity of the animals.

Agri Division of your Company had achieved the turnover of ₹ 8400 Lakhs and 52459 MT with respect to Value & Volume. There is an improvement in Volume of 22.49% over the financial year 2013-14.

Bakery Division:

The Bakery division of your Company had achieved the turnover of ₹ 589 Lakhs in financial year 2014-15 against ₹ 366 lakhs in financial year 2013-14.

Renewable Energy Division:

The Renewable Energy Division of your Company strongly committed to extending the 'Green' footprint. In line with this thinking, Company has embarked on a clean Energy initiative with a 2.34 MW Solar Power Project which provides captive power to Dairy Plant in Hyderabad.

Renewable Energy Division of your Company had achieved the turnover of ₹ 257 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).

During the year, the Board of Directors reviewed the activities of the subsidiaries, associates Companies and noted that these companies are yet to start the commercial productions. However in accordance with Section 129(3) of the Companies Act, 2013 and Listing Agreement with Stock Exchanges, the Company has prepared consolidated financial statements of all its Subsidiaries & Associates 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 Subsidiaries & Associate Companies in the prescribed format AOC-1 is appended as Annexure-1 to the Board's report. The statement also provides the details of performance, financial positions of each of the subsidiaries & 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 Subsidiaries & Associate, are available on our website www.heritagefoods.in. These documents will also be available for inspection during the business hours at our registered office in Hyderabad, India.

During the year, Company has not made any investment in the Subsidiaries & Associate Companies.

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, (OHSAS) ISO 18001:2007, ISO 14001:2004, SO 2720 and (ENMS) ISO 50001. 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

The Heritage brand is a key intangible asset of your Company. The branding initiative is designed to reposition the Company as the next-generation company that would help enterprises renew themselves while creating new avenues to generate value. Marketing reach of your Company extends nationally through advertisements, public relations and digital marketing initiatives. Your Company also organizes several events in various localities to create awareness about the products of the Company.

Mission & Vision Statement

The Board of Director of your Company adopted the Mission & Vision statement -2020 of the Company with object to accelerate the growth of the Company aiming to be a nationally recognized brand with healthy & fresh products with a revenue of ₹ 6000 Cr by 2020. The full text of the Mission & Vision and Value statement is the farming part the Annual Report.

Awards & Recognitions

During the financial year 2014-15 the Company has received the following awards and recognition.

- The Retail division of your Company has bagged "Most Admired Retailer of the Year 2014 in Food & Grocery category from India Retail Forum Mumbai, during September, 2014.
- The Dairy Division of the Company has received the 1st prize in prestigious 'National Energy Conservation Award' 2014 in Dairy sector from Ministry of Power, Govt. of India during December, 2014. This is the 4th time that the Company has been recognised with this award (previously the Company won the award, 1st prize in the year-2012, 2nd prize in the year-2010 and 1st prize in the year-2008).
- The Retail Division of your Company was awarded most prestigious 'COCA COLA Golden Spoon Award' 2015 for being the IMAGES Most Admired Food & Grocery Retailer of the Year - Regional Chain' at India Food Forum, Mumbai,during the month of January,2015
- Your Company was listed among Prestigious top-500 Indian Companies list for the year 2014 compiled by The Economic Times, on the basis of Industry Respect and Key Financial Parameters.

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 focus 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 top 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 2014-15 was 4244, with an increase of 352 as compared with the end of the previous financial year.

Particulars of Employees

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

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 lakh or more PA, or employed for part of the year and in receipt of ₹ 5 lakh or more in a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure-2B to the Board's report.

Corporate Governance

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. It is imperative that your company 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 guidelines 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 2014-15 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 Clause 49 of the Listing Agreement, 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 five 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.

Policy on Directors' 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, 2015, the Board consists of 9 members, three of whom are executive / whole-

time directors and six 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, 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, that he/she meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Board Evaluation

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework as suggested by Nomination & Remuneration Committee adopted by the Board. The Board approved the evaluation results as collated by the nomination and remuneration committee.

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.

Further, at the time of appointment of an independent director, your Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a director.

Appointment/Re-Appointment

Sri N Lokesh (DIN: 02230945) Non-Executive Directors 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.

During the year Sri K Durga Prasada Rao (DIN06888949) has been appointed as a Whole Time Director effective from 1st August, 2014 as per the provisions of 196 & 197 and rules made thereof and read with Schedule V of the Companies Act, 2013.

During the year Sri M Siva Rama Vara Prasad (DIN: 00170919) has been appointed as Non-Executive Independent Director w.e.f. 1st August 2014 in accordance with Section 149,152,161(1) read with Schedule IV and other applicable provisions of the Companies Act, 2013 rules made thereof.

Retirements and Resignations

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

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

Sri N P Ramakrishna (DIN: 00003751) Non-Executive Director of the Company retire by rotation and being eligible for re-appointment but he expressed his intention not to seek re-appointment. The vacancy in the Board caused by his retirement shall not be filled up for the time being. The members of the Board place on record their deep sense of appreciation for services rendered by Sri N P Ramakrishna during his tenure as member of the Board.

Key Managerial Personnel

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

Name of the Official	DIN/M. No	Designation
Smt N Bhuvaneswari	00003741	Vice Chairperson & Managing Director
Smt N Brahmani	02338940	Executive Director
Sri A Prabhakara Naidu	FCA 200974	Chief Financial Officer
Sri 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	Sri D Seetharamaiah *Chairperson* Sri N Sri Vishnu Raju Dr A Appa Rao* Dr N R Siva Swamy# Sri M Siva Rama Vara Prasad Dr V Nagaraja Naidu Sri N Lokesh	• All recommendations made by the audit committee during the year were accepted by the Board. • Reviewing, with the management, the quarterly financial statements before submission to the Board for approval. • Approval or any subsequent modification of transactions of the Company with related parties. • Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems, etc.
Nomination and Remuneration Committee	Sri N Sri Vishnu Raju *Chairperson* Sri D Seetharamaiah Dr A Appa Rao* Dr N R Siva Swamy# Sri M Siva Rama Vara Prasad Sri N Lokesh	• 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	Sri D Seetharamaiah *Chariperson* Sri N Sri Vishnu Raju Smt 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* Sri D Seetharamaiah Dr A Appa Rao* Sri N Sri Vishnu Raju Smt 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.
Management Committee	Sri D Seetharamaiah *Chariperson* Dr A Appa Rao* Sri N Sri Vishnu Raju Sri N Lokesh Smt 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.
Risk Management Committee	Sri M Siva Rama Vara Prasad *Chairperson* Sri D Seetharamaiah Sri N Sri Vishnu Raju Smt N Bhuvaneswari Sri K Durga Prasada Rao	• 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.

* Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

\# Dr. N R Siva Swamy Resigned from the Board w.e.f. 16th July, 2014.

Auditors & Auditors Report

Statutory Auditors:

At the Annual General Meeting held on 26th September, 2014, M/s. Raju & Prasad, Chartered Accountants (F No: 003475S), Hyderabad were appointed as statutory auditors of the Company to hold office till the conclusion of the 25th Annual General Meeting to be held in the calendar year 2017. In terms of the first provision to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Raju & Prasad, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The notes on Standalone & Consolidated Financial statement referred to in the Standalone & Consolidated Auditor's Report are self-explanatory and do not call for any further comments.

Secretarial Auditor:

M/s. Savita Jyothi, Practicing Company Secretary (CP No:1796), was appointed to conduct the Secretarial Audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The secretarial audit report for financial year 2014-15 issued by M/s. Savita Jyothi, Practicing Company Secretary in form MR-3 is provided in the Annexure-3 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 Jyothi, Practicing Company Secretaries, as Secretarial Auditor of the Company for the financial year 2015-16 as per the provisions of the Companies Act, 2013 and Rules made thereof and the applicable provisions of Listing Agreement.

Cost Audit Report:

The Cost Audit Report for the previous financial year 2013-14 signed by M/s Sagar & Associates, Cost Accountant (F No: 00118), Hyderabad was filed in extensible Business Reporting Language (XBRL) made on 3rd September 2014, within due date.

Significant of Material Orders Passed by the Regulators

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

Extracts of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the annual return is prescribed in form MGT-9 is provided in Annexure-4 to this report.

Internal Audit & Control Systems

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

These are supplemented by internal audit of all divisions of your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Five Directors in whom all are Non Executive and three are independent Directors. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. 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 2015-16 as per the provision of Section 138 of the Companies Act, 2013 and Rules made thereof and as per the provisions of the Listing Agreement with Stock Exchanges.

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 the various options to implement the CSR activities and decided to transfer 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 initiative for the up-liftmen of the backward and needy population in the society. The Company works with NTR Memorial Trust, Hyderabad towards promoting education, enhancing vocational skill and supply of clean water, apart from its own trust namely Heritage Farmers Welfare Trust

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-5 forming part of the Board's Report.

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 through entertainment cum education mode). The Mobile veterinary van reaches to 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 natural death, Incentive for fodder development & reward for Meritorious Students.
- Extended relief activities and distributed cattle feed with subsidy in Srikakulam, Vijayanagaram and Visakhapatnam during the Cyclone HUDHUD.

Your Company's CSR committee comprises Sri D Seetharamaiah (Chairperson), Sri N Sri Vishnu Raju, and Smt N Bhuvaneswari. The committee is responsible for formulating the CSR policy and monitoring the CSR expenditure of the Company.

The policy is available in the Company website
www.heritagefoods.in→corporate→policies→CSR

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

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend amount of ₹ 7,00,965/- (Rupees Seven Lakh Nine Hundred Sixty Five Only) for the year 2006-07 was transferred to the Investor Education and Protection Fund during the financial year 2014-15 and the unclaimed/unpaid dividend for the year 2007-08 is due for transfer to the fund during the current Financial year 2015-16.

Risk Management

During the year, your Directors have constituted a Risk Management Committee pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, 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

Vigil Mechanism / Whistle Blower Policy

During the year, the Board of Directors of your Company have adopted Whistle Blower Policy as per the provisions of Section 177 (9) of Companies Act, 2013 and as per the Amendment to the Clause 49 of the Listing Agreement as amended form time to time. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. All permanent employees of the Company are covered under 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 or ethics of the Company. 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. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern.

The Whistle Blower Policy is available in the company's website: www.heritagefoods.in→corporate→Policy→WBPolicy

Prevention of Insider Trading:

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. The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

The Code of Conduct to Regulate, Monitor & Report Trading by Insiders as per the SEBI (Prohibition of Insider Trading) Regulation 2015 is available in the Company website: www.heritagefoods.in→corporate→Policies→Code of Conduct

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) Regulation 2015 is available in the Company website: www.heritagefoods.in→corporate→Policies→Code of fair disclosure

Nomination and Remuneration Policy

The Board of Directors of your Company has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of

the Company. This policy also lays down criteria for selection and appointment of Board Members.

The Policy is available in the company's website:

www.heritagefoods.in→corporate→R&MPolicy

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 2014-15

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 (to the extent notified) 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 for the financial year 2014-15, 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 2014-15 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 2014-15 and Notice of the 23rd Annual General Meeting were 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 2014-15 and the Notice of the 23rd Annual General Meeting are send 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 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 : 22nd July, 2015

Annexure-1

Form AOC – 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Part "A" Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

1.	Sl. No	1	2
2.	Name of the Subsidiary	Heritage Foods Retail Limited*	Heritage Conpro Limited*
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2015	31st March, 2015
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	INR
5.	Paid-up Share Capital	16.56	10.04
6.	Reserves & Surplus	(13.85)	(3.45)
7.	Total Assets	3.23	7.00
8.	Total Liabilities	0.52	0.41
9.	Investments	--	--
10.	Turnover	--	--
11.	Profit before taxation	(0.76)	(0.63)
12.	Provision for taxation	--	--
13.	Profit after taxation	(0.76)	(0.63)
14.	Proposed Dividend	--	--
15.	% of Shareholding	99.64%	75.70%

- These two subsidiary companies yet to commence operations.

Part "B" Associates

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures (₹ in Lakhs)

Name of Associate		SKIL Raigam Power (India) Private Limited
1.	**Latest Audited Balance Sheet Date**	31st March, 2015
2.	**Shares of Associate held by the Company on the year end 31.03.2015**	
	No.	6,50,000 Equity Shares
	Amount of Investment in Associates	65.00
	Extend of Holding %	44.83%
3.	**Description of how there is significant influence**	Because of Shareholding
4.	**Reason why the associate is not consolidated**	It is Consolidated
5.	**Networth attributable to Shareholding as per latest Audited Balance Sheet**	56.44
6.	**Profit/Loss for the Year**	
	(i) Considered in Consolidation	(0.28)
	(ii) Not Considered in Consolidation	(0.35)

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

Annexure-2A

Remuneration paid to Whole-Time Directors

Name of the Director	Title	Remuneration* in FY 2014-15 (₹ in Lakhs)	Remuneration* in FY 2013-14 (₹ in Lakhs)	No. of Stock options granted in FY 2014-15	% increase/ (Decrease) of remuneration in FY 2014-15 as compared to FY 2013-14	Excl. WTD	Incl. WTD
						Ratio of remuneration to MRE$	Ratio of remuneration to MRE$
Smt N Bhuvaneswari	Vice Chairperson & Managing Director	**219.45**	280.02	-	(21.63)	228.59	228.59
Smt N Brahmani	Executive Director	**175.56**	206.23	-	(14.87)	182.87	182.87
Sri K Durga Prasada Rao#	Whole-Time Director	**24.00**	NA	-	-	37.50	37.50

$ MRE: Median Remuneration of Employees
* Remuneration including salary, Perks & Commission
# Sri K Durga Prasada Rao has appointed as Whole-Time Director of the Company on 1st August 2014.

Remuneration/Sitting Fee paid to Non-Exectuve Directors

Name of the Director	Sitting Fee in FY 2014-15 (₹ in Lakhs)	Sitting Fee in FY 2013-14 (₹ in Lakhs)	Number of stock options granted in FY 2014-15	% increase/(decrease) of remuneration in FY 2014-15 as compared to FY 2013-14
Sri D Seetharamaiah	**2.75**	1.70	-	61.76
Sri N Sri Vishnu Raju $	**2.55**	0.40	-	537.50
Dr A Appa Rao@	**0.00**	1.05	-	-
Dr N R Siva Swamy*	**0.15**	1.25	-	(88.00)
Sri M Siva Rama Vara Prasad #	**1.40**	0.00	-	-
Dr V Nagaraja Naidu	**1.40**	1.25	-	12.00
Sri N P Rama Krishna	**0.80**	0.60	-	33.33
Sri N Lokesh	**1.50**	1.00	-	50.00

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.
* Dr N R Siva Swamy has resigned from the Board w.e.f. 16th July 2014
# Sri M Siva Rama Vara Prasad appointed as Director on 30th July 2014.
$ Sri N Sri Vishnu Raju has appointed as Director on 22nd October 2013

Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	Remuneration in FY 2014-15 (₹ in Lakhs)	Remuneration in FY 2013-14 (₹ in Lakhs)	No. of stock options granted in FY 2014-15	% increase/ (decrease) of remuneration in FY2015 as compared to FY 2014-15	Excl. WTD	Incl. WTD
						Ratio of remuneration to MRE	Ratio of remuneration to MRE and WTD
Sri A Prabhakar Naidu	Chief Financial Officer	**35.00**	31.82	-	**10.00**	36.45	36.45
Sri Umakanta Barik	Company Secretary	**17.39**	15.81	-	**10.00**	18.11	18.11

The Median Remuneration of Employees (MRE) excluding Whole-Time Directors (WTDs) was ₹ 96,000 and ₹ 95,292 in financial year 2014-15 and financial year 2013-14 respectively. The increase in MRE (excluding WTDs) in financial year 2014-15, as compared to financial year 2013-14 is 0.74%.

The Median Remuneration of Employees (MRE) including Whole-Time Directors (WTDs) was ₹ 96,000 and ₹ 95,310 in financial year 2014-15 and financial year 2013-14 respectively. The increase in MRE (including WTDs) in financial year 2014-15, as compared to financial year 2013-14 is 0.72%.

The number of permanent employees on the rolls of the Company as of March 31, 2015 was 4,244

The revenue growth of the Company during financial year 2014-15 over previous financial year was 20.38%.

The aggregate remuneration of employees excluding WTD increase in FY 2014-15 over the previous financial year was 9.26%

The aggregate remuneration of employees including WTD increase in FY 2014-15 over the previous financial year was 7.65%.

The aggregate remuneration of KMP decreased in FY 2014-15 over the previous financial year was 16.50%.

Comparison of the remuneration of the each KMP against the performance of the Company

Name of the Official	Designation	% Increase/(Decrease) of remuneration in FY 2014-15 as compared to FY 2013-14
Smt N Bhuvaneswari	Vice Chairperson & Managing Director	(21.63)
Smt N Brahmani	Executive Director	(14.87)
Sri A Prabhakara Naidu	Chief Financial Officer	10.00
Sri Umakanta Barik	Company Secretary	10.00

This was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.

Market capitalization increased by 63.73% to ₹ 777.16 Crores as of March 31, 2015 from ₹ 474.65 Crores as of March 31, 2014. The Price Earnings Ratio was 24.54 as of March 31, 2015 from 10.39 as of March 31, 2014. The closing price of the Company's equity shares on the NSE and BSE as of March 31, 2015 was ₹ 325 and ₹ 335 respectively.

During Financial Year 2014-15, no employee received remuneration in excess of the highest-paid director of the Company.

Annexure-2B

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 sixty lakh rupees

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross Remuneration Paid (₹ in Lakhs)	Previous employment and designation
Dr M Samba Siva Rao	President	M.Sc., Ph.D.	58	30	23/01/2006	129.32*	Joint Secretary, Ministry of Commerce and Industry, Government of India (IAS Retired)
S Jagdish	COO – Retail	MBA, MS	44	16	03/10/2006	70.22	Cavin Kare Group

* 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 five lakh rupees per month: **NIL**

Annexure - 3

FORM No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[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
[Formerly known as Heritage Foods (India)Limited]
CIN:L15209TG1992PLC014332
6-3-541/C, Panjagutta, Hyderabad-500082

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

Based on my/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, agents and authorized representatives during the conduct of secretarial audit, I/we hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/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, 2015 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/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.

I/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.

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.

I/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.

For SAVITA JYOTI ASSOCIATES

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

Hyderabad
14th April, 2015

Annexure - 4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

[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 (Formerly known as Heritage Foods (India) Ltd)
(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	51.93
2	Milk Products	2010	14.80
3	FMCG (Food & Non Food)		18.70

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	99.64%	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)

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 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(g) Individual / HUF	8062046	0	8062046	34.75	8062046	0	8062046	34.75	0.00
(h) Central Govt	0	0	0	0.00	0	0	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
(J) Bodies Corporate	1223800	0	1223800	5.28	1223800	0	1223800	5.28	0.00
(k) Banks/FI	0	0	0	0.00	0	0	0	0	0.00
(l) Any other	0	0	0	0.00	0	0	0	0	0.00
Sub total	**9285846**	0	**9285846**	**40.03**	**9285846**	0	**9285846**	**40.03**	**0.00**
(A)(1):-									
(2) Foreign	0	0	0	0.00	0	0	0	0	0.00
(a) NRIs Individuals	0	0	0	0.00	0	0	0	0	0.00
(b) Other Individuals	0	0	0	0.00	0	0	0	0	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0	0.00
(d) Banks/FI	0	0	0	0.00	0	0	0	0	0.00
Sub-total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**9285846**	0	**9285846**	**40.03**	**9285846**	0	**9285846**	**40.03**	**0.00**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	138218	18100	156318	0.67	868683	18100	886783	3.82	-3.15
(b) Banks/FI	5451	0	5451	0.02	9419	0	9419	0.04	-0.02
(c) Central Govt	0	0	0	0.00	0	0	0	0	0.00
(d) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
(f) Insurance Companies	0	0	0	0.00	0	0	0	0	0.00
(g) FII	616458	0	616458	2.66	566922	0	566922	2.44	0.21
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
(i) Others specify)	0	0	0	0.00	0	0	0	0	0.00
Sub-total (B)(1)	**760127**	**18100**	**778227**	**3.35**	**1445024**	**18100**	**1463124**	**6.31**	**-2.95**
(a) Bodies Corporate	4783779	13600	4797379	20.68	4553711	13400	4567111	19.69	3.53
(i) Indian									
(b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	2243328	854844	3098172	13.35	2598923	814638	3413561	14.71	1.36
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	4630871	130400	4761271	20.52	3832051	110400	3942451	16.99	-3.53
(c) Others (Specify)	394305	83800	478105	2.06	443307	83600	526907	2.27	0.21
Sub-total (B)(2)	**12052283**	**1082644**	**13134927**	**56.62**	**11427992**	**1022038**	**12450030**	**53.67**	**-2.95**
Total Public Shareholding (B)=(B)(1)+(B2)	12812410	1100744	13913154	59.97	12873016	1040138	13913154	59.97	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**22098256**	**1100744**	**23199000**	**100.00**	**22158862**	**1040138**	**23199000**	**100.00**	

(ii) Shareholding of Promoters / Promoters Group & PAC

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2014			Shareholding at the end of the year 31.03.2015			% Change in share-holding during the year
		No. of Shares	% of Total Shares of the Com-pany	% of Shares Pledged/en-cumberred 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	0	5330826	22.98	0	-
2.	Nara Lokesh	2366400	10.20	0	2366400	10.20	0	-
3.	Megabid Finance & Investments Pvt Ltd	1223800	5.28	0	1223800	5.28	0	-
4.	N Brahmani	101000	0.44	0	101000	0.44	0	-
5.	Ramakrishna N P	100000	0.43	0	100000	0.43	0	-
6.	V Nagaraju Naidu	58000	0.25	0	58000	0.25	0	-
7.	Kathya N P	30000	0.13	0	30000	0.13	0	-
8.	Suneel Vadlamuni	21000	0.09	0	21000	0.09	0	-
9.	Durga Ramakrishna N P	20000	0.09	0	20000	0.09	0	-
10.	Neelima N P	20000	0.09	0	20000	0.09	0	-
11.	Nandamuri Balakrishna	6820	0.03	0	6820	0.03	0	-

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2014			Shareholding at the end of the year 31.03.2015			% Change in share-holding during the year
		No. of Shares	% of Total Shares of the Com-pany	% of Shares Pledged/en-cumberred to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumberred to total shares	
12.	Nandamuri Vasundara	6400	0.00	0	6400	0.00	0	-
13.	A Siva Sankara Prasad	800	0.00	0	800	0.00	0	-
14.	N Bala Krishna	600	0.00	0	600	0.00	0	-
15.	Ramakrishna Nandamuri	200	0.00	0	200	0.00	0	-
		9285846	**40.03**	**0.00**	**9285846**	**40.03**	**0.00**	-

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

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	9285846	40.03	9285846	40.03
	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 31.03.2015	9285846	40.03	9285846	40.03

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 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
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 01.04.2014	2572842	11.09	2572842	11.09
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	2572842	11.09

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
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 01.04.2014	1321000	5.69	1321000	5.69
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	21.11.2014 25,000 Shares Sold	0.11	1296000	5.59
		28.11.2014 25,000 Shares Sold	0.11	1271000	5.48
	At the end of the Year 31.03.2015	-	-	1271000	5.48

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
3.	M/s. Vidya Investment and Trading Co Pvt Ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	400000	1.72	400000	1.72
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ransfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	400000	1.72

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
4.	M/s Regal Investment and Trading Co Pvt Ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	389753	1.68	389753	1.68
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	389753	1.68

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
5.	**Kamal Shyam Sunder 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 01.04.2014	362200	1.56	362200	1.56
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	28.11.2014 29,000 Shares Sold	0.13	333200	1.44
		05.12.2014 30,200 Shares Sold	0.13	303000	1.31
		12.12.2014 26,000 Shares Sold	0.11	277000	1.19
		19.12.2014 6,000 Shares Sold	0.03	271000	1.17
		31.12.2014 10,000 Shares Sold	0.04	261000	1.13
		23.01.2015 1,500 Shares Sold	0.01	259500	1.12
		13.02.2015 1,14,600 Shares Sold	0.49	144900	0.62
		20.02.2015 20,900 Shares Sold	0.09	124000	0.53
		06.03.2015 46,800 Shares Sold	0.20	77200	0.33
		13.03.2015 77,200 Shares Sold	0.33	0.00	0.00
	At the end of the Year 31.03.2015	-	-	0.00	0.00

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
6.	**M/s. Napean Trading and Investment co Pvt ltd**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2014	2,97,376	1.28	2,97,376	1.28
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	2,97,376	1.28

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
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 01.04.2014	2,52,820	1.09	252820	1.09
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	09.05.2014 1,000 Shares Sold	0.00	251820	1.09
		16.05.2014 1,000 Shares Sold	0.00	250820	1.08
		23.05.2014 500 Shares Sold	0.00	250320	1.08
		30.05.2014 4600 Shares Sold	0.02	245720	1.06
		06.06.2014 500 Shares Sold	0.00	245220	1.06
		30.06.2014 3750 Shares Sold	0.02	241470	1.04
		04.07.2014 1000 Shares Sold	0.00	240470	1.04
		11.07.2014 2750 Shares Sold	0.01	237720	1.02
		18.07.2014 1500 Shares Sold	0.01	236220	1.02
		01.08.2014 1000 Shares Sold	0.00	235220	1.01
		22.08.2014 1500 Shares Sold	0.01	233720	1.01
		29.08.2014 750 Shares Sold	0.00	232970	1.00
		12.09.2014 700 Shares Sold	0.00	232270	1.00
		30.09.2014 500 Shares Sold	0.00	231770	1.00

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
7.	Dolly Khanna	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		07.11.2014 1500 Shares Sold	0.01	230270	0.99
		14.11.2014 3500 Shares Sold	0.02	226770	0.98
		21.11.2014 500 Shares Sold	0.00	226270	0.98
		28.11.2014 750 Shares Sold	0.00	225520	0.97
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	05.12.2014 1006 Shares Sold	0.00	224514	0.97
		09.01.2015 1500 Shares Sold	0.01	223014	0.96
		16.01.2015 1000 Shares Sold	0.00	222014	0.96
		06.03.2015 2700 Shares Sold	0.01	219314	0.95
		13.3.2015 4250 Shares Sold	0.02	215064	0.93
	At the end of the Year 31.03.2015	-	-	215064	0.93

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
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 01.04.2014	246900	1.06	246900	1.06
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	246900	1.06

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
9.	Usha 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 01.04.2014	246200	1.06	246200	1.06
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	246200	1.06

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
10.	Citigroup Global Markets Mauritius 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 01.04.2014	181407	0.78	181407	0.78
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	181407	0.78

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
1.	Sri 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 01.04.2014	NIL			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2015				

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
2.	Dr A Appa Rao DIN No: 00003745	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	NIL			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2015				

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
3.	**Dr N R Siva Swamy DIN No: 00003749**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	NIL			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2015				

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
4.	**Sri M Siva Rama Vara Prasad DIN No: 00170919**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	NIL			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2015				

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
5.	**Sri N Sri Vishnu Raju 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 01.04.2014	NIL			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2015				

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
6.	**Sri N P Rama Krishna DIN No: 00003751**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	100000	0.43	100000	0.43
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	100000	0.43

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
7.	**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 01.04.2014	58,000	0.25	58,000	0.25
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	58,000	0.25

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
8.	**Sri 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 01.04.2014	2366400	10.20	2366400	10.20
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	2366400	10.20

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
9.	**Smt N Bhuvaneswari DIN No: 00003741**	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	5330826	22.98	**5330826**	**22.98**
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2015	-	-	**5,330,826**	**22.98**

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
10.	**Smt 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 01.04.2014	101,000	0.44	**101,000**	**0.44**
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	**-**	**-**
	At the end of the Year 31.03.2015	-	-	**101,000**	**0.44**

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
11.	**Sri K Durga Prasada Rao DIN No: 06888949**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2014	7406	0.03	7406	0.03
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the Year 31.03.2015	-	-	7406	0.03

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
12.	**Sri A Prabhakara Naidu Chief Financial Officer M No: FCA 200974**	**No. of Shares**	**% of total Shares of the Company**	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	NIL			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the Year 31.03.2015				

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
13.	**Sri 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 01.04.2014	230	0.00	**230**	**0.00**
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	21.11.2014 200 Shares Sold	0.00	**30**	**0.00**
		31.12.2014 60 Shares Purchased	0.00	**90**	**0.00**
		02.01.2015 1000 Shares Purchased	0.00	**1090**	**0.00**
		01.05.2015 150 Shares Sold	0.00	**940**	**0.00**
	At the end of the Year 31.03.2015	-	-	**940**	**0.00**

(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 Indebted-ness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	13216.48	0.00	0.00	13216.48
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest accrued but not due	17.30	0.00	0.00	17.30
Total (i+ii+iii)	**13233.78**	**0.00**	**0.00**	**13233.78**
Change in Indebtedness during the financial year				
• Addition	6386.33	1000.00	0.00	7386.33
• Reduction	5775.50	0.00	0.00	5775.50
Net Change	**610.83**	**1000.00**		**1610.83**
Indebtedness at the end of the financial year				
(i) Principal Amount	13827.31	1000.00	0.00	14827.31
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest accrued but not due	38.77	0.00	0.00	38.77
Total (i+ii+iii)	**13866.08**	**1000.00**	**0.00**	**14866.08**

(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	K Durga Prasada Rao	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	120.00	60.00	24.00	204.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10.68	6.95	0.00	17.63
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission - As % of profit - Others, specify	88.77	108.61	0.00	197.38
5.	Others, please specify	0.00	0.00	0.00	0.00
	Total (A)	**219.45**	**175.56**	**24.00**	**419.01**
	Ceiling as per the Act	₹ 438.90 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
	Sri D Seetharamaiah	Dr A Appa Rao@	Dr N R Siva Swamy#	Sri N Sri Vishnu Raju	Sri M Siva Rama Vara Prasad	Sri N P Rama Krishna	Sri N Lokesh	Dr V Nagaraja Naidu	
Independent Directors									
Fee for attending Board/Committee Meetings	2.75	0.00	0.15	2.55	1.40	0.00	0.00	0.00	6.85
Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total (1)	**2.75**	**0.00**	**0.15**	**2.55**	**1.40**	**0.00**	**0.00**	**0.00**	**6.85**
Other Non-Executive Directors									
Fee for attending Board/Committee Meetings	0.00	0.00	0.00	0.00	0.00	0.80	1.50	1.40	3.70
Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total (2)	**0**	0.00	0.00	**0**	**0**	**0.80**	**1.50**	**1.40**	**3.70**
Total (B)= (1+2)	**2.75**	**0.00**	**0.15**	**2.55**	**1.40**	**0.80**	**1.50**	**1.40**	**10.55**
Overall Ceiling as per the Act	₹ 43.89 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)								
Total Managerial Remuneration *									**429.56**

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

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

Dr. N R Siva Swamy Resigned from the Board w.e.f. 16th July, 2014.

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total (₹)
		Sri Umakanta Barik	Sri A Prabhakara Naidu	
1.	**Gross Salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	17.39	35.00	52.39
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission - As % of profit - Others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	Total	**17.39**	**35.00**	**52.39**

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					

Annexure-5

The Annual Report on CSR Initiatives

Particulars	Remarks
1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Promoting education, enhancing the vocational skill & Supply of Clean Drinking Water etc. Web link: www.heritagefoods.in→Corportate→Policies→CSR
2. The composition of the CSR Committee.	Sri D Seetharamaiah – Chairperson Sri N Sri Vishnu Raju – Member Smt N Bhuvaneswari – Member
3. Average Net Profit of the company for last three financial years	₹ In Lakhs FY 2013-14: 6743.79; FY 2012-13: 3701.10; FY 2011-12: (3137.09) Average Net Profit : 3481.63
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 69.63 Lakhs
5. Details of CSR spent during the financial year: a. total amount to be spent for the financial year: b. amount unspent: c. manner in which the amount spent during the financial year is detailed below:	₹ 69.63 Lakhs Nil

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	297.89* Lakhs	69.63 Lakhs	--	Through Implementing Agency - NTR Memorial Trust
TOTAL			**297.89 Lakhs**	**69.63 Lakhs**	**--**	

* Total estimate cost for construction of dining hall, girl's hostel building towards promotion of girl and needy children's education at 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.

Hyderabad
22nd July, 2015

D Seetharamaiah
Chairperson
DIN: 00005016

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN: 00003741

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. Your Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. Your 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. Your Company has received the 1st prize in prestigious 'National Energy Conservation Award' 2014 in Dairy sector from Ministry of Power, Govt. of India during December, 2014. This is the 4th time that the Company has been recognised with this award (previously the Company won the award in, 1st prize in the year-2012, 2nd prize in the year-2010 and 1st prize in the year-2008).

ii. Your Company has installed a Solar Power Plant 2.34 MW near Hyderabad for captive consumption purpose.

iii. During the year your Company has not made any capital investment on energy conservation equipments.

B. Technology Absorption

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

- Installed (VAM) Vapour Absorption Machine refrigeration system.
- Installed Evaporative Condensers
- Insulated Building Roof System with Sky Lights
- Saturated Steam Turbine
- Automatic CIP System
- Implemented Rapid Milk Chiller (RMC) to enhance the Quality of milk.
- Ucrete flooring for hygiene
- Using of Enviro friendly Building material AAC Blocks.
- Conversion of DC to AC drive on stenter machine and TNT machine
- Replacement of 36W T8 light by 17W LED Tube light and installation of light pipe
- Upgradation of Vibro Compact Machine, stenter and super finish machine
- Installation of Electro Coagulation System in ETP
- Installation of wind turbo ventilators
- Developed computer based colour weighing system for accurate weighing of dyes.

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

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

iv. The Expenditure incurred an Research and Development : NIL

C. Foreign Exchange Earnings and Outgo

During the year under review foreign exchange earnings were ₹ 312.20 Lakhs (previous Year ₹ 770.84 Lakhs) and foreign exchange outgo was ₹ 2.32 Lakhs (Previous year ₹ 965.97 Lakhs).

Management Discussion and Analysis

OVERVIEW OF THE ECONOMY

Indian Economy did well in Financial Year 2014-15, with the four quarters' economic growth numbers at 6.5%, 8.2% and 7.5%, 7.5% respectively. The Government surpassed its own financial target and contained the fiscal deficit at 3.99 percent of Gross Domestic Product (GDP).

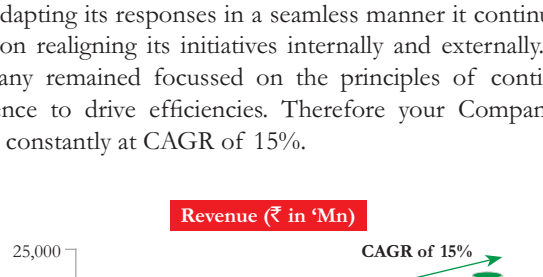
According to national accounts data released by Central Statistics Office (CSO), the GDP at current prices is estimated at ₹ 125.41 lakh crore in the financial year ended March 31, 2015. Despite unpredictable headwinds, the global economic recovery is gaining momentum. These winds of positive change have masked the growth divergence among major economies.

Specifically, the recovery in United States was stronger than expected, while performance in Japan and Eurozone has fallen short of expectations. This has resulted in the dollar appreciating vis-à-vis other G7 currencies. The currencies of commodity exporting countries weakened due to fiscal and trade imbalances.

India's economy is poised to return to its high-growth path, thanks to lower fiscal and current account deficits, falling inflation, benign commodity prices, and structural reforms to boost investments. Monetary policy is also likely to be supportive with the Reserve Bank of India (RBI) having moved to flexible inflation targeting. The manufacturing sector is likely to benefit from lower interest rates. The share of investments in Gross Domestic Product (GDP) is at 29% (compared to 33% in 2007) and is expected to pick up. However, productivity and capital efficiency improvement are likely to drive near-term growth.

Review of operation:

Your Company anticipated that the moderation in the growth rates will show steady recovery in the short term and the growth momentum will revive soon. In this new reality and a volatile and uncertain environment, your Company believes 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 remained focussed on the principles of continuous excellence to drive efficiencies. Therefore your Company has grown constantly at CAGR of 15%.



Revenue Mix: The Value Added Dairy Products (VADP), whose profit margins are almost double that of the Liquid Milk, have contributed nearly 20% of Dairy income. VADP is growing at a CAGR of 30% over the last 5 years.

Newer Markets: Successfully set up entire backend Dairy operations in Mumbai and Delhi markets right from procurement of milk from farmers to chilling plant and there from to processing plants and sell in the market. These markets are huge and are witnessing incremental growth.

Technology Excellence: It's the first company to implement ERP Applications of SAP for Dairy division for its business processes across all locations.

Economies of Scale: Retail vertical losses are coming down, thanks to "economies of scale" of operations. With a 32% increase in total trading area to 3.38 lakh sq. ft as against 2.56 lakh sq. ft, EBITDA profits were reported in 4th Quarter of the Financial Year 2014-15. Efforts are on to achieve EBITDA profits for full year during 2015-16

Quality: Has a dedicated quality assurance and product development team. Its infrastructure is backed by ISO 9001, ISO 22000, ISO 18001, ISO 14000 and ISO 14001.

Relationship Marketing: Currently enjoys relationships with as many as nearly 3,00,000 farmers across seven states in India. Facilitating loans for cattle, arranging for cattle insurance, arranging for insurance to farmers, and other few welfare measures undertaken such as: Veterinary treatment and cattle management practices through Heritage Mobile Veterinary Clinic (HMVC).

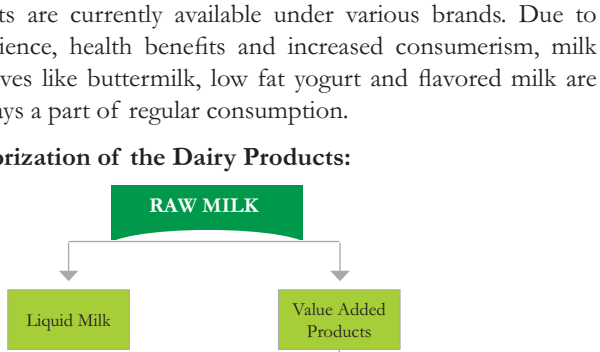
INDUSTRY STRUCTURE AND DEVELOPMENTS

Dairy Industry:

Rising consumption coupled with better margins in the value added dairy products (VADPs) are driving the dairy players to get into the growth and higher profitable trajectory. Change in demographics and rapid urbanization have resulted into manifold surge in the demand for VADPs.

Milk products such as curds which were largely home made products are currently available under various brands. Due to convenience, health benefits and increased consumerism, milk derivatives like buttermilk, low fat yogurt and flavored milk are nowadays a part of regular consumption.

Categorization of the Dairy Products:



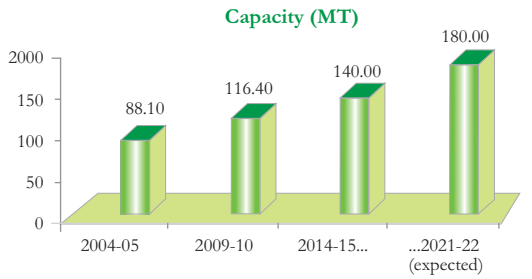
For decades, dairy players in India have been engaged in the liquid milk processing activity only. Backed by operation Flood in 1970s, the milk industry in India witnessed the first wave of

development in the milk production which gave India its status of the largest milk producer in the world. This was spearheaded by the 'Co-operative model' which was supported by the Govt. of India. Ownership being with the farmers instilled trust among the member milk producers in the cooperative model, which also ensured transparent returns. In addition, cooperatives also provided various services like cattle vaccination, cattle insurance, artificial insemination, installation of milk coolers at village level etc to improve productivity.

Further, there was minimal involvement of private players in the industry as approximately 80% of the retail price of the liquid milk went back to the farmers leading to low operating margins (4-5%). This was despite the consistent upsurge in the retail prices of the liquid milk. Consequently, the dairy companies were left with insufficient internal funds to plough back into the operations for adoption of modern technologies or development of milk variants.

The above reasons coupled with factors such as evolving tastes and preferences, higher affordability, etc; lead the entities venturing into the VADP segment for better profitability.

Milk production in India is growing substantially year after year as shown in following table.



The growth in Dairy Industry in the West has come to a virtual halt. India is where the action is. The West is currently witnessing a stagnation in growth in dairy space, hence some players are looking at India where there is growth coming in liquid milk in general and in value-add products in particular. The value-add products which include: cheese, curd, ice- cream, and others, have impressive profit margins, unlike the liquid milk, thanks to the factors like, rapid urbanization, change in life styles, and rise in disposable income.

Highlights:

- The milk production in 2000 was at 78mn MT as compared to 140 MT in 2014 and is expected to cross 200 MT mark by 2020.
- According to FAO estimates, the milk production in India accounts for more than 15% of the total world output and 60% of total Asia's production.
- However, 'milk yield per cow' in US and New Zealand is around 11 times and 5 times higher than that of India.
- India is lowest cost producer of per liter of milk in the world, at 45 cents, compared with the U.S' 93 cents, and Japan's $3.2 dollars.

Presently there are around 80,000 village dairy cooperatives across the country. The co-operative societies are federated into 200 district milk producers unions spread over various State cooperative dairy federations. Milk production gives employment to over 100 Mn dairy farmers.

In terms of total production, India is the leading producer of milk in the world followed by USA. According to FAO estimates, the milk production in India accounts for more than 15% of the total world output and 60% of total Asia's production. The top five milk producing nations in the world are India, USA, Russia, Germany and France.

Current Scenario:

Milk prices are rising due to a shortage in produce, and this is being reflected generally even in the prices of chocolates, milkshakes, ice creams and other milk-based products.

During 2014-15 the procurement prices of milk from farmers have gone up. The Milk production is directly linked to the monsoon and the absence of rains has caused the rise in prices of dairy products. There is a clear shortage of milk, of about 15%. The situation could be like this till we get summer showers over the next few days, milk yield will increase and shortage would reduce.

This apart, the prices of Skimmed Milk Power (SMP) have gone up from ₹ 170/kg last year to ₹ 230/kg. When there is shortage of liquid milk the dairy companies add SMP, hence the dairy companies in India are currently storing SMP.

Retail Industry:

Over the last decade, the Indian retail industry has grown phenomenally with a remarkable shift towards organized retailing formats. However, more than 90% of the Indian retail sector still falls in the unorganized sector category. While, the market of organized retail segment despite the downturn is growing as economic growth brings more people into the consuming classes and organized retail lures more shoppers, its share remains to be at nascent 7.50%. Meanwhile, online retail business, which is relatively a new phenomenon in India, a format, which has high potential for growth in the near future, has share of 0.50%.

At about 60%, food and grocery segment is the highest contributor to the Indian retail market followed by the clothing and fashion segment, which contributes 8%. While unorganized retailing accounts for most of the food and grocery segment, penetration of the organized sector is highest in the clothing and fashion segment at 33%.The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. Nevertheless, the entire industry is gradually shifting towards a modern concept of retailing, which is a seamless blend of online and offline formats. This concept is called 'Omni-Channel' retailing, which focuses on employing all kinds of shopping channels like internet, brick and mortar, mobile phone, television, direct mail and radio among many others. Merging the two formats of online and offline retailing is to blend technology with smart merchandising and imbibe community building, customer engagement and targeted marketing in their operations.

The government allows 100% FDI in the business-to-business (B2B) e-commerce segment, which has provided several small and medium manufacturers a platform to sell their products through

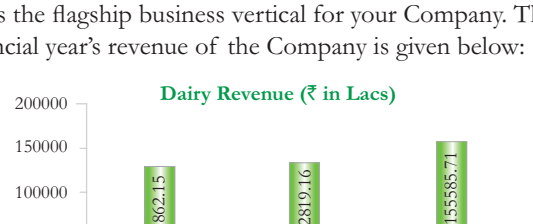
market place model. In a market place model, online retailers do not actually stock the products but act as a facilitator for vendors who sell their products through their platform. In turn, the e-retailers get commission for the platform use.

Dairy Business Vertical:

₹ 155,585 Lakh Revenue	75 % Revenue Contribution	₹ 8,787Lakh EBITDA

₹ 30,420 Lakh Revenue from Value Added Products	₹ 18,687 Lakh Capital Employed

The Dairy division accounting for 75% of revenue (₹ 155,585 lakh) is the flagship business vertical for your Company. The Last 3 financial year's revenue of the Company is given below:



The Dairy business vertical has gained strength to strength and notched ₹ 1555 crore for Financial Year 2014-15, up by 17% from Financial Year 2013-14's ₹ 1328 core. The division's contribution to overall Company's business remains high at 75% of out of the Company's topline of ₹ 2073 crore, the rest is contributed by Retail and other business divisions, namely, Agri, Bakery and Renewable Energy verticals. The current capital employed in Dairy vertical is at ₹ 187 crore.

During the year as much as 9.69 lakh liters per day were procured as against 8.33 lakh liters per day during the year before. The VADP continued its strong growth at a Compounded Annual Growth (CAGR) of 32%. The VADP, whose EBITDA margins are almost double that of the Pesteaurised Liquid Milk, increased its share in entire Dairy to 19.5% at ₹ 304 crore.

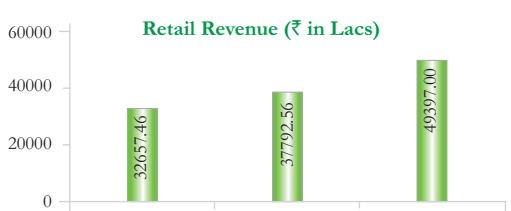
However, the growth story of VADP could not be reflected in Company's bottomline as one of the raw materials - Skimmed Milk Power (SMP) - prices shot up by 52% over the last 2 years from ₹ 153 a Kg to ₹ 232 per Kg. There was a shortage in domestic market for SMP as Government too had announced an export incentive of 5%. The export incentive was recently withdrawn. SMP is now not only available in the markets but is also witnessing decline in prices.

Retail Business Vertical:

₹ 49,397 Lakh Revenue	24% Revenue Contribution	92 Stores

3,38,118 Sq.ft Operating Space	₹ 8,877 Lakh Capital Employed

The last 3 financial year's revenue of the Retail Division is given below:



On the Retail side, the 4th Quarter of Financial Year 2014-15 is indeed a watershed period as the Company has made EBITDA profit for the first time at ₹ 3.20 crore on a revenue of ₹ 134.72 crore. The Company is hopeful of sutaining the growth in retail here after based on the principle of "economies of scale". The losses in Retail inversely fell with a surge in increase in trading area. Over the last couple of years the Retail has witnessed a consolidation as some of the smaller stores (with below 3000 sqft) have been wound up.

The EBITDA losses in Retail for Financial Year 2014-15 were at ₹ 2.3 crore as against ₹ 13.8 crore in Financial Year 2013-14 and ₹ 16.76 crore in Financial Year 2012-13. The Retail division witnessed a 32% increase in total trading area at 3,38,000 sqft in Financial Year 2014-15 as against 2,25,000 sqft in Financial Year 2013-14. The total number of Retail stores at the end of Financial Year 2014-15 stood at 92 as against 74 in Financial Year 2013-14. The current capital employed for Retail business vertical at the Financial Year 2014-15 stood at ₹ 88.77 crore.

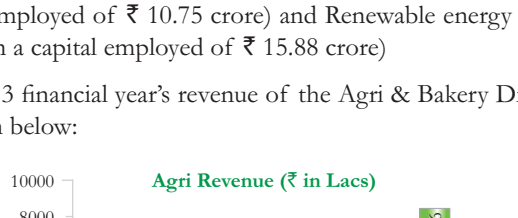
Agri & Bakery Business Vertical:

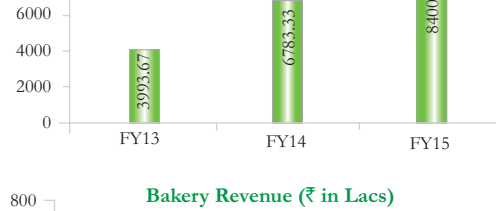
₹ 8,400 Lakh Revenue from Agri	₹ 3,135 Lakh Capital Employed in Agri	₹ 589 Lakh Revenue from Bakery

₹ 1,075 Lakh Capital Employed in Bakery	Agri & Bakery to support Retail Operations

The other business divisions, namely: Agri, Bakery and Renewable Energy verticles whose current turnover is ₹ 84 crore in Agri (on a capital employed of ₹ 31.36 crore),Bakery ₹ 5.89 crore (on a capital employed of ₹ 10.75 crore) and Renewable energy ₹ 2.57 crore (on a capital employed of ₹ 15.88 crore)

The last 3 financial year's revenue of the Agri & Bakery Division are given below:





Renewable Energy Business Vertical:

₹ 257 Lakh Revenue	₹ 1,588 Lakh Capital Employed

Way Forward:

Strong rains in the beginning of the current year, have eased concerns of a lower output in the region. Hence progress of monsoon in India has improved compared to the predictions, bettering prospects for agriculture and putting the economy on a stronger footing. Needless to say this will improve the availability of fodder and supply of milk from dairy farmers.

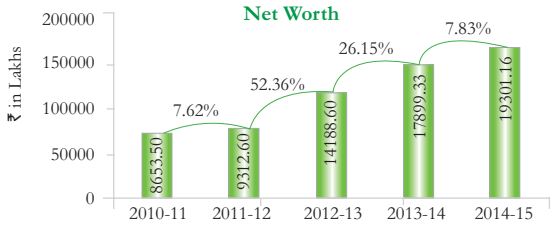
In the Dairy space, Heritage Foods is looking for incremental growth in newer markets like Mumbai and Delhi. The required backend operations from collecting milk from dairy farmers, moving it to chilling plant, and from there to processing plants, have already been set up. On the Retail side, EBITDA profits were made in 4th Quarter of Financial Year 2014-15. Efforts will be on to improve the trend by adding more space to arrive at profits at PAT level.

Discussion on Financial and Operational performances

Your Company has created significant wealth for its shareholders as it continues to maintain its growth momentum to become a nationally recognized brand for healthy and fresh products. Given below is the Company's performance for the last five years in various parameters.

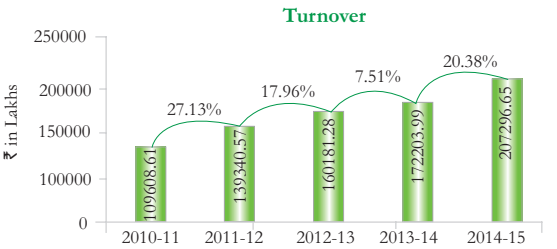
Net worth Trend:

The Net worth has shown a steady and constant ascent from ₹ 8653.50 lakhs to ₹ 19301.16 lakhs in the last five years



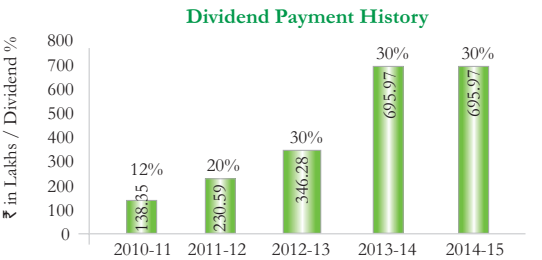
Revenue Trend

The focused approach helped the Company to deliver an industry leading performance with a revenue growth of 20.38% in FY2014-15.



Dividend Payment History

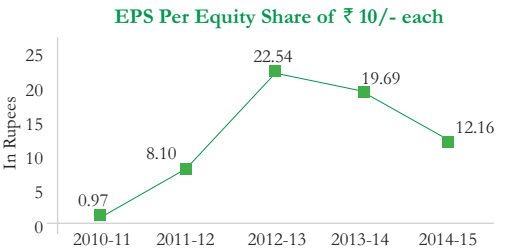
The Dividend (including dividend tax) and the payout ratio computed on consolidated profits have remained high. The dividend appropriated has increased steadily from 12% in FY11 to 30% in FY15 with post issue of bonus shares.



- The Board of Director issues/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 issues/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, 2015.

Overview of Standalone Financial Results

Particulars	2014 - 15		2013 - 14		FY 14-15 Vs 13-14
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Net Sales	**203348.13**	**98.10**	169506.35	98.43	19.96
Other operating income	**3948.52**	**1.90**	2697.64	1.57	46.37
Total Revenue	**207296.65**	**100.00**	172203.99	100.00	20.38
Less: Total Expenditure	**199093.36**	**96.04**	162705.85	94.48	22.36
Add: Other Income	**702.66**	**0.34**	495.40	0.29	41.84
Profit before Interest, Depreciation and Tax	**8905.95**	**4.30**	9993.54	5.80	(10.88)
Less: Finance costs	**1593.01**	**0.77**	1322.12	0.77	20.49
Depreciation & Amortisation	**3399.03**	**1.64**	2500.23	1.45	35.95
Profit / (Loss) before tax	**3913.91**	**1.89**	6171.20	3.58	(36.58)
Less: Extraordinary items	**-**	**-**	50.00	0.03	-
	3913.91	**1.89**	6121.20	3.55	(36.06)
Less: Provision for current taxation (Incl. tax.earlier yrs)	**1168.91**	**0.56**	1290.59	0.75	(9.43)
Less: Provision for deferred taxation	**(76.02)**	**(0.04)**	299.38	0.17	(125.39)
Profit / (Loss) after tax	**2821.02**	**1.36**	4531.23	2.63	(37.74)

Standalone Segment results:

Particulars	2014 - 15		2013 - 14		FY 14-15 Vs 13-14
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
1. Total Revenue					
a. Dairy	**155585.71**		132819.16		17.14
b. Retail	**49397.00**		37792.55		30.71
c. Agri	**8400.16**		6783.33		23.84
d. Bakery	**588.92**		366.27		60.79
e. Renewable Energy	**257.04**		77.35		232.30
Total Revenue	**214228.83**		177838.66		20.46
2. Inter-segment Revenue					
a. Dairy	**2231.27**		1681.15		32.72
b. Retail	**168.26**		230.19		(26.90)
c. Agri	**4068.17**		3542.38		14.84
d. Bakery	**217.56**		103.60		110.00
e. Renewable Energy	**246.92**		77.35		219.22
Total Inter-segment Revenue	**6932.18**		5634.67		23.03

Particulars	2014 - 15		2013 - 14		FY 14-15 Vs 13-14
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
3. External Revenue					
(Incl other operating income)					
a. Dairy	**153354.44**		131138.01		16.94
b. Retail	**49228.74**		37562.36		31.06
c. Agri	**4331.99**		3240.95		33.66
d. Bakery	**371.37**		262.67		41.38
e. Renewable Energy	**10.12**		-		-
Net Sales / Income from Operations	**207296.65**	**-**	172203.99	**-**	20.38
4. Segment Results					
(Profit (+) / (Loss) (-) before tax and finance costs)					
a. Dairy	**6717.47**	**4.38**	9869.19	7.53	(31.93)
b. Retail	**(1107.36)**	**(2.25)**	(1992.16)	(5.30)	(44.41)
c. Agri	**(125.47)**	**(2.90)**	(298.70)	(9.22)	(57.99)
d. Bakery	**(84.46)**	**(22.74)**	(102.13)	(38.88)	(17.30)
e. Renewable Energy	**70.53**	**696.92**	(11.54)	-	(711.00)
Total Segment Results	**5470.71**	**2.64**	7464.65	4.33	(26.71)
Less: I. Finance Cost	**1593.01**	**0.77**	1322.12	0.77	20.49
ii. Interest income	**37.41**	**0.02**	43.70	0.03	(14.40)
Add: iii. Other un-allocable Income / (expenditure)	**(1.20)**	**-**	(15.03)	(0.01)	(91.99)
Total Profit before Tax and extra-ordinary items	**3913.91**	**1.89**	6171.20	3.58	(36.58)
Less: Extra-ordinary items	**-**	**-**	50.00	0.03	(100.00)
Total Profit before Tax after extra-ordinary items	**3913.91**	**1.89**	6121.20	3.55	(36.06)

CASH FLOW ANALYSIS

Cash inflows

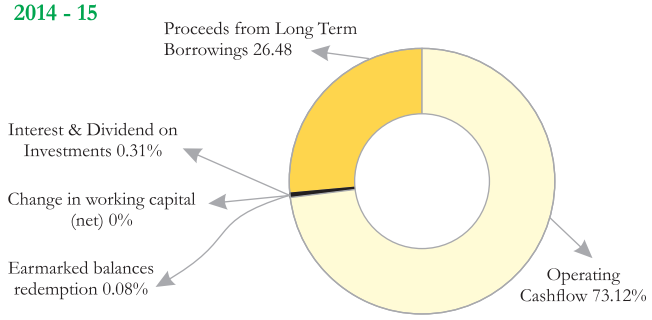
Particulars	2014-15		2013-14	
	₹ In Lakhs	%	₹ In Lakhs	%
Operating Cashflow	**8696.44**	**73.12**	9817.05	73.81
Change in working capital (net)	**-**	**-**	2080.49	15.64
Interest & Dividend on Investments	**37.45**	**0.31**	43.84	0.33
Earmarked balances redemption	**9.94**	**0.08**	65.19	0.49
Proceeds from Long Term Borrowings	**3150.00**	**26.48**	1294.75	9.73
Total	**11893.83**	**100.00**	13301.32	100.00

Cash Outflows

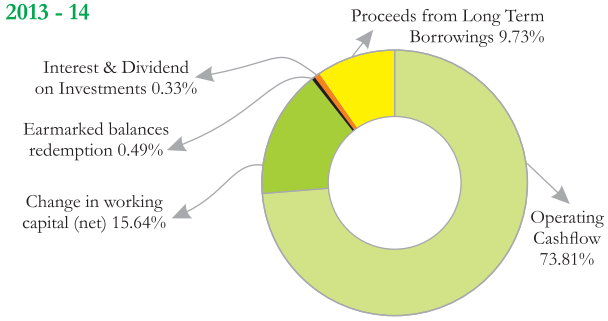
Particulars	2014-15		2013-14	
	₹ In Lakhs	%	₹ In Lakhs	%
Repayment of Long Term Borrowings	**1411.63**	**11.51**	2837.83	23.46
Change in Working capital (net)	**2708.40**	**22.08**	-	-
Taxes paid	**979.06**	**7.98**	1308.64	10.82
Capital Expenditure	**4794.90**	**39.08**	6275.02	51.89
Net Investments	**0.25**	**-**	1.31	0.01
Unclaimed Dividend	**10.72**	**0.09**	5.12	0.04
Extra-ordinary items	**-**	**-**	50.00	0.41
Interest Paid	**1549.73**	**12.63**	1210.84	10.01
Dividend Paid	**814.25**	**6.64**	405.13	3.35
Total	**12268.93**	**100.00**	12093.89	100.00
Net increase /(decrease) in cash and cash equivalents	**(375.10)**		1207.43	
Add: Cash and Cash equivalents at the beginning of the year	**4368.80**		3161.37	
Cash and Cash equivalents at the end of the year	**3993.70**		4368.80	

Cash Inflow

2014 - 15

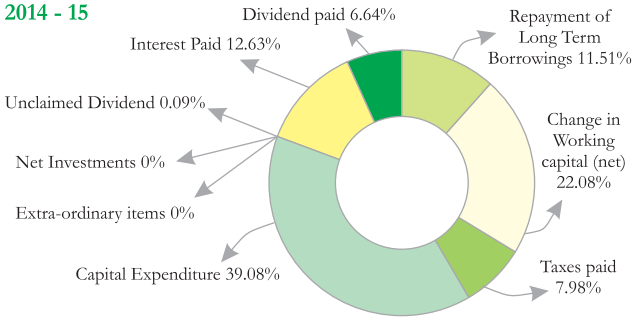


2013 - 14

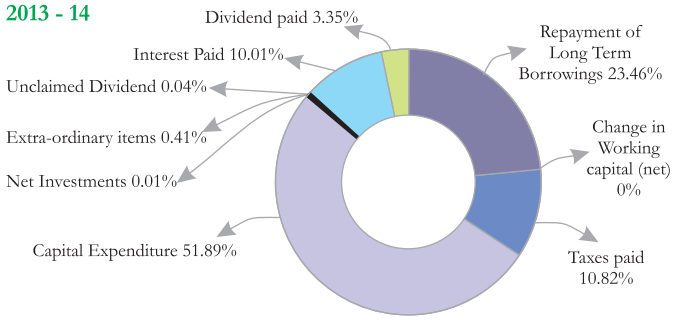


Cash Outflow

2014 - 15



2013 - 14



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 an integral part of values, ethics and the best business practices followed by your Company. Your Company's corporate governance framework has helped to be aligned with the new guidelines of the Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time. Your Company believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At the Company, the Board of Directors ('the Board') is at the core of your corporate governance practice. The Board thus oversees the Management's ('the Management') functions and protects the long-term interests of the 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 believe that Board independence is essential to bring objectivity and transparency in the management and in the dealings of your Company. As on March 31, 2015, the Board consists of 9 members out of which three members are independent directors.

ETHICS/GOVERNANCE POLICIES

Your Company strive 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 the 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 Report
- Remuneration policy for Directors, Key Managerial Personnel and other employees
- Board Evaluation Framework
- Policy for determining Material Subsidiaries
- Anti Sexual Harassment Policy
- Risk Management 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, 1956 / Companies Act, 2013. The Chairperson and 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 & Whole Time 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, 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.

B. BOARD OF DIRECTORS

Size and composition of the Board

The current 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, 2015, the Board consists of 9 members, three (3) of whom are Non-Executive Independent Directors, three (3) are Non-Executive Directors and three (3) are Executive/ Whole-time Directors. The Board periodically evaluates the need for change in its composition and size.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement, across all the Companies in which he/she is a Director. The Directors have made the necessary disclosures regarding Committee positions during the period under review.

Composition of the Board and Directorship held as on 31st March, 2015

Name	No. of other Directorships# (Including Heritage Foods)	Committee memberships $ (Including Heritage Foods)	
		Member	Chair-man
Non-Executive Independent Director			
Sri D Seetharamaiah	5	2	1
Sri N Sri Vishnu Raju	4	3	-
Dr A Appa Rao*	2	2	-
Dr N R Siva Swamy@	2	2	-
Sri M Siva Rama Vara Prasad&	5	1	-
Non-Executive Director			
Dr V Nagaraja Naidu	2	1	1
Sri N P Ramakrishna	1	-	-
Sri N Lokesh	4	1	-
Whole-Time Director			
Smt N Bhuvaneswari	5	1	-
Smt N Brahmani	3	-	-
Sri K Durga Prasada Rao^	1	-	-

* Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

@ Dr N R Siva Swamy Resigned from the Board w.e.f. 16th July, 2014.

& Sri M Siva Rama Vara Prasad appointed as an Director on 30th July 2014.

^ Sri K Durga Prasada Rao has been appointed as an Additional Director and reappointed as whole-time Director of the Company on 1st August 2014.

The directorships held by directors as mentioned above, do not include directorships in Private Companies & Section 8 Companies

$ In accordance with Clause 49 of the Listing Agreement, 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.

Meetings of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made there under, the independent directors of your Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings. 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.

Your 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 Director.

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.

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 a fixed component and a variable component. The Compensation of the executive directors is approved by the Nomination and Remuneration Committee, and placed before the shareholders at the shareholders' meeting.

The compensation payable to the independent directors is limited to sitting fees for attending the Board & Committee meeting(s), only as approved by the Board & shareholders, as per the provisions of the Companies Act, 2013. 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 year are decided in advance and published as part of the Annual Report. The Non-executive Chairman 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. Independent directors are expected to attend at least four Board meetings in a year. Five Board meetings were held during the year ended March 31, 2015. These were held on 23rd May 2014, 30th July 2014, 20th October 2014, 30th January 2015 and 25th March 2015.

Attendance of Directors during FY 2014-15 & Last Annual General Meeting is as under:

Name	No of Meetings		Attend-ance at last AGM
	Held	Attended	
Non-Executive Independent Director			
Sri D Seetharamaiah	5	5	Yes
Sri N Sri Vishnu Raju	5	5	Yes
Dr A Appa Rao@	5	0	No
Dr N R Siva Swamy*	5	1	No
Sri M Siva Rama Vara Prasad#	5	3	Yes
Non-Executive Director			
Dr V Nagaraja Naidu	5	4	Yes
Sri N P Ramakrishna	5	5	Yes
Sri N Lokesh	5	4	Yes
Whole-Time Director			
Smt N Bhuvaneswari	5	5	Yes
Smt N Brahmani	5	4	Yes
Sri K Durga Prasada Rao	5	3	Yes

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

* Dr N R Siva Swamy has resigned from the Board w.e.f. 16th July 2014

\# Sri M Siva Rama Vara Prasad has been appointed as Director on 30th July 2014.

Availability of Information to Board Members

The Board has unrestricted access to all Company-related information. 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 Reports division wise
- Minutes of meetings of Audit, Nomination and Remuneration, Risk and Strategy, Stakeholders Relationship and Corporate Social Responsibility Committees, and abstracts of Circular Resolutions passed
- 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
- Dividend data
- 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
- Materially important litigations, show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution

- 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, acquisitions of companies, or collaboration agreements
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property (IP)
- Any significant development involving human resource management
- Sale of a material nature, or of investments, subsidiaries and assets, which are not part of the normal course of business
- Details of foreign exchange exposure and the steps taken by the Management to limit 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

C. BOARD COMMITTEES

As on 31st March, 2015, 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 meetings is either two members or one-third of the members of the committee, whichever is higher.

i. Audit Committee

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of the Audit Committee possess financial accounting expertise/exposure.

Composition of the Committee as on 31st March, 2015:

Name	Designation
Sri D Seetharamaiah	Chairperson
Dr V Nagaraja Naidu	Member
Sri N Sri Vishnu Raju	Member
Dr A Appa Rao@	Member
Dr N R Siva Swamy*	Member
Sri Siva Rama Vara Prasad#	Member
Sri N Lokesh	Member

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.
* Dr N R Siva Swamy has resigned from the Board w.e.f 16th July, 2014
\# Sri M Siva Rama Vara Prasad appointed as Director on 30th July 2014.

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 must be taken by the committee to ensure the objectivity and independence of the statutory auditors.

Audit Committee Attendance

Five meeting of Audit Committee were held during the financial year 2014-15, i.e. 23rd May, 2014, 30th July 2014, 20th October 2014, 30th January 2015 and 25th March 2015. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Sri D Seetharamaiah	5	5
Dr V Nagaraja Naidu	5	4
Sri N Sri Vishnu Raju	5	5
Dr A Appa Rao@	5	0
Dr N R Siva Swamy*	5	1
Sri M Siva Rama Vara Prasad*	5	3
Sri N Lokesh	5	4

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.
* Dr N R Siva Swamy has resigned from the Board w.e.f. 16th July, 2014
\# Sri M Siva Rama Vara Prasad appointed as Director on 30th July 2014.

The terms of reference, Powers, Roles & responsibilities of the Audit Committee are as stated in Clause 49 of the Listing Agreement and Section 177 of the Companies Act. 2013 and the rules made thereof as amended from time to time.

Dr M Sambasiva Rao, President, Sri A Prabhakar Naidu Chief Financial Officer, Statutory Auditor and Lead Internal Auditor of the Company are permanent invitees to the Committee Meeting, Sri 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 Clause 49 of the Listing Agreement as amended from time to time.

Composition of the Committee as on 31st March, 2015:

Name	Designation
Sri N Sri Vishnu Raju	Chairperson
Sri D Seetharamaiah	Member
Sri N Lokesh	Member
Dr A Appa Rao@	Member
Dr N R Siva Swamy*	Member
Sri Siva Rama Vara Prasad#	Member

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.
* Dr N R Siva Swamy has resigned from the Board w.e.f 16th July, 2014
\# Sri M Siva Rama Vara Prasad appointed as Director on 30th July, 2014.

The committee is to oversee the nomination process for the top-level management and the remuneration structure. The committee identifies screens and reviews individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by the Board and recommends for approval by the Board nominees for election at the AGM.

The committee will review and discuss all matters pertaining to candidates and will 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. It also reviews the performance of all the executive directors on a yearly basis or at such intervals as may be necessary on the basis of the detailed performance parameters set for each executive director at the beginning of the year. 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 2014-15 on 30th July 2014. The attendance details of the Committee Meeting are as follows:

Name	No. of Meetings	
	Held	Attended
Sri N Sri Vishnu Raju	1	1
Sri D Seetharamaiah	1	1
Sri N Lokesh	1	1
Dr A Appa Rao@	1	-
Dr N R Siva Swamy*	1	-
Sri M Siva Rama Vara Prasad#	1	-

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

* Dr N R Siva Swamy has resigned from the Board w.e.f 16th July, 2014

Sri M Siva Rama Vara Prasad appointed as Director w.e.f 30th July, 2014.

Smt N Brahmani, Executive Director, Dr M Sambasiva Rao, President of the Company are permanent invitees to the Committee Meeting, Sri Umakanta Barik Company Secretary is the Secretary to the Committee.

Details of remunerations paid/payable to directors for the year ended 31st March, 2015 is as follows:

(In Rupees)

Name	Sitting Fees	Remuneration	Perquisites/Perks	Commission	Total
Non-Executive Independent Directors					
Sri D Seetharamaiah	2,75,000	0.00	0.00	0.00	**2,75,000**
Sri N Sri Vishnu Raju	2,55,000	0.00	0.00	0.00	**2,55,000**
Dr A Appa Rao@	0.00	0.00	0.00	0.00	**0.00**
Sri M Siva Rama Vara Prasad*	1,40,000	0.00	0.00	0.00	**1,40,000**
Dr N R Siva Swamy#	15,000	0.00	0.00	0.00	**15,000**
Non-Executive Directors					
Dr V Nagaraja Naidu	1,40,000	0.00	0.00	0.00	**1,40,000**
Sri N P Ramakrishna	80,000	0.00	0.00	0.00	**80,000**
Sri N Lokesh	1,50,000	0.00	0.00	0.00	**1,50,000**
Whole-Time Directors					
Smt N Bhuvaneswari	0.00	1,20,00,000	10,68,000	88,77,000	**2,19,45,000**
Smt N Brahmani	0.00	60,00,000	6,95,000	1,08,61,000	**1,75,56,000**
Sri K Durga Prasada Rao$	0.00	24,00,000	0.00	0.00	**24,00,000**

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

* Sri M Siva Rama Vara Prasad appointed as Director w.e.f 30th July, 2014.

Dr N R Siva Swamy has resigned from the Board on 16th July, 2014

$ Sri K Durga Prasada Rao has appointed as an Additional Director and reappointed as whole-time Director of the Company on 1st August 2014.

The Company has not granted any stock option to any of its directors. Sri N Lokesh, Dr V Nagaraja Naidu and Sri N P Ramakrishna, Non Executive Directors of the Company are holding 23,66,400, 58,000 and 1,00,000 equity shares of the Company as on 31st March, 2015 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 Clause 49 of the Listing Agreement 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, 2015:

Name	Designation
Dr V Nagaraja Naidu	Chairperson
Sri D Seetharamaiah	Member
Smt N Bhuvaneswari	Member
Dr A Appa Rao@	Member
Sri N Sri Vishnu Raju	Member

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

The terms of reference of the Stakeholders Relationship Committee includes 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 2014-15. These were held on 21st April 2014, 30th July 2014, 20th October 2014 and 30th January, 2015. 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
Sri D Seetharamaiah	4	4
Smt N Bhuvaneswari	4	4
Dr A Appa Rao@	4	3
Sri N Sri Vishnu Raju	4	3

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

Sri Umakanta Barik, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

The details of Complaints resolved during the financial year ended 31st March 2015 are as follows:

Number of Complaint/ request Received- 12

umber of Complaint/ request Resolved- 12

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 (CSR) Committee

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 Board has also empowered the Committee to look into matters related to sustainability and overall governance.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof and Clause 49 of the Listing Agreement with Stock Exchange as amended from time to time.

Composition of the Committee as on 31st March, 2015:

Name	Designation
Sri D Seetharamaiah	Chairperson
Smt N Bhuvaneswari	Member
Sri N Sri Vishnu Raju	Member

The committee will be overseeing the activities / functioning of M/s. NTR Memorial Trust, Hyderabad, being an external agency for implementation of the CSR activities of the Company and identifying the areas of CSR activities, programs and execution of initiatives as per pre-defined guidelines/policy.

Two CSR Committee meetings were held during the financial year 2014-15. These were held on 21st April 2014 and 05th January 2015. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Sri D Seetharamaiah	2	2
Smt N Bhuvaneswari	2	2
Sri N Sri Vishnu Raju	2	1

Smt N Brahmani, Executive Director, Dr M Sambasiva Rao, President and Sri A Prabhakar Naidu Chief Financial Officer of the Company are permanent invitees to the Committee Meeting, Sri Umakanta Barik Company Secretary is the Secretary to the Committee.

v. Risk Management Committee

The Risk Management Committee (RM Committee) was constituted by the Board at their meeting held on 20th October, 2014 adhering to the requirements of the Companies Act, 2013 and rules made thereof and Clause 49 of the Listing Agreement as amended form time to time. 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.

Composition of the Committee as on 31st March, 2015:

Name	Designation
Sri M Siva Rama Vara Prasad	Chairperson
Sri D Seetharamaiah	Member
Smt N Bhuvaneswari	Member
Sri N Sri Vishnu Raju	Member
Sri K Durga Prasada Rao	Member

One Risk Management committee meeting was held during the financial year 2014-15 on 05th January, 2015. The attendance details of the committee meetings are as follows:

Risk Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Sri M Siva Rama Vara Prasad	1	0
Sri D Seetharamaiah	1	1
Smt N Bhuvaneswari	1	1
Sri N Sri Vishnu Raju	1	1
Sri K Durga Prasada Rao	1	1

Smt N Brahmani, Executive Director, Dr M Sambasiva Rao, President and Sri A Prabhakar Naidu Chief Financial Officer of the Company are permanent invites to the Committee Meeting, Sri 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 routine but urgent in nature without having to wait for the next Board Meeting.

Composition of the Committee as on 31st March, 2015:

Name	Designation
Sri D Seetharamaiah	Chairperson
Dr A Appa Rao@	Member
Smt N Bhuvaneswari	Member
Sri N Lokesh	Member
Sri N Sri Vishnu Raju	Member

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

Seven Management Committee meetings were held during the financial year 2014-15. These were held on 21st April 2014, 16th June 2014, 18th August 2014, 22nd September 2014, 21st November 2014, 15th December 2014 and 16th February 2015. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Sri D Seetharamaiah	7	6
Dr A Appa Rao@	7	0
Smt N Bhuvaneswari	7	7
Sri N Lokesh	7	5
Sri N Sri Vishnu Raju	7	5

@ Dr A Appa Rao, Passed away on 30th April, 2014 & Ceased to be Director from the Board & Committees w.e.f. 30th April, 2014.

Smt N Brahmani, Executive Director, Dr M Sambasiva Rao, President and Sri A Prabhakar Naidu Chief Financial Officer of the Company are permanent invitees to the Committee Meeting, Sri Umakanta Barik Company Secretary is the Secretary to the Committee.

D. 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 (formerly NISIET), Yousufguda, Hyderabad-45. Details of date & time are as follows:

Financial year ended	Date and time	Venue	Special resolution passed
31st March, 2014	26th September 2014, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad-45	• Appointment of Sri 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.
31st March, 2013	17th July 2013, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad-45	• To change the Articles of Associations with regards to increase Authorized Share Capital of the Company • To add new-Sub clauses in the Articles of Association of the Company. • Change of name of the Company to "Heritage Foods Limited"

Financial year ended	Date and time	Venue	Special resolution passed
31st March, 2012	29th September 2012, at 11 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises (formerly NISIET), Yousufguda, Hyderabad-45	- NIL -

Postal ballot

During the financial year 2014-15, the Company passed the following special resolutions by postal ballot:

Special Resolutions	Votes cast in favour		Votes cast against	%	
	No. of votes	%	No. of votes		Date of declaration of results
limits of borrowing under Section 180(1) (c) of the Companies Act, 2013	1,34,00,029	99.99	1,662	0.01	10th September 2014
Mortgage/Creation of Charges/ Hypothecation etc., of the Properties of the Company under Section 180(1) (c) of the Companies Act, 2013	1,34,06,476	99.99	1,901	0.01	10th September 2014

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above, vide postal ballot.

Mrs Savita Jyothi, Practicing Company Secretary was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for postal ballot

In compliance with Clause 35B of the Listing Agreement 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.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits her report to the Chairperson of the Company, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairperson. The results are published in the newspapers and also displayed on the website of the Company, i.e., www.heritagefoods.in, besides being communicated to the stock exchanges, registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

E. DISCLOSURES

Disclosures regarding the appointment or re-appointment of directors:

The Companies Act, 2013 provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) 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 either 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. 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 of Clause 49 of the Listing Agreement as amended from time to time entered into with the Stock Exchanges.

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 of Clause 49

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

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

F. Means of Communication

Quarterly Results: The Quarterly/Half yearly/Annual Financial Results are published in the English and Regional Language. 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 and intimated to the Stock Exchanges and where shares of the Company are listed.

Website: The Company's website i.e., www.heritagefoods.in contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of Clause 47 of the Listing Agreement.

Annual Report: The Annual Report containing inter-alia Audited Annual Accounts (Standalone & Consolidated), Financial Statements (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.

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 NSE 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

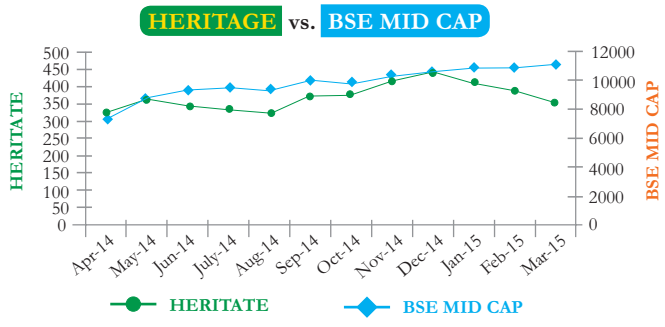
Company Identification No. (CIN)	L15209TG1992PLC014332
Annual General Meeting - Date and Time	Thursday, 24th September, 2015 at 10.30 am
Venue	Auditorium Hall, 2nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises (Formerly NISEIT), Yousufguda, Hyderabad-45, Telangana
Financial Year	1st April to 31st March
Financial Calendar (tentative) Results for the quarter ending	June 30, 2015 – Last week of July, 2015 September 30, 2015 – Last week of October, 2015 December 31, 2015 - Last week of January, 2016 March 31, 2016 - Last week of May, 2016 Annual General Meeting - September, 2016
Date of Book Closure	Thursday 17-09-2015 to Thursday 24-09-2015 (both days inclusive)
Dividend payment date	29th September, 2015 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 2015-16 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 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

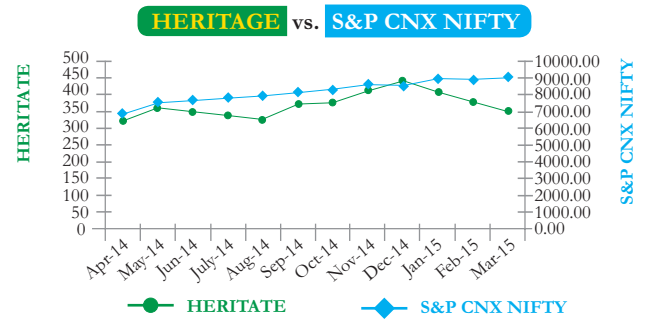
Market Price Data:

Closing High/Low Share Price during each month of the financial year 2014-15

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2014	329.00	202.10	324.00	202.10
May, 2014	364.05	278.20	364.00	279.00
June, 2014	348.75	295.65	347.55	294.70
July, 2014	337.95	283.00	337.85	285.00
August, 2014	324.90	261.30	324.00	261.55
September, 2014	376.00	312.00	375.00	314.00
October, 2014	379.00	306.00	377.70	306.05
November, 2014	414.20	314.00	414.55	313.60
December, 2014	442.40	357.95	442.20	358.10
January, 2015	409.90	372.00	410.75	369.30
February, 2015	380.00	336.00	386.00	330.10
March, 2015	353.90	295.10	353.40	297.10

Performance in comparison to broad based indices –BSE MID CAP & NSE NIFTY

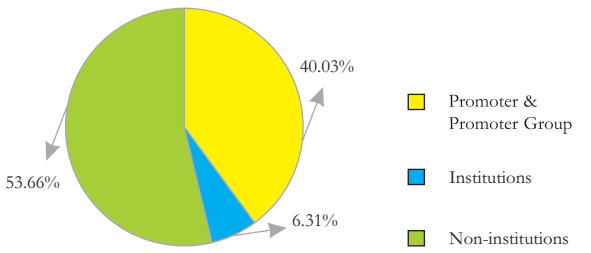




Distribution of Shareholding as on 31st March, 2015

Category Code	Category of Shareholder	Number of Shareholders	Total number of Shares	As a percentage of (A+ B+C)
(A)	Shareholding of Promoter and Promoter Group	0	**0**	0
1	Indian	15	9285846	40.03
2	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	**15**	**9285846**	**40.03**
(B)	Public Shareholding			
1	Institutions	27	1463124	6.31
2	Non-institutions	13314	12450030	53.66
	Total Public Shareholding	**13341**	**13913154**	**59.97**
(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)		**13356**	**23199000**	**100.00**

Category Wise Shareholding



Shareholding Pattern by Size as on 31st March, 2015

Category (No.of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	11914	1470862	6.34
501 - 1000	718	564827	2.43
1001 - 2000	310	490682	2.12
2001 - 3000	87	226625	0.98
3001 - 4000	66	243608	1.05
4001 - 5000	68	324061	1.40
5001 - 10000	90	704145	3.04
10001 - Above	103	19174190	82.65
TOTAL	**13356**	**23199000**	**100.00**

Total Shares in Demat and Physical form as on 31st March, 2015

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2247	1040138	4.48
2	NSDL	7703	19561319	84.32
3	CDSL	3406	2597543	11.20
	Total	**13356**	**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
(Address changed w.e.f. April 14, 2015)

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 Stakeholders' Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with Stock Exchanges.

Dematerialisation

95.52 % of the Company's paid-up Equity share capital has been dematerialised as on 31st March, 2015. 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.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

NIL

Plant Locations:

Plant Locations are attached to the report.

Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 7,00,965/- (Rupees Seven Lakh Nine Hundred Sixty Five Only) to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time.

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 Clause 49 of the Listing Agreement. Vice Chairperson & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the Chairman and Managing Director and the Chief Financial Officer is form part of the Annual Report.

Secretarial Audit

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and physical share with the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

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 Jyothi, Practicing Company Secretary (C.P. No. 1796), to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2015, is form 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 Clause 49 of the Listing Agreement 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

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
(Address changed w.e.f. April 14, 2015)

Any query on the Annual Report

Sri Umakanta Barik
Company Secretary
Heritage Foods Limited, #6-3-541/C, Panjagutta,
Hyderabad-500 082 Telanagana, India
e-mail: umakanta@heritagefoods.in

Code of Conduct

In compliance with Clause 49 of the Listing Agreement as amended from time to time 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 2014-15.

N Bhuvaneswari
Vice Chairperson and Managing Director
DIN: 00003741

Hyderabad
22nd July, 2015

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. **Nandigama**
   Krishna Dist
9. **Podalakuru**
   Thoderu (V), Podalkuru (M), S.P.R Nellore Dist
10. **Poosapatirega**
    Poosapatirega, Vijayanagaram Dist
11. **Rapthadu**
    Near Pangal Road, Rapthadu (V) & (M), Ananthapur Dist
12. **Ravikamatam**
    Ravikamatam, Visakahapatnam
13. **Satyawada**
    Undrajavaram (M), West Godavari Dist
14. **Veeravalli**
    Bapulapadu (M), Krishna Dist
15. **Velvadam**
    Mylavaram (M), Krishna Dist
16. **Vinukonda**
    Vinukonda (V), Guntur Dist

Bulk Coolers

1. **Aryavatam**
   Aryavatam (V), Kajulluru (M), East Godavari Dist
2. **Atchutapuram**
   Chodapalli (V), Atchutapuram (M), Visakhapatnam dist
3. **Avanigadda**
   Avanigadda, Krishna Dist
4. **Banaganapalli**
   Yagantipalli vilalge, Banaganapllii (M), Kurnool Disrict
5. **Bikkavolu**
   Bikkavolu, East Godavari Dist
6. **Bondapally**
   Bondapalli, (V) & (M), Vijayanagaram Dist
7. **Chinnagumaluru**
   Kotauratla (M), Visakhapatnam Dist
8. **Dhammapeta**
   Dhammapeta (V), Khammam Dist
9. **Dimili**
   Rambilli (M), Vizag Dist
10. **Dubacherala/Nachugunta**
    Nachugunta (V) Ungutur , (M) West Godvari District
11. **Duttaluru**
    Duttaluru, Nellore Dist
12. **Dwarapudi**
    Dwarapudi (V), Mandapet (M) East Godavari Dist
13. **Gara**
    Gara, Srikakulam Dist
14. **Garividi**
    Garividi, Vijayanagaram, Dist
15. **Giddaluru**
    Modempalli (V), Giddaluru (M), Prakasam Dist
16. **Gokivada**
    Rambilli (M), Visakhapatnam Dist
17. **Jaladanki**
    Jaladanki (V) & (M), SPSR Nellore dist
18. **Kaluvoya**
    Kaluvoya (V) & (M), SPSR Nellore Dist
19. **Kanaganapalli**
    Survey No.286/3A, Kanaganapalli (V) & (M), Ananthapur Dist
20. **Kasibugga**
    Anthapuram (V), Palasa (M), Srikakulam Dist
21. **Kodapuram**
    Gudavaluru Pancayati, SPSR Nellore Dist
22. **Korukonda**
    Korukonda (V), East Godavari Dist
23. **Krishnapuram**
    Krishnapuram(V), Chillakuru (M), SPSR Nellore Dist
24. **Laveru**
    Laveru (M)am, Srikakulam Dist
25. **Modavalasa**
    Denkada (M), Vijayanagaram Dist.
26. **Nimmada**
    Kotabomali, Srikakulam Dist,
27. **P. Gannavarm**
    East Godvari Dist
28. **Palakonda**
    Tumarada, Rtamadatapalli, Srikakulam Dist
29. **Pathapatnam**
    Pathapatnam (V), Srikakulam Dist
30. **Ponduru**
    Ponuru, Srikakulam Dist
31. **Porumamilla**
    Kammavaripalli (V), Porumamilla (M) Kadapa Dist
32. **Ragolu**
    Srikakulam Dist
33. **Samarlakota**
    E-1 Industrial Estate, East Godavari Dist

34. **Santhamaguluru**
Puttavripalem (V),
Santhamagulru (M) Prakasam Dist
35. **Sattenapalli**
C/o. Sapthagiri Dall Mill, Industrial park,
Guntur - Dist
36. **Seethanagaram**
East Godavari Dist
37. **Sompeta**
Mogalakuttur Street,
Sompeta (V) & (M), Srikakulam Dist
38. **Srikalahasthi**
Peddakannali (V) Chittoor District
39. **T. Narasapuram**
West Godvari District
40. **Tekkali**
Thamaram Road, Srikakulam Dist
41. **Venkannapalem**
Chodavaram (M), Visakhapatnam Dist
42. **Venkatagiri**
Anjayepuram (V), Enagaluru post,
Srikalahasti (M), Chittoor Dist

Ice Plant

1. **Amalapuram**
Batinavalli, Amalapuram,
East Godavari Dist

Sales Offices

1. **Vishakhapatnam**
D. No. 50-48-15/2, 3rd Floor P&T colony,
Near Gurudwara Junction, Visakhapatnam
2. **Rajahmundry**
Yendagandi (V), K. Gangavaram (M),
East Godavari Dist
3. **Bobbili**
Plot No.248&249, Growth Centre,
Bobbili, Vizianagaram Dist.,
4. **Vijayawada**
Plot No 188, C-6, New Auto Nagar,
Enikapadu, Vijayawada, Krishna Dist
5. **Tirupathi**
D. No. 19-12-154, Rayalacheruvu road,
Baragaipatteda Turapati, Chitoor Dist
6. **Chittoor**
Sundararaja Puram, E.R Palli Post,
Chittoor - Puttoor Road, Chittoor
7. **Tanuku**
Door No. 4-252, Ground Floor,
Subhodaya Apartment,
Chivitm Tanuku, West Godavari Dist

Regional Offices of Procurement Dept.

1. **Ongole**
D.No: 5-400/1, Raavianjaneyulu road,
Venkateswara Nagar, 2nd Lane,
Ongole, Prakasam Dist
2. **Vizag**
D No: 50-48-15/2, 3rd Floor,
P&T Colony, Near Gurudwara junction,
Seethammadhara, Vizag Dist
3. **Vijayawada**
D No: 54-20-6, Kanaka Durga
Gazetted Officers Colony, Street No:1,
Ring Road, Vijayawada, Krishna Dist
4. **Tirupati**
D.No 19-12-154, Arch Road,
Byragipatteda, Tirupati, Chittoor 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

KARNATAKA

Packing Station

1. **Bengaluru**
Yadavanhalli (V) Bengaluru South

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

MAHARASTRA

Packing Station

1. **Sangvi**
Milakt No. 892. AT/Post - Sangavi,
Phaltan taluka, Satara District

Chilling Centers

1. **Karmala**
Khadkewadi, Tal, Karmala, Solapur Dist
2. **Temburni**
Gat No. 178/1A, At Post- Venegaon
(Temburni) Tal- Madha, Solapur Dist

Bulk Coolers

1. **Jamb**
Jamb, Kuravali Post,
Indapur Taluka, Pune Dist
2. **Nirgudi**
Phaltan (T), Satara Dist
3. **Rajale**
Milk at No 808, A/P - Rajale,
(T) Phaltan, Dist, Satara Dist
4. **Sakharwadi**
Sakharwadi, Phaltan (T), Satara Dist
5. **Taradgon**
Taradgon (kusur) Phaltan taluka,
Satara Dist

Sales Offices

1. **Mumbai**
Shop No. 1&2, Mangalamurthi Apt,
Plot No.17, Sector 30,
Opp Sanpada Railway Station,
Sanpada, Vashi, Navi Mumbai

RAJASTHAN

Chilling Centers

1. **Sikhar**
Major Colony, NH No. 11,
Sablapura Link Road, Sikhar Dist

Ice Plant

1. **Bansur**
Kotaputali Road, Bansur, 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.

Mini Chilling Centers

1. **Berigai**
Berigai (V) Post, Krishnagiri Dist
2. **Devarajapalyam**
Devarajapalym (V), Molayanur Post
Papireddipatti Tq. Dharmapuri Dist
3. **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 Post,
Polur Chatpattu Road,
Polur (T), T.V Malai Dist
5. **P. Veluru**
KK Thottam, Pramthi Velur Post
Namakkal Dist
6. **Sempatty**
Sevugmpatti (V) & (Post)
Chellapatty privu, Sempatty to Batlagundu
National Highway, Dindigul Dist
7. **Vepanapalli**
Thalipalli (V), Krishnagiri Dist

Sales Offices

1. **Vadamadurai**
   Moorpatti (V), Vadamadurai Post
   Dindigul Dist
2. **Chennai SO-1**
   Survey No. 16/6 Parivakkam Main Road,
   Seneerkuppam (V),
   Poonamalle, Chennai
3. **Chennai SO-2**
   Plot no. 6 Ganesh Nagar,
   4th street, Adambakam, Chennai
4. **Chennai SO-3**
   No.43 Mari Ammal nager,
   Kanagarai(East) Puzhal, Chennai
5. **Chennai SO-5**
   No.28 , Agasthiyasteet, East Tambaram,
   opp to Gandhi Park Chennai

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. **Mulugu**
   Mulugu, Medak Dist

Bulk Coolers

1. **Alagadapa**
   Miryalaguda (M), Nalgonda Dist
2. **Hanwada**
   Hanwada (V) & (M),
   Mahabubangar to tandur main road,
   Mahabubnagar Dist
3. **Janampet**
   Janampet (V), Addakal, (M),
   Mahabubnagar Dist
4. **Kalwakurthy**
   Kalwakurthy (V) & (M), Subashnagar,
   Mahabubnagar Dist
5. **Kosigi**
   Kosigi (V) & (M),
   Near Balaji Function Hall,
   Tandur to Mahabubnagar Rd
   Mahabubnagar Dist
6. **Narsingi**
   Chegunta (M), Medak Dist
7. **Nawabpet**
   Nawabpet (V) & (M),
   Kondapur road opp saibaba temple,
   Survey no 654, Mahabubnagar Dist
8. **Nidamanuru**
   Nidamanoor (V) & (M),
   Nalgonda Dist
9. **Pitlam**
   Marwadi Raod Pitlam,
   Pitlam (V) & (M), Nizamabad Dist
10. **Siddipet**
    Siddipet (V) & (M) Medak Road
    Opp rural Police Station, Medak Dist
11. **Takrajguda**
    Takrajguda (V), Challampally Panchayat,
    Talakondapally (M), Mahabubnagar Dist
12. **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. **Banswada**
   Tadkole Banswada Nizambad,
   Banswada, Nizamabad Dist
5. **Doultabad**
   Doulthabad (V), Hathnoora (M)
   Mahabubnagar Dist
6. **Ghatkesar**
   Yedulabad Raod, Ghatkesar
   (V) & (M) RR Dist
7. **Gummadidala**
   Gummadidala (V), Jinnaram
   (M), Medak Dist
8. **Jagdevpur**
   Jagadevpur (V) & (M), Medak Dist
9. **Juluru**
   Juluru (V), Pochampally (M),
   Nalgonda Dist
10. **Kamareddy**
    Opp. Renuka funcational hall,
    Kamareddy, Nizmabad Dist
11. **Kandukur**
    Padmanagar colony,
    Kandukru (V) & (M), RR Dist
12. **Kothapet**
    Kothapeta (V), Keshmpet (M),
    Mahbubnagar Dist
13. **Kukunoorpally**
    Kukunoor (V), Kondapak (M) Medak Dist
14. **Manasanapalli**
    Manasanapalli x road,
    Maheswara (M), RR Dist
15. **Mankhal**
    Mankhal (V), Maheswara (M), RR Dist
16. **Masaipeta**
    Opp Canara Bank, Masaipet (V),
    yeldurthy (M), Medak Dist,
17. **Medak**
    Chegunta road, Opp Balaji funcation Hall,
    Medak Dist
18. **Medchal**
    Opp Satya petrol pump,
    Medchal (V) & (M) RR Dist
19. **Meerkhanpet**
    Meerkahanpet, Kandukur (M), RR Dist
20. **Mogaligidda**
    Mogaligidda (V), Farooqnagar (M),
    Mahabubnager Dist
21. **Nandhigama**
    Nadhigama(V), Kothur (M),
    Mahabubnager Dist
22. **Narsapur**
    Narsapur (V) & (M), Medak Dist
23. **Pregnapur**
    Opp: Petrol bunk, Hyderabad,
    Pregnapur (V), Gajwel (M),
    Medak Dist
24. **Pudur**
    Pudur (V), Medchal (M), RR Dist
25. **Shadnagar**
    Chatanapally (V), Farqoonager (M),
    Mahbubnager Dist, Shad Nagar
26. **Thogutta**
    Opp FCI Godown,
    Toguta (V&M), Medak Dist

Sales Offices

1. **Hyderabad SO-1,3 & 6**
   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. **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) Retail Division

RETAIL STORES AT HYDERABAD, TELANGANA STATE

1. **Abids**
   Municipal No.5-9-194/A/1,
   Chirag Ali Lane, Hyderabad
2. **Allwyn Colony**
   Ground Floor,
   House no:2-22-99/A, Survey No.124,
   Adjacent to Enadu Society,
   Kukatpally Village And GHMC Circle,
   Balanagar Mandal , R R Dist
3. **Alwal**
   Premises no.1-5-909, 909/1,
   & 909/2, Father Balaiah Nagar Colony,
   Old Alwal, Alwal Village,
   Malkajgiri Mandal, R.R.District
4. **AS Rao Nagar**
   Yasmai Arcade P.no A-6/1,
   A-6/3, SY no 500, Kapra,
   As Rao Nagar, Hyderabad
5. **Bachupally**
   Ground Floor, Plot no.1
   (Northern & Southern Portion)
   H No.3-1 & 3-1/P, Survey no.20 & 28/1,
   Miyapur Residential Complex,
   HUDA Colony, Hyderabad'
6. **Balapur**
   Ground Floor,
   Municipal No.6-317/3, Plot no.334
   Triveni Nagar, Meerpet Village,
   SaroorNagar Mandal, Ranga Reddy Dist
7. **Banjara Hills**
   8-2-686/k3/1, P.no3, Kimtee
   Banjara Heights, Road12
   Banara Hills Hyderabad
8. **Banjara Hills Road no.14**
   Ground Floor,
   Premises No.8-2-309/3/B/1 & 2
   Road No.14, Banjara Hills, Hyderabad
9. **Bowenpally**
   Ground Floor,
   Plot No.1-10-316, Sy.No.130,
   Bapuji Nagar X Roads, Bowenpally,
   Thokatta Village, Secunderabad
10. **D.D Colony**
    Ashoka Satyam Enclave, P.No 2-2-7/1
    Durgabai Deshmukh Colony
    Hyderabad
11. **Dammaiguda**
    Ground Floor, Plot No.2,3, 10 & 11
    Dammaiguda Main Road,
    Keesara Mandal, Rangar Reddy Dist
12. **Film Nagar**
    Opp To More SuperMarket
    Previously UTI Bank
    Film Nagar, Hyderabad
13. **Gacchi Bowli**
    Plot No.2, Survey No.91,
    Ground Floor,
    Telecom Employees Co-Operative
    Housing Society Ltd,
    Gacchi Bowli, Hyderabad
14. **Gaddiannaram**
    Ground Floor,
    Plot No.10 to 13 & 18 to 20,
    Sy No.317/2,
    Premises No.16-11-740/9, 16-11-740/9/7,
    Gaddiannaram, Hyderabad.
15. **Gandhi Nagar**
    "Siddamsetty's Hima Sai Heights"
    Ground Floor, No.1-1-365/A,
    Jawaharnagar, Bakaram (Gandhi Nagar)
    Hyderabad
16. **Hayath Nagar**
    Plot no.2, Survey No.268, Ward No.4,
    Block No.7, Bagh Hayath Nagar Village,
    Hayath Nagar, Revenue Mandal,
    Ranga Reddy District.
17. **HMT Nagar**
    Plot No A 128, A 129
    Bapuji Nagar Nacharam Road
    Beside Trinetra Super Market, Habsi Guda
18. **JP Nagar**
    Plot No.2, Sy.No.118,Jayaprakash Nagar
    Miyapur Village,Serilingampally Mandal,
    Ranga Reddy District
19. **Jubilee Hills Road No. 36**
    Ground Floor , Plot no.1244,
    Jubilee Hills Colony, Road no.36,
    Banjara Hills Locality, Hyderabad
20. **Karmanghat**
    GHMC No's. 10-1-74/10/1,
    10-1-74/12,13 & 14 Main Road,
    Lingojiguda, Karmanghat, Sagar Road,
    Saroor Nagar, Ranga Reddy District
21. **Kompally**
    Sree Vensai Towers varuna Block
    Shop no.GF2, Sy.No. 128 (P),
    Grampanchayath of Kompally,
    Qutbullapur mandal, R.R.District
22. **Kondapur**
    "Park View" Plot no.5, Sy.No.6,
    Kondapur Village,
    Serilingampally Municipality, R.R.District
23. **Kondapur Camelot**
    Ground Floor, Dr. Raju Center,
    Botanical Garden Road,
    Camelot Lay out, Hyderabad
24. **Madinaguda**
    Rajamma Commercial Complex
    Sy.No.95, 96, Plot no.5,6,7,8
    Madinaguda, Sherilingampally (M)
    Hyderabad
25. **Mahesh Nagar**
    H.No.1-7-43/93, Mahesh Nagar Colony,
    Under Kapra Municipality,
    Keesara Mandal, RR Dist.
26. **Malkajgiri**
    22-1-1/1, Radha Krishna Nagar
    Beside Bank of Maharastra, Malkajigiri
27. **Manikonda**
    Ground Floor, Plot No.202& 209,
    Sri Ram Nagar Colony, (Secretariat
    Colony), Puppalaguda Village, Rajendra
    Nagar Mandal, RR Dist, Hyderabad
28. **Manikonda-2**
    Ground Floor, Old Survey No.332 & 333,
    Town Sry No.5 & 6, Block 'B',
    Ward No.13, Shaikpet Village, Hyderabad
29. **Miyapur**
    Ground Floor, Sry No.44/1,50 & 51,
    Shop No.2/A, 2/B, 2/C & 2/D, Miyapur,
    Serilingampally Mandal, R.R District
30. **Moti Nagar**
    Ground Floor, Plot no.32,
    Sy.No.19 & 20, Babbuguda Village,
    Moosapet Gram Panchayat,
    Kukatpally Municipality, RR Dist
31. **Nagole**
    1 To 6 Survey No 128
    Part and 129/2, Nagole (Village)
    LB Nagar Muncipality, Hyderabad
32. **Nallakunta**
    Ground Floor,
    Sy.No.12 (Old Sy.No.74 & 75)
    Bagh Lingampally, Nallakunta,
    Himayat Nagar Mandal, Hyderabad
33. **Nanakramguda**
    Ground Floor, Sy.No. 142,
    Nanakramguda (v),
    Serilingampally (Mandal),
    R.R. District, Hyderabad
34. **Nizampet Village**
    Ground Floor,
    Shop No.G1/A, G1/B,
    G2, G3/A & G3/B
    Plot No.34,35,36 & 37, Balaji Nagar,
    Nizampet Village, Hyderabad
35. **Padmarao Nagar (New)**
    Ground Floor, Plot No.6-1-289/7,
    Padmarao Nagar, Secunderabad
36. **Pragati Nagar**
    Plot No.159,160,161,178,179 & 180
    Pragati Nagar, Opp: JNTU, Kukatpally,
    Quthbullapur, Hyderabad
37. **Rajeev Nagar**
    Madhura Heights, Ground Floor
    H.No.8-3-167/M/20/6/3/A & B/G-1,
    Rajeev Nagar, Yousufguda,
    Survey No.128/3, Ward No.8,
    Block no.3, Hyderabad
38. **Red Hills**
    11-6-872/1 to 6, 872/A&B, 872/A/1,
    Lakdikapool, Hyderabad
39. **Sainikpuri**
    Ground Floor, Plot No.833,
    Sy.No.218/1, Defence Colony,
    Malkajgiri Circle, R.R.District
40. **Santhosh Nagar**
    Gilbert Plaza, 12-1-210/4, Near 1S-7
    Hyderabad **41.**
41. **Shanti Nagar**
    Ground Floor, Premises No.10-2-289/115,
    Flat no.101,102 & 103, Shanthi Nagar,
    Masab Tank, Hyderabad
42. **Sindhi Colony**
    H-no 1-8-142&143, Prendergasth Road
    Secunderabad

43. **Srinagar Colony**
Door No.8-3-986 & 986/1
Plot No.124, Srinagar Colony, Hyderabad
44. **Tarnaka**
Plot No.17, Sy.No.179 (New)
Stree No.19, Tarnaka (Lalaguda Village)
Secunderabad
45. **Tirumalagiri**
Survey No.104, Situated at Pedda Kamala,
Near Hasmathpet,
Tirumalagiri, Hyderabad
46. **Tolichowki**
Ground Floor,
MCH No.8-1-366/B/12, &
8-1-366/B/13,
Situated at Tolichowki, Hyderabad
47. **Uppal Depot**
Ground Floor, Municipal No.9-68
Plot no.28 & 29, Sy.No.147
East Hanuman Nagar, Boduppal,
Gatkesar Mandal, RR District.
48. **Vanasthalipuram**
Plot No 1 & 2, Sy.No 53 & 54
Saheb Nagar Khund
Vanasthalipuram, R R Dist
49. **Vengalrao Nagar**
Plot No 63/A, Mucipal No 8-3-191/67
Vengalrao Nagar Colony, Hyderabad
50. **Vivekananada Nagar Colony**
Plot no.2, Sy.No.116/A/P,
MCK Block No.22,
Leading Road to Allwyn cly,
Kukatpally Village
Balanagar Mandal, R.R.District
51. **West Marredpally (New)**
Sree Rama Bgavanamu
Premises No: 10-2-238/ G/ 4 to G/13,
Plot No.176, (Mega City No.182),
Road No.5, West Marredpally,
Secunderabad
52. **Yousafguda**
Ground Floor, H.No.8-3-224/4
& 8-3-224/4/1, Plot No.4,
Yellaredyguda, Hyderabad

Distribution Centers
Survey No.171, Opp: M/S Coca Cola,
Ameenpur, Sanga Reddy, Taluq,

Regional Office
Municipal No: 6-3-542, S.B.H.Lane,
Farhath Manzil, Panjagutta, Hyderabad

RETAIL STORES AT CHENNAI, TAMIL NADU STATES

1. **Adambakkam**
New No.17, Old No.16A,
Secretariat Colony Main Road,
Adambakkam, Chennai
2. **Adayar**
Ground floor, Old no.6/1,
New No.17/1, Indira Nagar,
1st Avenue, Adyar, Chennai
3. **Alwarpet**
No.26, TT Krishnamachari Road,
Alwarpet, Chennai
4. **Aynavaram**
No.9/5, VP Colony South Street,
Aynavaram, Chennai
5. **Choolaimedu**
Greata peral Apartments,
No.174, Choolaimedu High Road,
Chennai
6. **Gopalapuram**
No.17 & 19, Conran Smit Road,
Gopalapuram, Chennai
7. **Iyappantangal**
Flat No.A & A1, Plot No.36,37,38 & 51,
New Patta No. 529,
New Survey no's 108/2B & 114/1A2,
Subbaiah Nagar, 1st Main Road,
Iyyappanthangal, Sriperumbudur Taluq,
Kancheerapuram Dist, Chennai
8. **KB Dasan Road**
New Door No.32, (Old -43),
Kavingnar Bharathi Dasan Road,
Teynampet, Chennai
9. **Kotturpuram**
No.1, 3rd Main Road, Kottur Gardens,
Kotturpuram, Chennai
10. **Madipakkam**
"Baggyam Ceilo" Plot no.1 &2,
Bazar Road, Baliah Garden,
Madipakkam Village, Chennai
11. **Maduravoyil**
Ground Floor, Door No.38,
Mount Poonamallee Road,
Old Survey No.51/1,
New Survey No.51/1A2,
Porur Village, Ambattur Taluq,
Thiruvallur Dist, Chennai
12. **Mogappair West**
PC-1, 80 feet Road,
Mogappair west, Chennai
13. **Mylapore**
"Rabiya Building", New No.238,
Old No.187, Royapettah High Road,
Mylapore, Chennai
14. **New Madipakkam**
No.9, Madipakkam Main Road,
Balaiah Garden, Madipakkam, Chennai
15. **New Nanganallur**
Old No.37, New NO.23, First Main Road,
Nanganallur, Chennai
16. **Padur**
Survey No.520/2B, Grnd Floor,
Door No.1/362, OMR, 43, Padur Village,
Kanchipuram District, Chennai
17. **Pallikaranai**
Natwest Venkatramana Apartments,
Plot No.36, Kamakoti Nagar Main Rd,
Pallikaranai, Chennai
18. **Pammal**
Door No.1, Brindavan Colony,
Pammal Main Road, Krishna Nagar,
Pammal, Chennai
19. **Perumbakkam**
Ground Floor, Plot No.1 & 2,
Survey No.429/2C (Part), No.139,
Perumbakkam Village, Tambaram Taluk,
Kancheepuram Dist, Chennai
20. **Perungudi**
Plot No.60, 2nd Main Road,
Thirumalai Nagar, Annexe,
Perungudi, Chennai
21. **Porur**
Ground Floor, Door No.38,
Mount Poonamallee Road,
Old Survey No.51/1,
New Survey No.51/1A2,
Porur Village,Ambattur Taluq,
Thiruvallur District,
22. **Shenoy Nagar**
Door no.1/2, 7th Cross Street,
Pulla Reddy Avenue, Shenoy Nagar West,
Chennai
23. **T.Nagar**
19/3, Bazullah Road,
T.Nagar, Chennai
24. **Tambaram East**
D.No.457/152, Velachery Main Road,
East Tambaram, Chennai
25. **Tambaram west**
New No.2, Venkatesan Street,
West Tambaram, Chennai
26. **Valasaravakkam**
"Green's Riviera", Door No.75,
Dr. Radhakrishnan Road,
Valasaravakkam, Chennai
27. **Venkatnarayana Road**
16/5, Venkatnarayana Road,
T.Nagar, Chennai

Distribution Centers
Survey No.16/4, Parivakkam Road,
Sennurkupam Village, Poonamalli Taluq,
Chennai

Regional Office
No.26., 1st Floor, TTK Road,
Opp:Raj Park Hotel, Alwerpet, Chennai

RETAIL STORES AT BENGALURU, KARNATAKA STATE

1. **Amruthahalli**
Dheeraj Lake Front, No.7/59/1,
Dasara Halli Amruthahalli Road,
K.R.Puram, Hobli, Bengaluru East Taluk,
Bengaluru
2. **Basaveshwara Nagar**
Chamundi Towers, Coporation No.104,
LIC Colony, WOC Road,
Sri Siddiah Puranik Marg,
Bhimajyothi Co-operative
Housing Society
Basaveshwara Nagar, Bengaluru
3. **Banashankari**
Corporation No.1036, 14th C Main,
BSK Iind Stage, Bengaluru

4. **BTM Layout**
   37/-1, 16th main Road, Opposite to lake,
   Nayanappasetty pallya,
   BTM lay out, Bengaluru
5. **Bommanahalli,**
   Ground Floor, Plot No.50,
   Vijayashree Layout,
   Kodichikkanahalli Main Road,
   Bommanahalli, Bengaluru
6. **Coffee Board Layout**
   Ground floor, Site No.3,
   Village Khata No.650, Sy.No 10/1,12/1,
   Kempapura Village, Yelahanka Hobli,
   Coffee Board Layout, Bengaluru
7. **Indira Nagar**
   Sai Shakti , Municipal No.2207,
   HAL III Stage, Ward No.74,
   80 Feet Road, Kodihalli, Bengaluru
8. **Jayanagar 5th Block**
   Ground Floor, BBMP Khatha No.68
   (Old No.301/B, Previously No.35),
   Ward No.58, 10th Main Road, 36th Cross,
   5th Block, Jayanagar, Bengaluru
9. **Koramangala**
   Ground Floor on 383,
   T.V.R Pride, 16th Main Road,
   3rd Block, Koramangala Extension,
   Bengaluru
10. **Malleshwaram**
    Corporation No.92, 3rd Main Road,
    Margosa Road, Bengaluru
11. **Rammurthy Nagar**
    No.7, Khata No.81/89/1,
    Kowdenahalli,
    Rammurthynagar Hobli,
    Bengaluru south Taluk, Bengaluru
12. **Boopsandra**
    Ground Floor, Plot No.25,
    Boopasandra Main Road, Bengaluru
13. **Vijaya Bank Colony**
    Site No.441,
    Vijaya Bank Employees Housing
    Co-Operative Society Limited Layout
    Situated at Bilekahali, Begur Hobli,
    Bengaluru South Taluk,
    Bengaluru
14. **Yellahanka**
    Corporation No.325, HIG 1st Stage,
    Sector A, Yelahanka, Bengaluru

Distribution Centers

Survey no: 178/2, Hullahally,
C K Palya, Sakalavasa Post,
B.G. Road, Bengaluru

Regional Office

3rd Floor, BTM Layout 37/1,
16th Main Rd, opposite to lake,
Narayanappasetty Pallaya,
BTM Layout Bengaluru

(C) Agri Division

Integrated Pack Houses:

1. **Mulugu**
   Masjid Adavi Village, Mulugu Mandal,
   Medak Dist., Telangana
2. **Mattam**
   Mattam Village, Shanthipuram,
   Chittoor Dist, AP.

(D) Bakery Division

Uppal (Bakery)

C-10, IDA, Uppal,
Hyderabad, Telangana

(E) Renewable Energy Division

Mulugu

Masjid Adavi Village,
Mulugu Mandal,
Medak Dist., Telangana

CEO & CFO Certification

To
The Board of Directors,
Heritage Foods Limited,
Hyderabad.

We, N Bhuvaneswari, Vice-Chairperson and Managing Director and A. Prabhakara Naidu, Chief Financial Officers of Heritage Foods Limited ("the Company") to the best of our knowledge and belief certify that

a. We have reviewed the Financial Statements and the Cash Flow Statements for the financial year ended 31st March, 2015 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 hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

d. 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.

e. We have indicated, based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee
   i. Significant changes, if any, in the internal controls over financial reporting during the year;
   ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For Heritage Foods Limited

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN: 00003741

A Prabhakara Naidu
Chief Financial Officer
M. No: FCA 200974

Hyderabad
26th May, 2015

Auditor's Certificate on Corporate Governance

To
The Members of
HERITAGE FOODS LIMITED
(Formerly known as Heritage Foods (India) Limited)
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by **HERITAGE FOODS LIMITED** for the year ended on 31st March, 2015 as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2015, 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

Y Bala Krishna Reddy
Partner
M. No. 223701

Hyderabad
26th May, 2015

Independent Auditor's Report

To
The Members of
HERITAGE FOODS LIMITED
(Formerly Known as Heritage Foods (India) Limited)

Report on the Financial Statements:

We have audited the accompanying standalone financial statements of **Heritage Foods Limited**, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss,the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors are 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 thereunder.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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,

i) in the case of the standalone Balance Sheet, state of affairs of the company as at 31 March 2015;

ii) in the case of the standalone Statement of Profit and Loss, profit of the company for the year ended on that date; and

iii) in the case of the standalone Cash Flow Statement, cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub–section (ll)of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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: 29).

ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

Y Bala Krishna Reddy
Partner
M. No. 223701

Hyderabad
26th May, 2015

Annexure to the Auditor's 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, 2015.

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 account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets.

c) No substantial part of fixed assets has been disposed off during the year.

ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, considering the size of the company and nature of business of various divisions of the company with regard to purchase of inventory and fixed assets and with regard to sale of goods and services, the internal control system commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 and 74 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, Wealth 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 31.3.2015.

b) According to the information and explanations given to us, following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st march, 2015

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
C.S.T ACT	Levy of purchase tax on purchase of milk	37.34	2002-03	A.P.S.T.A.T (Tribunal)
C.S.T ACT	Levy of purchase tax on purchase of milk	1.42	1998-99	High court
AP VAT	Input tax credit disallowance and others	40.25	2009-10	Appellate deputy commissioner
AP VAT	Input tax credit disallowance and others	1.79	2008-09	High Court
TN VAT Act	Input tax credit disallowed	24.38	2013-14	CTO

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 (Companies Act, 1956) and the rules made there under.

viii. The company does not have any accumulated losses as at the end of the financial year under reference and the company has not incurred cash loss in the financial year under reference and in the financial year immediately preceding such financial year.

ix. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

x. The company has not given any guarantee for loans taken by others from banks or financial institutions.

xi. In our opinion, the term loans taken by the Company were applied for the purpose for which they were obtained.

xii Based on the audit procedures performed and the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticedor reported during the year, nor have we been informed of such case by the management.

For Raju and Prasad
Chartered Accountants
FRN: 003475S

Y Bala Krishna Reddy
Partner
M. No. 223701

Hyderabad
26th May, 2015

Balance Sheet as at March 31, 2015

(₹ in lakhs)

Particulars	Note No	As at March 31, 2015	As at March 31, 2014
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	**2319.90**	2319.90
b. Reserves and Surplus	3	**16981.26**	15579.43
Sub-Total Shareholders' funds		**19301.16**	17899.33
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	**5574.10**	3916.81
b. Deferred tax liabilities (Net)	5	**1881.06**	2252.30
c. Other Long term liabilities	6	**999.78**	934.38
d. Long term provisions	7	**156.51**	93.39
Sub-Total Non-Current Liabilities		**8611.45**	7196.88
3. CURRENT LIABILITIES			
a. Short-term borrowings	8	**8673.49**	8825.19
b. Trade payables	9a	**7752.70**	6897.65
c. Other current liabilities	9b	**6776.82**	7097.45
d. Short-term provisions	10	**1466.27**	1287.75
Sub-Total Current Liabilities		**24669.28**	24108.04
TOTAL EQUITY AND LIABILITIES		**52581.89**	49204.25
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	11	**27817.91**	26823.57
ii) Intangible assets	11	**247.52**	324.55
iii) Capital work-in-progress	11	**899.68**	1111.81
Total - a		**28965.11**	28259.93
b. Non-current investments	12	**96.49**	97.94
c. Long term loans and advances	13	**2085.17**	2044.16
d. Other non-current assets	14	**73.29**	76.67
Sub-Total Non-Current Assets		**31220.06**	30478.70
2. CURRENT ASSETS			
a. Current Investments	12	**1.10**	0.64
b. Inventories	16	**13936.88**	10855.39
c. Trade receivables	17	**2423.58**	1661.05
d. Cash and Bank balances	18	**4067.86**	4442.18
e. Short-term loans and advances	13	**775.79**	1626.10
f. Other current assets	15	**156.62**	140.19
Sub-Total Current Assets		**21361.83**	18725.55
TOTAL ASSETS		**52581.89**	49204.25
Significant Accounting Policies	1		
Notes on Accounts	(2 to 48)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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, 2015

(₹ in lakhs)

	Particulars	Note No	Year Ended March 31, 2015	Year Ended March 31, 2014
1.	**Revenue from operations (Gross)**	19	**207402.61**	172291.58
	Less : Excise Duty		**105.96**	87.59
	Revenue from operations (Net)		**207296.65**	172203.99
2.	Other Income	20	**702.66**	495.40
3.	**TOTAL REVENUE (1 +2)**		**207999.31**	172699.39
4.	**EXPENSES:**			
	a. Cost of materials consumed	21	**131393.51**	103058.17
	b. Purchase of Stock-in-Trade	22	**42184.17**	32210.89
	c. Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	23	**(5079.25)**	(888.39)
	d. Power and fuel		**2766.16**	2986.20
	e. Employee benefit expense	24	**11072.42**	10009.46
	f. Finance costs	25	**1593.01**	1322.12
	g. Depreciation and amortization expense	26	**3399.03**	2500.23
	h. Other expenses	27	**16756.35**	15329.51
	TOTAL EXPENSES		**204085.40**	166528.19
5.	Profit before exceptional and extraordinary items and tax (3-4)		**3913.91**	6171.20
6.	Exceptional Items		**-**	-
7.	Profit before extraordinary items and tax (5 -6)		**3913.91**	6171.20
8.	Extraordinary Items	28	**-**	50.00
9.	**Profit before tax (7 - 8)**		**3913.91**	6121.20
10	Tax expense:			
	a. Current tax		**1169.36**	1291.05
	b. Prior period tax		**(0.45)**	(0.46)
	c. Deferred tax		**(76.02)**	299.38
11.	**Profit for the year (9-10)**		**2821.02**	4531.23
12.	Earning per equity share of ₹ 10/-each:	35		
	a. Before Extraordinary items			
	i. Basic		**12.16**	19.69
	ii. Diluted		**12.16**	19.69
	b. After Extraordinary items			
	i. Basic		**12.16**	19.53
	ii. Diluted		**12.16**	19.53
	Significant Accounting Policies	1		
	Notes on Accounts	(2 to 48)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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, 2015

(₹ in lakhs)

Particulars	Year Ended March 31, 2015		Year Ended March 31, 2014	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax and extra-ordinary items	**3913.91**		6171.20	
Non-cash adjustment to reconcile profit before tax to net cash flows				
Depreciation / amortization	**3399.03**		2500.23	
Loss on Impairment of Assets	**15.58**		32.49	
Diminution in value of Investments	**1.24**		15.17	
Interest expense	**1495.05**		1193.34	
Subsidy transferred to P&L	**(8.23)**		(6.25)	
Interest income	**(37.41)**		(43.70)	
Provision for Wealth Tax	**0.91**		1.09	
Provision for Interest on income tax	**15.50**		2.73	
Provisions no longer required and Credit balances written off	**(359.55)**		(199.41)	
Provision for Unavailed Leave	**159.26**		52.91	
Bad Debts / Advances written off	**22.58**		7.50	
Provision for doubtful debts/ advances	**78.61**		89.90	
Dividend received	**(0.04)**		(0.14)	
Operating cash flow before Working Capital Changes	**8696.44**		9817.05	
Movements in working capital :				
Increase / (decrease) in trade payables	**1214.60**		1415.29	
Increase / (decrease) in other current liabilities	**(417.21)**		733.65	
Increase / (decrease) in other long term liabilities	**65.39**		179.61	
Decrease/ (increase) in trade receivables	**(833.85)**		(221.41)	
Decrease/ (increase) in inventories	**(3081.49)**		(2646.19)	
Decrease / (increase) in long term loans and advances	**(179.76)**		(290.47)	
Decrease / (increase) in short term loans and advances	**688.67**		(95.86)	
Decrease / (increase) in other current assets	**(16.43)**		(25.38)	
Decrease / (increase) in other non-current assets	**3.38**		(32.22)	
Cash Generated from /(used in) operations	**6139.74**		8834.07	
Direct taxes paid (net of refunds)	**(979.06)**		(1308.64)	
Net Cash flow from/(used) in Operating activities before extra-ordinary items	**5160.68**		7525.43	
Less: Extra-ordinary items	**-**		50.00	
Net Cash flow from /(used) in Operating activities (A)		**5160.68**		7475.43

Cash Flow Statement for the year ended March 31, 2015

(₹ in lakhs)

Particulars	Year Ended March 31, 2015		Year Ended March 31, 2014	
	₹	₹	₹	₹
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	**(5116.39)**		(6422.86)	
Proceeds from sale of Fixed Assets	**321.50**		147.85	
Purchase of Current / non-current investments	**(0.25)**		(1.31)	
(Investment) in / redemption of bank deposits having original maturity more than three months	**9.94**		65.19	
Interest received	**37.41**		43.70	
Dividend received	**0.04**		0.14	
Net Cash used in Investing Activities (B)		**(4747.75)**		(6167.30)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	**3150.00**		1294.75	
Repayment of long-term borrowings	**(1411.63)**		(2837.83)	
Short-term borrowings (net)	**(151.70)**		3063.47	
Interest paid	**(1549.73)**		(1210.84)	
Change in Unclaimed dividend	**(10.72)**		(5.12)	
Dividend paid (including dividend tax)	**(814.25)**		(405.13)	
Net Cash flow from /(Used) in Financing Activities (C)		**(788.03)**		(100.70)
Net increase /(decrease) in cash and cash equivalents (A+B+C)		**(375.10)**		1207.43
Cash and Cash equivalents at the beginning of the year		**4368.80**		3161.37
Cash and Cash equivalents at the end of the year		**3993.70**		4368.80
Components of cash and cash equivalents :				
Cash on hand		**275.05**		1023.73
Cheques / drafts on hand		**31.95**		34.04
Balances with banks in current accounts		**3686.70**		3311.03
Total cash and cash equivalents		**3993.70**		4368.80
Significant accounting policies (1)				
Notes on accounts (2 to 48)				

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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 read with rule 7 of Companies (Accounts) Rules 2014. 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.

1.5 Fixed Assets

Tangible Assets: Tangible Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price(net of discounts and rebates), borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Intangible Assets: Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Capital Work-in-Progress : Capital work-in-progress is recognized at cost. It comprises of fixed assets that are not yet ready for their intended use at the reporting date and capital stores issued

Gain or loss arising from de-recognition of fixed assets (tangible and intangible) are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.6 Depreciation and Amortization

Depreciation on Tangible Assets: Depreciation on tangible assets is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule 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 Impairment of Fixed assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value and the resultant impairment loss is charged to profit and loss account in the year in which impairment is identified. Impairment loss of earlier years is reversed in the event of the estimated recoverable amount is higher.

1.9 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date of such investments are classified as current investments. Current investments are carried at the lower of cost and fair value of each investment individually. All other investments are classified as long-term investments which are carried at cost less provisions for decline (if any), other than temporary, in the carrying value of each investment.

1.10 Government Grants

The investment subsidies (Non-refundable) received from Government in lieu of promoters contribution are treated as capital reserve. Subsidies received towards acquisition of assets are treated as deferred Government grants and the amount in proportion to the depreciation is transferred to statement of profit and loss.

1.11 Employee Retirement Benefits

Provident Fund : Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the statement of profit and loss for the year in which the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity : Accrued liability is determined on actuarial valuation basis using 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.

1.14 Inventories

Inventories are valued as under

Sl. 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

Sl. No.	Particulars	Valuation	Method
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 and Renewable Energy businesses which are identified as reportable segments as per the Accounting Standard (AS-17) –"Segment Reporting".The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company accounts for inter-segment sales and transfers at cost plus appropriate margins. Allocation of common allocable costs allocated to each segment according to the relative contribution of each segment to the total common costs.

1.20 Provisions

Provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end. These estimates are reviewed at each year end and adjusted to reflect the current best estimates.

1.21 Contingent Liabilities

Contingent liabilities are identified and disclosed as per the requirements of "Accounting Standard AS-29"

Standalone Notes to Accounts

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
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, 2015		March 31, 2014	
	Number of Shares	Amount (₹ in lakhs)	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	**23199000**	**2319.90**	11599500	1159.95
Shares issued during the year	**-**	**-**	11599500	1159.95
Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**23199000**	**2319.90**	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.

70,000 Equity Shares have been allotted as fully paid up Sweat Equity Shares for consideration other than cash to an employee of the Company during the financial year ended March 31, 2013 with a lock in period of 3 years from the date of allotment and 70,000 Equity Shares have been issued as bonus Shares during the year ended March 31,2014 .

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, 2015		March 31, 2014	
	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. V Sudha Sarada	**1271000**	**5.48**	1321000	5.69
5. Megabid Finance & Investment Pvt Ltd	**1223800**	**5.28**	1223800	5.28

f) Aggregate number of shares alloted for consideration other than cash during the period of five years immediately preceeding the reporting date :

Particulars	March 31, 2015 No.of Shares	March 31, 2014 No.of Shares	March 31, 2013 No.of Shares	March 31, 2012 No.of Shares	March 31, 2011 No.of Shares
Equity Shares alloted as fully paid up as Sweat Equity shares for consideration other than cash	**70000**	70000	70000	-	-
Equity Shares alloted as fully paid-up as Bonus shares for consideration other than cash	**11599500**	11599500	-	-	-

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
a) Capital Reserve (Deferred Government Grants)		
Opening Balance	**67.74**	73.99
Add: Subsidy Received during the year	**-**	-
Less: Transfer to Profit and Loss statement	**8.23**	6.25
Closing Balance	**59.51**	67.74
b) 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
c) Securities Premium Reserve		
Opening Balance	**3784.14**	4944.09
Add: Securities premium credited	**-**	-
Less: Security Premium utilized	**-**	1159.95
Closing Balance	**3784.14**	3784.14
d) Warrants Money Appropriated		
Opening Balance	**318.69**	318.69
Add: Current year transfer	**-**	-
Less: Written back in current year	**-**	-
Closing Balance	**318.69**	318.69

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
e) General Reserve		
Opening Balance	**6000.71**	5000.71
Add: Transferred from Surplus	**1000.00**	1000.00
	7000.71	6000.71
Less: Depreciation and amortisation for the period prior to April 1, 2014 *	**573.32**	-
Closing Balance	**6427.39**	6000.71
* The Company has revised its estimated useful life of Tangible and Intangible assets, wherever appropriate, with effect from April 1, 2014 based on the internal and external technical evaluation as per Schedule II of the Companies Act, 2013. The straight line method is being used to depreciate the assets. The carrying amount as on April 1, 2014 is depreciated over the remaining useful life. As a result of these changes, the effect for those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (net of deferred tax of ₹ 295.22 lakhs) is adjusted in the General Reserve		
f) Surplus / (Deficit)		
Opening Balance	**5327.16**	2610.18
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	**2821.02**	4531.23
Amount available for appropriations	**8148.18**	7141.41
Appropriations :		
Transferred to General Reserve	**1000.00**	1000.00
Proposed Dividend amount per share ₹ 3.00 (Previous Year :₹ 3.00 per share)	**695.97**	695.97
Tax on Proposed Dividend	**141.68**	118.28
Closing Balance	**6310.53**	5327.16
Total	**16981.26**	15579.43

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars	Non-Current		Current Maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
a) Term Loans				
i) From banks (secured)				
- Indian rupee loans	**4686.25**	2967.50	**1431.25**	1351.42
- Foreign currency loans	**-**	-	**-**	
ii) From other parties (secured)	**-**	36.23	**36.32**	36.14
b) Deferred Payment liabilities				
Sales tax deferrement (secured)	**887.85**	913.08	**25.23**	24.16
c) Loans and Advances from related parties				
Loan (unsecured)	**-**	-	**-**	-
Total	**5574.10**	3916.81	**1492.80**	1411.72
Installments falling due in respect of the above loans upto March 31, 2016 is ₹ 1492.80 lakhs (Previous Year: March 31, 2015: ₹ 1411.72 lakhs) have been grouped under " Current maturities of long term borrowings " (Ref Note 9)				

Term Loan from Banks (Secured) includes : (₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
a. Indian Rupee Loans from Banks							
1. Rupee Term Loan	Bank of Baroda	-	129.76	1435.00	'@base rate plus 2.75% (Previous Year: '@base rate plus 2.75%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 20 quarterly installments commencing from Nov, 2009
2. Rupee Term Loan	ICICI Bank	-	160.00	3000.00	1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy (Previous year :1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy)	First pari passu charge on fixed assets of the Company and Second charge on current assets of the Company	Repayable in 21 quarterly installments commencing from April 2009
3. Rupee Term Loan	ICICI Bank	**25.00**	125.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly installments commencing from August 2012
4. Rupee Term Loan	ICICI Bank	**487.50**	704.16	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on both on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of the Company, along with other term lenders	Repayable in 24 quarterly installments commencing from August, 2011
5. Rupee Term Loan	ICICI Bank	**1375.00**	2000.00	2500.00	a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year:IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	First pari passu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of the Company, along with other term lenders	Repayable in 16 quarterly installments commencing from December, 2012
6. Rupee Term Loan	ICICI Bank	**1080.00**	1200.00	1200.00	IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any)	First pari passu charge on both movable and immovable fixed assets of the Company, second pari passu charge on entire current assets of the company both present and future, along with other term lenders	Repayable in 16 quarterly installments commencing from October, 2014

Term Loan from Banks (Secured) includes : (₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
7. Rupee Term Loan	Bank of Baroda	**350.00**	-	350.00	@base rate plus 1.75% (Previous year :Nil)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly installments commencing from Jan, 2016
8. Rupee Term Loan	Andhra Bank	**1500.00**	-	1500.00	@base rate plus spread 2% plus term premium 0.25% (Previous year :Nil)	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	Repayable in 16 quarterly installments commencing from Sep, 2015
9. Rupee Term Loan	Yes Bank	**1000.00**	-	1000.00	@base rate plus plus 1.25% (Previous year :Nil)	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
10. Rupee Term Loan	Yes Bank	**300.00**	-	300.00	@base rate plus plus 0.75% (Previous year :Nil)	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
Total Indian rupee loans from banks		**6117.50**	4318.92				
b) Term loans from others(secured) includes :							
Retail Finance (Auto-Loan)	BMW Financial Services	**36.32**	72.37	94.75	Interest at the rate of 9.89% per annum	Hypothecation of Vehicle BMW 7 series 730LD	Repayable in 30 monthly installments commencing from August, 2013
Total Rupee Term Loans (a+b)		**6153.82**	4391.29				

Deferred Payment Liabilities

Deferred Payment Liabilities represent sales tax collected under deferrment scheme of State Government of United Andhra Pradesh and is being repaid as per the sales tax deferrment scheme. The Company availed sales tax deferrment scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14th year for Gokul and Bayyavaram plants and 10th year for Narketpalle plant without interest and is secured by fixed assets of the respective dairy plants.

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	**2444.99**	2127.62
Add: Deferred Tax Liability during the year on account of :		
Depreciation	**(312.38)**	317.37
(Net of deferred tax asset of ₹ 295.22 lakhs on account of depreciation - Ref Note 3)		
Closing Deferred Tax Liability	**2132.61**	2444.99
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	**192.69**	174.71
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave	**58.86**	17.98
Closing Deferred Tax Asset	**251.55**	192.69
Net Deferred Tax Liability there on	**1881.06**	2252.30
Major components of deffered tax arising on account of timing differences are:		
a) Deferred Tax liabilities:		
Depreciation	**2132.61**	2444.99
b) Deferred Tax Asset:		
Provision for unavailed leave	**251.55**	192.69

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Others :		
Security Deposits	**999.78**	934.38
Total	**999.78**	934.38

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits				
Unavailed Leave	**156.51**	93.39	**569.64**	473.50
Other Provisions				
Proposed Dividend	**-**	-	**695.97**	695.97
Provision for tax on dividend	**-**	-	**141.68**	118.28
Provision for Income Tax (Net of Advance Tax)	**-**	-	**58.98**	-
Total	**156.51**	93.39	**1466.27**	1287.75

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Loan Repayable on demand:		
a) Working Capital Loan from banks (secured)	**6185.62**	6599.04
b) Short -Term Loans from banks (secured)	**2487.87**	2226.15
Total	**8673.49**	8825.19

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
		31.03.2015	31.03.2014			
i) **Bank of Baroda**	Cash Credit	**2713.03**	2911.13	4000 (Preivious year : ₹ 3000)	Base rate plus 2.25% (Previous year : Base rate plus 2.50%)	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
ii) **Andhra Bank**	Open Cash Credit	**1455.17**	1396.30	2500 (Preivious year : ₹ 1500)	Base rate plus 2.25% (Previous year : Base rate plus 2.75%)	Hypothecation of inventory, receivables and advances to suppliers by way of first pari passu charge under consortium arrangement with Bank of Baroda and ICICI Bank Ltd.,
iii) **ICICI Bank**	Cash Credit	**2017.42**	2291.61	3500 (with sublimit of WCDL- Rupee (Previous Year: 3000 (with sublimit of WCDL- FCNR(B), WCDL- Rupee)	IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.50% per annum plus applicable interest tax or other statutory levey, if any. (Previous year: IBASE plus "spread" per annum subject to minimum rate of I Base plus 3.25% 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 the Borrower's fixed assets both immovable and movable.
Total		**6185.62**	6599.04	10000.00		

b) Short Terms Loans from Banks:

(₹ In lakhs)

Name of the Bank	Type of Loan Facility	Loan Outstanding As on		Short Term Loan Limit	Rate of Interest	Security / Guarantee	Repayment Terms
		31.03.2015	31.03.2014				
i) **Kotak Mahindra Bank**	Short Term Loan	**1422.12**	999.58	1500 (Previous Year : 1000)	@11.50 % (Previous year :@base rate plus 1.5%)	Secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable in three instalments on 25th day of 4th,5th and 3rd instalment on 180th day from the date of disbursement
ii) **Andhra Bank**	Short Term Loan	**-**	1185.79	Nil (Previous Year : 3000)	Nil (Previous year :'@base rate plus 2.75%)	Secured by first pari passu charge on the current assets of the Company and extension of first pari passu charge on net fixed assets of the Company as a collateral security along with consortium banks	Repayable in three equal monthly instalments commencing from the end of fourth month from the date of disbursement
iii) **HDFC Bank**	Short Term Loan	**1000.00**	-	1000 (Previous Year : Nil)	@base rate plus 0.75% (Previous year :Nil)	Unsecured	Repayable in six months from the date of disbursement
iv) **Kotak Mahindra Bank**	Over Draft	**65.75**	40.77	100 (Previous Year : 100)	@12.50% (Previous year :12.50%)	Secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable within one year
Total		**2487.87**	2226.15				

Aggregate amount of loan repayable on demand guaranteed by :		
	March 31, 2015	March 31, 2014
i Executive Director of the Company :		
Loans outstanding amount	**1487.87**	1040.36
Loans guaranteed	**1600.00**	1100.00
ii. Vice Chairperson and Managing Director of the Company :		
Loans outstanding amount	**-**	1040.36
Loans guaranteed	**-**	1100.00
iii. Non-Executive Director of the Company :		
Loans outstanding amount	**-**	1040.36
Loans guaranteed	**-**	1100.00

Note 9a Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Payables (Including payable to Micro, Small and Medium Scale Enterprises of ₹ 8.78 lakhs (Previous year:₹ 8.79 lakhs) (Ref Note 36)	**7752.70**	6897.65

Note 9b Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Current maturities of long-term borrowings (Ref Note 4):		
Term Loans	**1467.57**	1387.56
Deferred payment liabilities	**25.23**	24.16
Interest Accrued but not due on borrowings	**38.77**	17.30
Interest accrued and due on borrowings	**-**	-
Unpaid Dividends (Ref Note. 30)	**52.80**	42.07
Other Payables :		
Employee Related payables	**1158.51**	1136.82
Advance from Customers	**607.22**	698.09
Capital Creditors	**404.14**	920.59
Statutory Payables	**515.32**	322.46
Security Deposits	**336.48**	349.52
Freight Payables	**574.35**	495.88
Other payables	**1596.43**	1703.01
Total	**6776.82**	7097.45

Note 10: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
Unavailed Leave	**569.64**	473.50
Other Provisions :		
Proposed Dividend	**695.97**	695.97
Provision for tax on proposed dividend	**141.68**	118.28
Provision for Income Tax (Net of Advance Tax)	**58.98**	-
Total	**1466.27**	1287.75

NON-CURRENT ASSETS

Note.11 Fixed Assets

(₹ in lakhs)

Particulars	Gross Block				Accumulated Depreciation / Amortization						Net Block	
	Balance as at 01.04.2014	*Additions / other adjustments during the year	Deductions / Retirement during the year	Balance as at 31.03.2015	Balance as at 01.04.2014	Depreciation charge for the year	Deductions / adjustments during the year	# Impairment loss for the year	** General Reserve	Balance as at 31.03.2015	Balance as at 31.03.2015	Balance as at 01.04.2014
Owned assets:												
a. Tangible Assets												
Land	1544.19	361.71	10.91	**1894.99**	-	-	-	-	-	**-**	**1894.99**	1544.19
Buildings	9701.92	853.28	245.74	**10309.46**	2281.98	355.22	60.34	-	436.88	**3013.73**	**7295.72**	7419.94
Improvements to leasehold property	1581.24	197.94	86.82	**1692.36**	804.30	176.85	60.67	-	-	**920.49**	**771.87**	776.94
Plant and Machinery	22853.46	3569.07	873.31	**25549.22**	8284.76	2249.51	779.26	15.55	280.93	**10051.48**	**15497.74**	14568.70
Furniture and Fixtures	2011.95	153.84	6.57	**2159.22**	666.88	151.68	5.22	0.02	20.38	**833.73**	**1325.49**	1345.07
Office Equipment	2449.52	307.53	23.27	**2733.78**	1553.83	277.46	20.80	0.01	124.78	**1935.28**	**798.50**	895.70
Vehicles	374.57	35.77	4.61	**405.73**	101.53	68.47	3.44	-	5.57	**172.13**	**233.60**	273.04
Total - a	40516.85	5479.14	1251.23	**44744.76**	13693.28	3279.19	929.73	15.58	868.54	**16926.84**	**27817.91**	26823.57
b. Intangible Assets												
Computer Software	1446.40	42.81		**1489.21**	1121.85	119.84	-	-	-	**1241.69**	**247.52**	324.55
Total -b	1446.40	42.81	-	**1489.21**	1121.85	119.84	-	-	-	**1241.69**	**247.52**	324.55
Total (a+b)	41963.25	5521.95	1251.23	**46233.96**	14815.13	3399.03	929.73	15.58	868.54	**18168.54**	**28065.43**	27148.12
Previous year	36347.62	6149.35	533.72	**41963.25**	12668.28	2500.23	385.88	32.49	-	**14815.13**	**27148.12**	
c. Capital Work-in-progress	1111.81	5309.82	5521.95	**899.68**							**899.68**	1111.81
Previous year	827.49	6433.67	6149.35	**1111.81**								

* During the year, as per Accounting Standard AS-16, borrowing cost of ₹ 55.31 lakhs (Previous year :₹ 16.59 lakhs) has been capitalized to Plant & Machinery, ₹ 32.03 lakhs (Previous year: ₹ 0.80 lakhs) to Buildings and to Office Equipment in Current Year : Nil (Previous Year: ₹ 0.11 lakhs) it is included in other adjustments.

** General Reserve :As per Schedule II of the Companies Act, 2013 the carrying value of those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (net of deferred tax of ₹ 295.22 lakhs) is adjusted in the General Reserve

Details of impairment losses :

Dairy

(₹ in lakhs)

Particulars	2014-2015 ₹	2013-2014 ₹	2012-2013 ₹	2011-2012 ₹	2010-2011 ₹
Balance as at the beginning of the year	**36.90**	5.87	5.53	0.42	-
# Impairment loss during the year	**15.58**	32.49	0.34	5.11	0.42
Reversal of accumulated impairment loss	**-**	1.46	-	-	-
Balance as at the end of the year	**52.48**	36.90	5.87	5.53	0.42

Note 12 :Non-current Investments

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Trade Investments:				
Other non-current investments	**1.13**	1.13		
Other Investments (Non-Traded):				
I. Investment in Equity Instruments				
a) Subsidiaries	**24.10**	24.10	**-**	-
Less: Provision for diminution in the value of investments	**16.41**	15.17	**-**	-
	7.69	8.93		
b) Associates	**65.00**	65.00	**-**	-
II. Investment in Government securities	**2.67**	2.88	**1.10**	0.64
III. Other non-current investments	**20.00**	20.00	**-**	-
Total	**96.49**	97.94	**1.10**	0.64

(₹ in lakhs)

Particulars	Book Value		Market value	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Aggregate of quoted investments	**1.13**	1.13	**3.13**	2.74
Aggregate of un-quoted investments	**96.46**	97.45		
Total	**97.59**	98.57		

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2015	As at March 31, 2014
I. 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 fully paid up (Previous year:348 Equity shares of ₹ 10/- each fully paid up)			
Total		**1.13**	1.13
Details of Other Investments (Non-Traded)			
Ia). Investment in Subsidiaries:			
a) Heritage Foods Retail Limited	Unquoted	**16.50**	16.50
165000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 165000 Equity Shares of ₹ 10/- each fully paid up)			
Less: Provision for diminuition in value of investments		**13.80**	13.04
Net Investment value		**2.70**	3.46

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2015	As at March 31, 2014
b) Heritage Conpro Limited	Unquoted	**7.60**	7.60
76000 Equity Shares of ₹ 10/- each fully paid up (Previous year: 76000 Equity Shares of ₹ 10/- each fully paid up)			
Less: Provision for diminuition in value of investments		**2.61**	2.13
Net Investment value		**4.99**	5.47
Total investments in Subsidiaries (a+b)		**7.69**	8.93
Ib) 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 - 1 b)		**65.00**	65.00
II. Investment in Government securities			
National Savings Certificates	Unquoted	**3.77**	3.52
Total		**3.77**	3.52
III. 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
Total Other investments (Non-traded)		**96.46**	97.45

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
a) Capital Advances				
Unsecured , considered good	**79.57**	218.32	**-**	-
b) Security Deposits				
Unsecured , considered good	**1856.22**	1674.87	**373.47**	271.69
Doubtful	**-**	-	**43.54**	41.14
	1856.22	1674.87	**417.00**	312.83
Less: Provision for doubtful security deposit	**-**	-	**43.54**	41.14
Total	**1856.22**	1674.87	**373.47**	271.69
c) Advances recoverable in cash or kind				
Unsecured , considered good	**-**	-	**338.09**	1116.18
Doubtful	**-**	-	**31.41**	27.94
	-	-	**369.50**	1144.13
Less: Provision for doubtful advances	**-**	-	**31.41**	27.94
Total	**-**	-	**338.09**	1116.18
d) Loans and Advances to related parties	**-**	-	**-**	-
e) Other loans and advances				

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Unsecured , considered good :				
Advance income tax and TDS receivable	**-**	-	**-**	131.78
(Net of provision for taxation)				
Loans and advances to employees	**22.32**	23.90	**61.57**	102.25
Balances with Statutory / Government Authorities	**127.06**	127.07	**2.66**	4.20
Addvances to subsidiaries	**-**	-	**-**	-
Total	**149.38**	150.97	**64.23**	238.23
Total (a+b+c+d)	**2085.17**	2044.16	**775.79**	1626.10
Loans and advances due by directors or other officers etc.				
Loans and advances due by directors	**-**	-	**-**	-
Loans and advances to employees include dues from Other officers of the Company	**16.47**	17.46	**20.92**	60.52

Note: 14 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2015	As at March 31, 2014
Others :		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 18)	**55.11**	60.02
Interest accrued on margin money and other deposits	**11.47**	8.56
Prepaid expenses	**6.71**	8.09
Total	**73.29**	76.67

Note: 15 Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good unless stated otherwise		
Prepaid expenses	**151.71**	140.19
Interest accrued on margin money and other deposits	**4.91**	-
Total	**156.62**	140.19

Note 16 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
(Valued at lower of cost or net realisable value except Packing Material & stores and spares)		
Raw Materials (Includes in-transit of ₹ 155.54 lakhs) (Previous year :₹ 493.64 lakhs))	**2339.16**	4287.74
Work-in-Progress	**24.51**	65.59
Finished Goods	**6330.19**	2600.76
Stock-in-Trade	**4327.93**	2937.02
Packing Material (valued at cost)	**731.47**	790.69
Stores and spares (valued at cost)	**183.62**	173.59
Total	**13936.88**	10855.39
Details of Inventory		
A. Inventory : Raw Materials		
a) Dairy		
Skimmed milk powder	**2220.98**	4197.20
Other materials	**103.49**	81.27
Total	**2324.47**	4278.47
b) Bakery		
Bakery raw materials	**14.69**	9.27
Total	**14.69**	9.27
Total (a + b)	**2339.16**	4287.74
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	**24.37**	64.45
b) Bakery-in-process material	**0.14**	1.14
Total	**24.51**	65.59
C. Inventory: Finished Goods		
a) Dairy		
Milk	**1024.09**	921.31
Value Added Products	**479.55**	411.87
Fat Products	**2575.92**	968.80
Skimmed milk powder	**2166.36**	194.37
Total	**6245.92**	2496.36
b) Agri		
Fruits and vegetables	**81.17**	102.57
Total	**81.17**	102.57
c) Bakery		
Bakery products	**3.10**	1.83
Total	**3.10**	1.83
Total (a + b + c)	**6330.19**	2600.76

Note 16 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	**74.51**	36.87
Total	**74.51**	36.87
b) Retail		
FMCG - Food	**1995.78**	1408.82
FMCG - Non-food	**2214.23**	1439.00
Fruits and vegetables	**38.04**	45.55
Total	**4248.05**	2893.37
c) Agri		
Fruits	**-**	-
Others	**5.37**	6.78
Total	**5.37**	6.78
Total (a + b + c)	**4327.93**	2937.02

Note: 17 Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2015	As at March 31, 2014
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	**50.40**	9.78
b) Unsecured, considered doubtful	**70.96**	79.51
Total (a+b)	**121.36**	89.29
Less : Provision for bad and doubtful receivables	**70.96**	79.51
Total - A	**50.40**	9.78
B. Other trade receivables		
a) Unsecured, considered good	**2373.18**	1651.27
b) Unsecured, considered doubtful	**0.39**	15.32
Total (a+b)	**2373.57**	1666.59
Less : Provision for bad and doubtful receivables	**0.39**	15.32
Total - B	**2373.18**	1651.27
Grand total (A+B)	**2423.58**	1661.05
Debts due by directors	**-**	-

Note: 18 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
i) Cash and Cash Equivalents :				
a) Balances with banks:				
In current accounts			**3686.70**	3311.03
Deposits with original maturity of less than three months			**-**	-
b) Cheques, drafts on hand			**31.95**	34.04
c) Cash on hand			**275.05**	1023.73
Total Cash and Cash Equivalents			**3993.70**	4368.80
ii) Other Bank Balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	**-**	-	**52.80**	42.07
- Other deposits	**12.60**	14.10	**-**	0.09
b) Margin money deposit	**53.98**	54.48	**21.36**	31.22
c) Deposits with original maturity for more than 12 months	**-**	-	**-**	-
Total Other Bank Balances	**66.58**	68.58	**74.16**	73.38
Total Cash and Bank Balances	**66.58**	68.58	**4067.86**	4442.18

Non-current portion of other bank balances are included in other non-current assets (Ref.Note 14)

Note : 19 Revenue from operations

(Rs.in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Revenue from operations :		
A) Sale of Products		
i) Finished goods		
Domestic Sales	**151786.34**	129130.97
Export Sales	**356.57**	383.04
Total	**152142.91**	129514.01
ii) Traded goods		
Domestic Sales	**50589.64**	39069.67
Export Sales	**88.23**	493.10
Total	**50677.87**	39562.77
Domestic Sales	**202375.98**	168200.64
Export Sales	**444.80**	876.14
Total - A (i+ii)	**202820.78**	169076.78
B) Sale of services		
Job work	**633.31**	517.16
C) Other operating revenues		
Scrap Sales	**97.03**	86.94
Others :		
i) Display & Visibility Income	**314.57**	253.44
ii) Promotional Income	**3322.87**	2199.00
iii) Concessionary income	**203.93**	158.26
iv) REC Credits	**10.12**	-
Total - C	**3948.52**	2697.64
Revenue from operations (gross) (A+B+C)	**207402.61**	172291.58
Less: Excise duty	**105.96**	87.59
Revenue from operations (net)	**207296.65**	172203.99

Note : 19 Revenue from operations

(Rs.in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	**107661.20**	93573.79
Value Added Produts	**30681.36**	23694.14
Fat Products	**11602.63**	10027.48
Skimmed milk powder	**76.41**	80.84
Total	**150021.60**	127376.26
b) Agri		
Fruits and Vegetables	**1797.81**	1867.46
c) Bakery		
Bakery products	**323.50**	270.30
Total (a+b+c)	**152142.91**	129514.01
ii) Traded goods sold		
a) Dairy		
Tradable goods	**2757.93**	3320.62
Total	**2757.93**	3320.62
b) Retail		
FMCG - Food	**27558.37**	21168.48
FMCG - Non-Food	**11209.53**	8029.87
Fruits and Vegetables	**6584.88**	5729.02
Total	**45352.78**	34927.36
c) Agri		
Fruits and Vegetables	**-**	-
Other Tradable goods	**2507.43**	1314.79
Total	**2507.43**	1314.79
d) Bakery		
Tradable goods	**59.74**	-
Total	**59.74**	-
Total (a+b+c+d)	**50677.87**	39562.77
B) Details of sale of services		
a) Dairy	**607.38**	459.07
b) Agri	**25.93**	58.09
Total (a+b)	**633.31**	517.16
C) Details of other operating revenues		
a) Dairy	**60.58**	60.81
b) Retail	**3875.96**	2635.00
c) Agri	**0.82**	0.62
d) Bakery	**1.04**	1.21
e) Renewable Energy	**10.12**	-
Total (a+b+c+d+e)	**3948.52**	2697.64

Note: 20 Other Income

(₹ in lakhs)

Particulars		Year Ended March 31, 2015	Year Ended March 31, 2014
a)	Interest Income on :		
	Bank and other deposits	**29.12**	30.88
	Others	**8.29**	12.82
b)	Dividend Income on :		
	Long-term investments	**0.04**	0.14
c)	Subsidy transferred from Deferred Govt.grants	**8.23**	6.25
d)	Lease rental income	**154.11**	111.65
e)	Provisions no longer required and Credit Balances written back	**359.55**	199.41
f)	Foreighn Exchange differences (net)	**-**	18.35
g)	Export Incentives	**-**	29.45
h)	Profit on Sale of Assets (Net)	**57.67**	7.73
i)	Other non-operating income	**85.65**	78.72
		702.66	495.40

Note : 21 Cost of materials consumed

(₹ in lakhs)

Particulars		Year Ended March 31, 2015	Year Ended March 31, 2014
a)	**Raw material :**		
	Inventory at the beginning of the year	**4287.74**	2746.20
	Add: Purchases	**123823.30**	99747.80
		128111.04	102494.00
	Less: Inventory at the end of the year	**2339.16**	4287.74
	Raw Material consumed (a)	**125771.88**	98206.26
b)	**Packing material :**		
	Inventory at the beginning of the year	**790.69**	565.45
	Add: Purchases	**5562.42**	5077.15
		6353.10	5642.60
	Less: Inventory at the end of the year	**731.47**	790.69
	Packing Material Consumed (b)	**5621.63**	4851.91
	Cost of materials consumed (a+b)	**131393.51**	103058.17
Details of Raw materials consumed			
a)	**Dairy**		
	Raw Milk	**111783.37**	82125.65
	Skimmed Milk Powder	**8906.87**	11199.96
	Other Raw materials	**1696.47**	1475.18
	Total	**122386.71**	94800.79
b)	**Agri**		
	Fruits and Vegetables	**3201.70**	3260.58
	Total	**3201.70**	3260.58
c)	**Bakery**		
	Bakery raw materials	**183.47**	144.89
	Total	**183.47**	144.89
	Total (a + b + c)	**125771.88**	98206.26

Note : 22 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
FMCG - Food	**21902.47**	16173.81
FMCG - Non-Food	**10231.32**	7034.77
Fruits and Vegetables	**4975.30**	4436.52
Others	**5075.08**	4565.79
Total	**42184.17**	32210.89
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	**617.93**	1562.11
b) Retail		
FMCG - Food	**21902.47**	16173.81
FMCG - Non-Food	**10231.32**	7034.77
Fruits and Vegetables	**4975.30**	4436.52
Other Tradable goods	**-**	-
Total	**37109.09**	27645.10
c) Agri		
Fruits and Vegetables	**-**	-
Other Tradable goods	**4381.03**	3003.68
Total	**4381.03**	3003.68
d) Bakery		
Tradable goods	**76.12**	-
Total	**76.12**	-
Total (a + b + c+d)	**42184.17**	32210.89

Note : 23 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
A) Inventory at the end of the year :		
Work-in-progress	**24.51**	65.59
Finished goods	**6330.18**	2600.76
Stock-in-Trade	**4327.93**	2937.02
Total - A	**10682.62**	5603.37
B) Inventory at the beginning of the year :		
Work-in-progress	**65.59**	36.76
Finished goods	**2600.76**	2185.32
Stock-in-Trade	**2937.02**	2492.90
Total - B	**5603.37**	4714.98
Changes in inventories of finished goods, work-in-progress and stock-in-trade (B-A)	**(5079.25)**	(888.39)

Note : 24 Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salaries, wages, bonus and allowances (Refer Note 31)	**10081.81**	9242.72
Contribution to Provident and other funds	**542.80**	487.36
Contribution to gratuity fund (Refer Note 31)	**134.17**	34.77
Staff Welfare Expenses	**313.64**	244.61
Total	**11072.42**	10009.46

Note: 25 Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Interest Expense	**1495.05**	1193.34
Other borrowing cost	**82.46**	125.98
Applicable loss on foreign currency transactions and translation	**-**	0.07
Interest on income tax	**15.50**	2.73
Total	**1593.01**	1322.12

Note: 26 Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Depreciation on tangible assets	**3279.19**	2378.02
Amortization of Intangible assets	**119.84**	122.21
Total	**3399.03**	2500.23

Note: 27 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Consumption of Stores ,spares and consumables	**1124.15**	1266.85
Rent (Refer Note 34)	**2764.27**	2171.46
Bank Charges	**165.23**	209.25
Insurance	**92.30**	92.84
Travelling and conveyance	**383.51**	385.22
Communication cost	**234.73**	225.52
Safety and Security	**539.38**	469.20
Printing and Stationery	**117.67**	105.78
Office Maintenance	**59.13**	53.07
House Keeping Expenses	**152.78**	132.11
Books and periodicals	**0.92**	0.76
Electricity Charges	**871.39**	778.16
Rates and taxes	**205.29**	215.05
Repairs and maintenance		
Buildings	**63.12**	94.07
Machinery	**174.81**	236.07
Others	**508.77**	494.27
Wheeling Charges	**66.89**	22.30
Operation & Maintenance Charges	**21.20**	6.95
Legal and Professional Charges	**501.86**	402.36

Note: 27 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Payment to Auditors :		
As Auditor:		
Audit Fee	**15.73**	13.48
Tax Audit fee	**7.87**	4.49
Limited Review	**3.37**	3.37
Corporate Governance	**1.12**	1.12
In other capacity :		
Taxation matters	**3.89**	3.88
Certification fee	**4.28**	1.28
Reimbursement of expenses	**2.95**	2.58
Advertisement expenses	**264.55**	231.15
Selling and Distribution expenses	**1248.68**	1099.93
Warehouse and logistics	**280.84**	248.19
Freight outwards	**6522.58**	6041.56
Directors' sitting fees	**11.87**	8.30
Provision for bad and doubtful advances	**17.09**	25.22
Bad Debts written off	**9.81**	2.92
Bad and doubtful advances written off	**12.77**	4.57
Provision for doubtful debts	**61.52**	64.69
Impairment loss on fixed assets	**15.58**	32.49
Recruitment and Training expenses	**27.52**	34.59
Contribution to Heritage Farmers Welfare Trust	**103.04**	99.32
Exchange differences (net) (other than considered as finance cost)	**1.17**	-
Prior Period items (net) *	**1.33**	6.31
Corporate Social Responsibility expenditure (Ref Note 44)	**69.63**	-
Miscellaneous expenses	**20.52**	23.61
Diminution in value of investments	**1.24**	15.17
Total	**16756.35**	15329.51
*Prior period items (net):		
Debits relating to earlier years	**1.33**	23.02
Credits relating to earlier years	**-**	16.71
Total	**1.33**	6.31

Note : 28 Extra-ordinary item :

(₹ in lakhs)

	As at March 31, 2015	As at March 31, 2014
(Previous year : Extra-ordinary items relates to ex-gratia amount paid to the families of the deceased in the accidents occurred in Dairy plants at Bayyavaram and Pamarru)	-	50.00

Note: 29 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

	As at March 31, 2015	As at March 31, 2014
A. Contingent Liabilities		
i. Claims against the company not aknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	475.68	475.68
Sales Tax	166.38	141.29
The Andhra Pradesh VAT Act	201.89	201.89
b) Others	16.20	17.45
ii. Guarantees	373.99	372.86
iii. Other money for which the company is contingently liable		
'C' forms under collection	379.30	82.50
(Against all the above ₹ 171.21 lakhs (Previous year : 151.21 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. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	780.82	664.02
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	4280.49	3247.83

Note: 30 Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Unclaimed Dividend		
Opening Balance	**42.07**	36.95
Add: Unclaimed dividend amount of earlier years	**-**	2.14
Less Claims during the year	**0.64**	0.35
Less: Transfer to IEPF	**7.01**	6.51
Add: Current year's unclaimed dividend	**18.37**	9.84
Closing Balance (Refer Note 9b)	**52.80**	42.07
There is no amount outstanding to be credited to the Investor Education and Protection Fund		

Note: 31 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, 2015	Year Ended March 31, 2014
Employers Contribution to Provident Fund	438.56	395.98

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated April 27, 2015 (₹ in lakhs)

	Particulars	As at 31-Mar-2015	As at 31-Mar-2014
1.	**Assumption**		
	Discount Rate	7.80%	9.00%
	Salary Escalation	5.00%	5.00%
	Rate of Return on Plan Assets	9.00%	9.25%
	Expected Average remaining working lives of employees (years)	29 yrs	29 yrs
2.	Table showing change in present value of obligations		
	Present value of obligations as at beginning of year	405.76	369.92
	Acquisition adjustments	-	-
	Interest cost	36.52	30.33
	Current Service Cost	95.56	75.22
	Curtailment Cost / (Credit)	-	-
	Settlement Cost / (Credit)	-	-
	Benefits paid	(40.86)	(29.49)
	Acturial (gain)/ loss on obligations	43.35	(40.22)
	Present value of obligations as at end of year	540.33	405.76
3.	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	486.84	382.06
	Opening balance adjustment	(12.63)	-
	Acquisition adjustments	-	-
	Expected return on plan assets	41.26	30.56
	Contributions	76.18	103.71
	Benefits paid	(40.86)	(29.49)
	Acturial gain / (loss) on plan assets	-	-
	Fair value of plan assets at end of year	550.80	486.84
4.	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	486.84	382.06
	Acquisition adjustments	-	-
	Actual return on plan assets	41.26	30.56
	Contributions	76.18	103.71
	Benefits paid	(40.86)	(29.49)
	Fair value of plan assets at the end of year	550.80	486.84
	Funded Status	10.47	81.08
	Excess of Actual over estimated return on plan assets	-	-
5.	Acturial Gain / Loss recognised		
	Acturial (gain)/ loss on obligations	(43.35)	40.22
	Acturial (gain)/ loss for the year -plan assets	-	-
	Total (gain) / loss for the year	43.35	(40.22)
	Acturial (gain)/ loss recognised in the year	43.35	(40.22)

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated April 27, 2015 (₹ in lakhs)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014
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	540.33	405.76
Fair value of plan asets as at the end of the year	550.80	486.84
Funded Status	10.47	81.08
Net asset/ (liability) recognised in balance sheet	10.47	81.08
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	95.56	75.22
Past Service Cost	-	-
Interest cost	36.52	30.33
Expected return on plan assets	(41.26)	(30.56)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Acturial (gain) / loss recognised in the year	43.35	(40.22)
Expenses recognised in statement of profit and loss (Refer Note 24)	134.17	34.77

Amounts for the current and previous four financial years (for Gratuity)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2011
Present value of defined benefit obligations	**540.33**	405.76	369.92	271.00	199.14
Fair value of plan assets	**550.80**	486.84	382.06	280.21	191.37
Deficit /(Surplus) in the plan assets	**(10.47)**	(81.08)	(12.14)	(9.21)	7.77

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): As per Acturial Report dated 21.04.2015 (₹ in lakhs)

1 Assumptions	Leave Encashment		Sick Leave	
Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2015	As at 31-Mar-2014
Discount Rate	**7.80%**	9.00%	**7.80%**	9.00%
Rate of increase in Compensation levels	**5% p.a.**	5% p.a.	**5% p.a.**	5% p.a.
Rate of Return on Plan Assets	**-**	-	**-**	-
Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs	**25 Yrs**	25 Yrs

	Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2015	As at 31-Mar-2014
2.	**Reconciliation of Defined benefit obligation**				
	Particulars				
	Present Value of Obligation as at the beginning of the year	**472.47**	429.55	**94.42**	84.43
	Acquisition adjustment	**-**	-	**-**	-
	Interest Cost	**42.52**	35.22	**8.50**	6.92
	Past Service Cost	**-**	-	**-**	-
	Current Service Cost	**142.42**	42.93	**16.84**	9.98
	Curtailment Cost / (Credit)	**-**	-	**-**	-
	Settlement Cost / (Credit)	**-**	-	**-**	-
	Benefits paid	**(124.67)**	(99.46)	**(19.49)**	(15.52)
	Actuarial (gain)/ loss on obligations	**82.14**	64.24	**10.99**	8.60
	Present Value of Obligation as at the end of the year	**614.89**	472.47	**111.26**	94.42
3.	**Acturial Gain / Loss Recognised**				
	Particulars				
	Actuarial (gain)/loss for the year – Obligation	**(82.14)**	(64.24)	**(10.99)**	(8.60)
	Actuarial gain/(loss) for the year - Plan Assets	**-**	-	**-**	-
	Total (gain) / loss for the year	**82.14**	64.24	**10.99**	8.60
	Actuarial (gain) / loss recognized in the year	**82.14**	64.24	**10.99**	8.60
	Unrecognized actuarial (gains) / losses at the end of year	**-**	-	**-**	-
4.	**The amounts to be recognised in Balance Sheet and Statement of Profit and Loss**				
	Particulars				
	Present Value of Obligation as at the end of the year	**614.89**	472.47	**111.26**	94.42
	Value of Plan Provisions as at the end of the year	**-**	-	**-**	-
	Funded Status	**(614.89)**	(472.47)	**(111.26)**	(94.42)
	Unrecognized Actuarial (gains) / losses	**-**	-	**-**	-
	Net Asset / (Liability) Recognized in Balance Sheet	**(614.89)**	(472.47)	**(111.26)**	(94.42)
5.	**Expenses Recognized in the statement of Profit & Loss**				
	Particulars				
	Current Service Cost	**142.42**	42.93	**16.84**	9.98
	Past Service Cost	**-**	-	**-**	-
	Interest Cost	**42.52**	35.22	**8.50**	6.92
	Expected Return on Plan Assets	**-**	-	**-**	-
	Curtailment Cost / (Credit)	**-**	-	**-**	-
	Settlement Cost / (Credit)	**-**	-	**-**	-
	Net actuarial (gain)/ loss recognized in the year	**82.14**	64.24	**10.99**	8.60
	Expenses Recognized in the statement of Profit & Loss (Refer Note 24 - included in Salaries, wages ,bonus and allowances)	**267.08**	142.38	**36.33**	25.51

Amounts for the current and previous four financial years (for Leave Encashment)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2011
Present value of defined benefit obligations	**614.89**	472.47	429.55	381.06	332.33
Deficit in the plan assets	**(614.89)**	(472.47)	(429.55)	(381.06)	(332.33)

Amounts for the current and previous four financial years (for Sick Leave)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2011
Present value of defined benefit obligations	**111.26**	94.42	84.43	62.44	50.46
Deficit in the plan assets	**(111.26)**	(94.42)	(84.43)	(62.44)	(50.46)
Note: Details of experience adjustments arising on plan liabilities have not been disclosed in the absence of relevant information					

Note: 32 Segment reporting for the year ended March 31, 2015

(₹ in lakhs)

Particulars	As at March 31, 2015			As at March 31, 2014		
	External Revenue	Inter-segment Revenue	Total	External Revenue	Inter-segment Revenue	Total
1. Segment Revenue:						
a. Dairy	**153354.44**	**2231.27**	**155585.71**	131138.01	1681.15	132819.16
b. Retail	**49228.74**	**168.26**	**49397.00**	37562.36	230.19	37792.55
c. Agri	**4331.99**	**4068.17**	**8400.16**	3240.95	3542.38	6783.33
d. Bakery	**371.37**	**217.56**	**588.92**	262.67	103.60	366.27
e. Renewable Energy	**10.12**	**246.92**	**257.04**	-	77.35	77.35
Total	**207296.65**	**6932.18**	**214228.83**	172203.99	5634.67	177838.66
Inter-segment-eliminations	**-**	**6932.18**	**6932.18**	-	5634.67	5634.67
Net Sales / Income from Operations	**207296.65**	**-**	**207296.65**	172203.99	-	172203.99

Particulars	As at March 31, 2015	As at March 31, 2014
2. Segment Results		
Profit / (Loss) before finance costs and tax		
a. Dairy	**6717.47**	9869.19
b. Retail	**(1107.36)**	(1992.16)
c. Agri	**(125.47)**	(298.70)
d. Bakery	**(84.46)**	(102.13)
e. Renewable Energy	**70.53**	(11.54)
Total Segment Results	**5470.71**	7464.65
Less: Finance costs	**1593.01**	1322.12
Add: Interest income	**37.41**	43.70
Add: Net Unallocable Income / (Expenditure)	**(1.20)**	(15.03)
Profit / (Loss) before Extra-ordinary items and Tax	**3913.91**	6171.20
Less: Extra-ordinary items	**-**	50.00
Profit / (Loss) before Tax	**3913.91**	6121.20
Less:		
a. Current tax	**1169.36**	1291.05
b. Prior peiod tax	**(0.45)**	(0.46)
c. Deferred tax	**(76.02)**	299.38
Net Profit / (Loss)	**2821.02**	4531.23

Particulars	As at March 31, 2015	As at March 31, 2014
3. Total Capital Employed		
(Segment Assets - Segment Liabilities)		
a. Dairy	**18687.40**	17611.21
b. Retail	**8877.41**	6460.95
c. Agri	**3135.91**	3368.09
d. Bakery	**1075.13**	1119.33
e. Renewable Energy	**1588.95**	1675.05
Total Segment Capital Employed	**33364.81**	30234.63
Add: Unallocated Assets	**1272.23**	1249.55
Less: Unallocated Liabilities	**1049.83**	1105.70
Total Capital Employed	**33587.21**	30378.48
4. Capital Expenditure incurred during the year		
a. Dairy	**3865.69**	2999.53
b. Retail	**1588.94**	1167.03
c. Agri	**36.35**	74.96
d. Bakery	**8.29**	64.14
e. Renewable Energy	**-**	1,714.02
Total Segment Capital Expenditure	**5499.27**	6019.68
Add: Unallocated Capital Expenditure	**22.69**	129.68
Total Capital Expenditure	**5521.96**	6149.36
5. Depreciation and Amortisation for the year		
Segment Depreciation		
a. Dairy	**1987.76**	1422.15
b. Retail	**888.50**	636.01
c. Agri	**228.19**	223.54
d. Bakery	**82.08**	53.26
e. Renewable Energy	**81.05**	40.83
Total Segment Depreciation and Amortisation	**3267.59**	2375.79
Add: Unallocated Depreciation	**131.44**	124.44
Total Depreciation and Amortisation	**3399.03**	2500.23
6. Significant Non Cash Expenditure (excluding depreciation and amortisation)	**398.82**	305.45

Note: 33 Related party disclosures as per AS-18

A. Relationships :

i) Subsidiary Companies
a) Heritage Foods Retail Limited
b) Heritage Conpro Limited
ii) Associates :
a) SKIL Raigam Power (India) Limited

iii) Key Management Personnel
a) **N Bhuvaneswari**
Vice Chairperson & Managing Director
b) **N Brahmani**
Executive Director
c) **K Durga Prasada Rao**
Whole-time Director
d) **A Prabhakara Naidu**
Chief Financial Officer
e) **Umakanta Barik**
Company Secretary

iv) Other Related Parties :
a) Heritage Farmers Welfare Trust
b) Heritage Finlease Limited

v) Relatives of Key Management Personnel and their enterprises
A) where transactions have taken place
a) N Lokesh
Non-Executive Director
b) NTR Memorial Trust
c) Sunkara Vasavi
B) where no transactions have taken place
a) Nirvana Holdings Private Limited

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
Particulars													
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Relative of Key Management Personnel (Non-Executive Director since June 30, 2013)	Key Management Personnel (Executive Director)	Key Management Personnel (Whole-time Director w.e.f August 1st, 2014)	Relative of Key Management Personnel of Heritage Foods Ltd	Key Management Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Subsidiary	Subsidiary	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
Description of the nature of transactions	a) Managerial Services	Managerial Services	Managerial Services	Managerial Services	Lease Rentals	a) Investment	Investment	Investment	Investment	Service	Service	CSR Activity	Contributions made by the Company
	b) Rental agreement					b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd							
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 120.00 lakhs (Previous year:₹ 112.50 lakhs)	a) Managerial Remuneration : Nil (Previous year:₹ 21.00 lakhs)	a) Managerial Remuneration of ₹ 60.00 lakhs (Previous year:₹ 45.50 lakhs)	a) Managerial Remuneration of ₹ 24.00 lakhs (Previous year:₹ Nil)	Rent: ₹ 2.88 lakhs	a) Share Capital ₹ 20 lakhs (Previous year:₹ 20 lakhs)	a) Share Capital ₹ 16.50 lakhs (Previous year: ₹ 16.50 lakhs)	a) Share Capital ₹ 7.60 lakhs (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	a) Salary :34.85 lakhs (Previsou Year :₹ 31.67 lakhs)	a) Salary :17.24 lakhs (Previous year : ₹ 15.66 lakhs)	Contributions by the Company during the year: ₹ 69.63 lakhs (Previous year: Nil)	Contributions by the Company during the year: ₹ 103.04 lakhs (Previous year: 99.32 lakhs)

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
	b) PF contribution of ₹ 8.64lakhs (Previous year:₹ 8.10 lakhs)	b) PF contribution : Nil (Previous year:₹ 1.26 lakhs)	b) PF contribution of ₹ 4.32 lakhs (Previous year:3.28 lakhs)	b) PF contribution of ₹ 1.73 lakhs (Previous year: Nil)		b) Dividend Received ₹ Nil (Previous year:₹ Nil)				b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs)	b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs)		
	c) Perks ₹ 10.68 lakhs (Previous year:₹ 8.09 lakhs)	c) Perks : Nil (Previous year:₹ 7.56 lakhs)	c) Perks : ₹ 6.95 lakhs (Previous Year: Nil)			c) Cattle loans of ₹ 5769.47 lakhs (Previous year: ₹ 5195.66 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd				c) PF Contribution of ₹ 1.89 lakhs (Previous Year: ₹ 1.72 lakhs)	c) PF Contribution of ₹ 0.94 lakhs (Previous Year: ₹ 0.85 lakhs)		
	d) Leave Encashment of ₹ Nil (Previous year:₹ .Nil)	d) Commission: Nil (Previous year:₹ 55.20 lakhs)	d) Commission: ₹ 108.61 lakhs (Previous year:160.73 lakhs)										
	e) Commission: ₹ 88.77 lakhs (Previous year : ₹ 159.43 lakhs)												
	f) Office rent of ₹ 49.40 lakhs paid by Company (Previous year :₹ 43.92 lakhs)												

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
Particulars													
Any other elements of the related party transactions in the financial statements	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL
Guarantees and collaterals	1.Current Year : Nil (Previous year : Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.)	1.Current Year : Nil (Previous year : Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.)	1.Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director										
	2.Current Year : Nil (Previous year : Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Bank and the loan is also secured by second charge by way of equitable mortgage on the industrial property of Vice Chairperson & Managing Director of the Company .)	Current year Nil (Previous year : Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank)	2.Given personal guarantee for the short term loan facility of ₹ 1500 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director (Previous year : ₹ 1000 lakhs)										

Name of the related party ==>	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 76.62 lakhs (Previous year: ₹ 168.72 lakhs)	₹ Nil (Previous year :₹ 55.20 lakhs)	₹ 111.83 lakhs (Previous year :₹ 164.04 lakhs)	₹ 1.88 lakhs (Previous year :₹ Nil)	₹ 0.30 lakhs	₹ 199.93 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: ₹ 169.68 lakhs)	NIL	NIL	NIL	2.07 Lakhs (Previous Year: Salary advance receivable- ₹ 1.76 lakhs)	1.21 Lakhs (Previous year: ₹ 0.01 lakhs)	Nil	Contribution amount outstanding: ₹ 15.94 lakhs the same has been remitted subsequently (Previous year : ₹ 12.32 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 34 Lease

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Data Processing Equipments under non-cancellable Operating Leases:		
The aggregate future minimum lease rentals payable:		
- for a period not later than one year	**44.65**	---
- for a period later than one year and not later than five years	**23.23**	---
- for a period later than five years	**---**	---
Total operating lease expenses debited to statement of profit and loss is ₹ 2764.27 lakhs (Previous year : ₹ 2171.46 lakhs)		
Total sub-lease payments received /(receivable) credited to statement of profit and loss is ₹ Nil (Previous year : ₹ 3.85 lakhs)		

Note: 35 Earning per share (EPS)

(₹ In lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
a) Calculation of weighted average number of equity shares of ₹ 10/-each :		
Number of Equity Shares outstanding at the beginning of the year	23199000	11599500
Add: Issue of shares during the year	-	11599500
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	3913.91	6121.20
c) Net Profit / (Loss) after tax before extraordinary items	2821.02	4581.23
d) Net Profit / (Loss) after tax and extraordinary items	2821.02	4531.23
e) Basic and diluted Earnings per share (Before Extraodrdinary items) of ₹ 10 each (₹)	12.16	19.69
f) Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	12.16	19.53
Earnings Per Share(EPS) has been calculated after considering the bonus issue during the Financial Year ended March 31, 2014 and adjusted for all the periods presented as per AS-20 "Earnings Per Share (EPS)".		

Note: 36 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 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, 2015	8.78	1.55	Nil	1.55	1.55	1.55
March 31, 2014	8.79	4.21	Nil	4.21	4.21	4.21

Note: 37 Value of Imports calculated on CIF basis in respect of : (₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Capital Goods	-	143.62
Total	-	143.62

Note: 38 Expenditure in Foreign Currency on account of :

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
a) Interest	-	37.03
b) Foreign travel	2.32	-
Total	2.32	37.03

Note: 39 Earnings in Foreign Currency : (₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Export of goods calculated on FOB basis *	312.20	770.84
Total	312.20	770.84
* Exports to Nepal in INR during the year 2014-15 132.60 lakhs is not included in Earnings in Foreign Currency		

Note: 40 Consumption of Materials: (₹ in lakhs)

	%	2014 - 15	%	2013 - 14
a) Raw Materials (Refere Note 21)				
i) Indigenous	100.00	131393.51	100.00	103058.17
ii) Imported	-	-	-	-
b) Stores, spares and consumables (Refer Note 27)				
i) Indigenous	100.00	1124.15	100.00	1266.85
ii) Imported	-	-	-	-

Note: 41 Remittance in Foreign Currency on account of dividends : (₹ in lakhs)

	2014 - 15	2013 - 14
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, 2015		March 31, 2014	
	USD	INR	USD	INR
i) Forward :				
FCNR(B) - Principal	-	-	-	-
FCNR(B) - Interest	-	-	-	-
ii) Option :				
FCTL - Principal	-	-	-	-
FCTL - Interest	-	-	-	-
iii) Swap :				
FCTL - Interest	-	-	-	-
b) The derivative instruments have been acquired for hedging purposes				

c) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2015		March 31, 2014	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Trade receivables	$ 2.14 lakhs	133.87	-	-

Note: 43 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.44 In the opinion of Board of Directors the assets other than fixed assets and non-current investments have value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

Note: 45 Details of Corporate Social Responsibility (CSR) expenditure :

a) Gross amount required to be spent by the company during the year : ₹ 69.63 lakhs (Previous year : Nil)

b) Amount spent during the year :

				(₹ In lakhs)
		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 *	69.63	Nil	**69.63**

* Contribution made to a Registered Trust named NTR Memorial Trust of ₹ 69.63 lakhs during the Financial Year 2014-15.

Note: 46 The financial statements for the year ended March 31, 2015 are prepared as per Schedule III of the Companies Act, 2013 and in or form as near as thereto.

Note: 47 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 48 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

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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 Report

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 (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss and 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 are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its Associate 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. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 thereunder.

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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 2015;

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

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) 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 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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.29 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate company

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

Y Bala Krishna Reddy
Partner
M. No. 223701

Hyderabad
26th May, 2015

Annexure to the Auditor's Report

The Annexure referred to in our Report of even date to the members of Heritage Foods Limited on the accounts of the Group for the year ended 31st March, 2015.

i. (a) The Group and associate are 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 account. In our opinion, the frequency of verification is reasonable having regard to the size of the group and associate and the nature of the assets.

c) No substantial part of fixed assets has been disposed off during the year.

ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Group and associate and the nature of its business.

(c) The Group and associate are maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. The Group and associate has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, considering the size of the group and associate and nature of business of various divisions of the Group and associate with regard to purchase of inventory and fixed assets and with regard to sale of goods and services, the internal control system is commensurate with the size of the Group and associate and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v. The group and associate have not accepted any deposits from the public within the meaning of Sections 73 and 74 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 holding 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. In case subsidiaries and associate maintenance of cost records as referred above is not applicable.

vii. (a) The Group and associate is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth 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 31.3.2015.

b) According to the information and explanations given to us, following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st march, 2015

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
C.S.T ACT	Levy of purchase tax on purchase of milk	37.34	2002-03	A.P.S.T.A.T (Tribunal)
C.S.T ACT	Levy of purchase tax on purchase of milk	1.42	1998-99	High court
AP VAT	Input tax credit disallowance and others	40.25	2009-10	Appellate deputy commissioner
AP VAT	Input tax credit disallowance and others	1.79	2008-09	High Court
TN VAT Act	Input tax credit disallowed	24.38	2013-14	CTO

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 (Companies Act, 1956) and the rules made there under.

viii. The holding company does not have any accumulated losses as at the end of the financial year under reference and the holding company has not incurred cash loss in the financial year under reference and in the financial year immediately preceding such financial year. The subsidiary companies and Associate company has accumulated losses of ₹ 36.4 Lakhs as at the end of the financial year under reference and the subsidiary companies and Associate company has incurred cash loss of ₹ 1.25 Lakhs in the financial year under reference.

ix. The Group and associate have not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

x. The Group and associate have not given any guarantee for loans taken by others from banks or financial institutions.

xi. In our opinion, the term loans taken by the Group and associate were applied for the purpose for which they were obtained.

xii. Based on the audit procedures performed and the information and explanations given to us, we have neither come across any instance of material fraud on or by the Group and associate, noticed or reported during the year, nor have we been informed of such case by the management.

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

Y Bala Krishna Reddy
Partner
M. No. 223701

Hyderabad
26th May, 2015

Consolidated Balance Sheet as at March 31, 2015

(₹ in lakhs)

Particulars	Note No	As at March 31, 2015	As at March 31, 2014
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	**2319.90**	2319.90
b. Reserves and Surplus	3	**16972.70**	15555.98
Sub-Total Shareholders' funds		**19292.60**	17875.88
2. MINORITY INTEREST		**1.61**	1.77
3. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	**5574.10**	3916.81
b. Deferred tax liabilities (Net)	5	**1881.06**	2252.30
c. Other Long term liabilities	6	**999.78**	934.38
d. Long term provisions	7	**156.51**	93.39
Sub-Total Non-Current Liabilities		**8611.45**	7196.88
4. CURRENT LIABILITIES			
a. Short-term borrowings	8	**8673.49**	8825.19
b. Trade payables	9a	**7752.70**	6897.65
c. Other current liabilities	9b	**6777.75**	7098.24
d. Short-term provisions	10	**1466.27**	1287.75
Sub-Total Current Liabilities		**24670.21**	24108.83
TOTAL EQUITY AND LIABILITIES		**52575.87**	49183.36
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	11	**27817.91**	26823.57
ii) Intangible assets	11	**247.52**	324.55
iii) Capital work-in-progress	11	**899.68**	1111.81
Total -a		**28965.11**	28259.93
b. Non-current investments	12	**80.24**	65.57
c. Long term loans and advances	13	**2085.17**	2044.16
d. Other non-current assets	14	**73.29**	76.67
Sub-Total Non-Current Assets		**31203.81**	30446.33
2. CURRENT ASSETS			
a. Current Investments	12	**1.10**	0.64
b. Inventories	16	**13936.88**	10855.39
c. Trade receivables	17	**2423.58**	1661.05
d. Cash and Bank balances	18	**4078.09**	4453.66
e. Short-term loans and advances	13	**775.79**	1626.10
f. Other current assets	15	**156.62**	140.19
Sub-Total Current Assets		**21372.06**	18737.03
TOTAL ASSETS		**52575.87**	49183.36
Significant Accounting Policies	1		
Notes on Accounts	(2 to 48)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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, 2015

(₹ in lakhs)

	Particulars	Note No	Year Ended March 31, 2015	Year Ended March 31, 2014
1.	**Revenue from operations (Gross)**	19	**207402.61**	172291.58
	Less : Excise Duty		**105.96**	87.59
	Revenue from operations (Net)		**207296.65**	172203.99
2.	Other Income	20	**717.83**	495.40
3.	**TOTAL REVENUE (1 +2)**		**208014.48**	172699.39
4.	**EXPENSES:**			
	a. Cost of materials consumed	21	**131393.51**	103058.17
	b. Purchase of Stock-in-Trade	22	**42184.17**	32210.89
	c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	**(5079.25)**	(888.39)
	d. Power and fuel		**2766.16**	2986.20
	e. Employee benefits expense	24	**11072.42**	10009.46
	f. Finance costs	25	**1593.01**	1322.12
	g. Depreciation and amortization expense	26	**3399.03**	2500.23
	h. Other expenses	27	**16756.51**	15330.01
	TOTAL EXPENSES		**204085.56**	166528.69
5.	Profit before exceptional and extraordinary items and tax (3-4)		**3928.92**	6170.70
6.	Exceptional Items			
7.	Profit before extraordinary items and tax (5 -6)		**3928.92**	6170.70
8.	Extraordinary Items	28	**-**	50.00
9.	**Profit before tax (7 - 8)**		**3928.92**	6120.70
10.	10. Tax expense:			
	a. Current tax		**1169.36**	1291.05
	b. Prior period tax		**(0.45)**	(0.46)
	c. Deferred tax		**(76.02)**	299.38
11.	**Profit for the year (9-10) before minority interest and share of profit/ (loss) of associates**		**2836.03**	4530.73
	Less: Minority interest		**(0.16)**	(0.05)
	Add: Share of profit / (loss) of associates		**(0.28)**	(0.79)
	Profit for the year after minority interest and share of profit/(loss) of associates		**2835.92**	4529.99
12.	**Earning per equity share of ₹ 10/-each:**	35		
	a. Before Extraordinary items			
	i. Basic		**12.22**	19.69
	ii. Diluted		**12.22**	19.69
	b. After Extraordinary items			
	i. Basic		**12.22**	19.53
	ii. Diluted		**12.22**	19.53
	Significant Accounting Policies	1		
	Notes on Accounts	(2 to 48)		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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, 2015

(₹ In lakhs)

Particulars	Year Ended March 31, 2015		Year Ended March 31, 2014	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax and extra-ordinary items	**3928.92**		6170.70	
Non-cash adjustment to reconcile profit before tax to net cash flows	**-**			
Depreciation / amortization	**3399.03**		2500.23	
(Profit) / loss on sale or write off Fixed Assets	**-**		-	
Loss on Impairment of Assets	**15.58**		32.49	
Diminution in value of investments	**(15.17)**		15.17	
Interest expense	**1495.05**		1193.34	
Subsidy transferred to P&L	**(8.23)**		(6.25)	
Interest income	**(37.41)**		(43.70)	
Provision for Wealth Tax	**0.91**		1.09	
Provision for Interest on income tax	**15.50**		2.73	
Provisions no longer required and Credit balances written off	**(359.55)**		(199.41)	
Provision for Unavailed Leave	**159.26**		52.91	
Bad Debts / Advances written off	**22.58**		7.50	
Provision for doubtful debts/ advances	**78.61**		89.90	
Dividend received	**(0.04)**		(0.14)	
Operating cash flow before Working Capital Changes	**8695.04**		9816.55	
Movements in working capital :				
Increase / (decrease) in trade payables	**1214.60**		1415.29	
Increase / (decrease) in long term provisions	**-**		-	
Increase / (decrease) in short term provisions	**-**		-	
Increase / (decrease) in other current liabilities	**(417.06)**		733.60	
Increase / (decrease) in other long term liabilities	**65.39**		179.61	
Decrease/ (increase) in trade receivables	**(833.85)**		(221.41)	
Decrease/ (increase) in inventories	**(3081.49)**		(2646.19)	
Decrease / (increase) in long term loans and advances	**(179.76)**		(290.47)	
Decrease / (increase) in short term loans and advances	**688.67**		(95.86)	
Decrease / (increase) in other current assets	**(16.43)**		(25.38)	
Decrease / (increase) in other non-current assets	**3.38**		(32.22)	
Cash Generated from /(used in) operations	**6138.49**		8833.52	
Direct taxes paid (net of refunds)	**(979.06)**		(1308.64)	
Net Cash flow from/(used) in Operating activities before extra-ordinary items	**5159.43**		7524.89	
Less: Extra-ordinary items	**-**		50.00	
Net Cash flow from /(used) in Operating activities (A)		**5159.43**		7474.89

Consolidated Cash Flow Statement for the year ended March 31, 2015

(₹ In lakhs)

Particulars	Year Ended March 31, 2015		Year Ended March 31, 2014	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	**(5116.39)**		(6422.86)	
Proceeds from sale of Fixed Assets	**321.50**		147.85	
Purchase of non-current investments	**(0.25)**		(1.31)	
Investment in Subsidiaries	**-**		-	
(Investment) in / redemption of bank deposits having original maturity more than three months	**9.94**		65.19	
State Subsidy received	**-**		-	
Interest received	**37.41**		43.70	
Dividend received	**0.04**		0.14	
Net Cash used in Investing Activities (B)		**(4,747.75)**		(6167.30)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	**3150.00**		1294.75	
Repayment of long-term borrowings	**(1411.63)**		(2837.83)	
Short-term borrowings (net)	**(151.70)**		3063.47	
Interest paid	**(1549.73)**		(1210.84)	
Unclaimed dividend paid	**(10.72)**		(5.12)	
Dividend paid (including dividend tax)	**(814.25)**		(405.13)	
Net Cash flow from /(Used) in Financing Activities (C)		**(788.03)**		(100.70)
Net increase /(decrease) in cash and cash equivalents (A+B+c)		**(376.35)**		1206.88
Cash and Cash equivalents at the beginning of the year		**4380.28**		3173.40
Cash and Cash equivalents at the end of the year		**4003.93**		4380.28
Components of cash and cash equivalents				
Cash on hand		**275.17**		1023.80
Cheques / drafts on hand		**31.95**		34.04
Balances with banks in current accounts		**3696.81**		3322.44
Total cash and cash equivalents		**4003.93**		4380.28
Significant accounting policies (1)				
Notes on accounts (2 to 48)				

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
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 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 read with rule 7 of Companies (Accounts) Rules 2014. 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 as on March 31,2015 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, 2015	Ownership interest / % voting power held as at Mach 31, 2014
i) Subsidiary:			
a) Heritage Foods Retail Limited	India	99.64%	99.64%
b) Heritage Conpro Limited	India	75.70%	75.70%
ii) Associate:			
a) SKIL Raigam Power (India) Limited	India	44.83%	44.83%

1.3 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.

1.6 Fixed Assets

Tangible Assets: Tangible Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Intangible Assets: Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Capital Work-in-Progress : Capital work-in-progress is recognized at cost. It comprises of fixed assets that are not yet ready for their intended use at the reporting date and capital stores issued.

Gain or loss arising from de-recognition of fixed assets (tangible and intangible) are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.7 Depreciation and Amortization

Depreciation on Tangible Assets: Depreciation on tangible assets is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule 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.

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 and Renewable Energy businesses which are identified as reportable segments as per the Accounting Standard (AS-17) –"Segment Reporting". The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company accounts for inter-segment sales and transfers at cost plus appropriate margins. Allocation of common allocable costs allocated to each segment according to the relative contribution of each segment to the total common costs.

1.21 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".

Consolidated Notes to Accounts

Note 2 : Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
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, 2015		March 31, 2014	
	Number of Shares	Amount (₹ in lakhs)	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	**23199000**	**2319.90**	11599500.00	1159.95
Shares issued during the year	**-**	**-**	11599500.00	1159.95
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.

70,000 Equity Shares have been allotted as fully paid up Sweat Equity Shares for consideration other than cash to an employee of the Company during the financial year ended March 31, 2013 with a lock in period of 3 years from the date of allotment and 70,000 Equity Shares have been issued as bonus Shares during the year ended March 31,2014 .

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, 2015		March 31, 2014	
	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. V Sudha Sarada	**1271000**	**5.48**	1321000	5.69
5. Megabid Finance & Investment Pvt Ltd	**1223800**	**5.28**	1223800	5.28

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, 2015 No.of Shares	March 31, 2014 No.of Shares	March 31, 2013 No.of Shares	March 31, 2012 No.of Shares	March 31, 2011 No.of Shares
Equity Shares alloted as fully paid up as Sweat Equity shares for consideration other than cash	**70000**	70000	70000	-	-
Equity Shares alloted as fully paid-up as Bonus shares for consideration other than cash	**11599500**	11599500	-	-	-

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
a) Capital Reserve (Deferred Government Grants)		
Opening Balance	**67.74**	73.99
Add: Subsidy Received during the year	**-**	-
Less: Transfer to Profit and Loss statement	**8.23**	6.25
Closing Balance	**59.51**	67.74
b) 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
c) Securities Premium Reserve		
Opening Balance	**3784.14**	4944.09
Add: Securities premium credited	**-**	-
Less: Security Premium utilized	**-**	1159.95
Closing Balance	**3784.14**	3784.14
d) Warrants Money Appropriated		
Opening Balance	**318.69**	318.69
Add: Current year transfer	**-**	-
Less: Written back in current year	**-**	-
Closing Balance	**318.69**	318.69
e) General Reserve		
Opening Balance	**6000.71**	5000.71
Add: Transfer from Surplus	**1000.00**	1000.00
	7000.71	6000.71
Less: Depreciation and amortisation for the period prior to April 1, 2014 *	**573.32**	-
Closing Balance	**6427.39**	6000.71

* The Company has revised its estimated useful life of Tangible and Intangible assets, wherever appropriate, with effect from April 1, 2014 based on the internal and external technical evaluation as per Schedule II of the Companies Act, 2013. The straight line method is being used to depreciate the assets. The carrying amount as on April 1, 2014 is depreciated over the remaining useful life. As a result of these changes, the effect for those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (net of deferred tax of ₹ 295.22 lakhs) is adjusted in the General Reserve

Note 3: Reserves and Surplus

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
f) Surplus / (Deficit)		
Opening Balance	**5303.70**	2587.96
Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	**2835.92**	4529.99
Amount available for appropriations	**8139.62**	7117.95
Appropriations :		
Transferred to General Reserve	**1000.00**	1000.00
Proposed Dividend amount per share ₹ 3.00 per share (Previous Year :₹ 3.00 per share)	**695.97**	695.97
Tax on Proposed Dividend	**141.68**	118.28
Closing Balance	**6301.97**	5303.70
Total	**16972.70**	15555.98

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars	Non-Current		Current Maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
a) Term Loans				
i) From Banks (secured)				
- Indian rupee loans	**4686.25**	2967.50	**1431.25**	1351.42
- Foreign currency loans	**-**	-	**-**	-
ii) From others	**-**	36.23	**36.32**	36.14
b) Deferred Payment liabilities				
Sales tax deferrement (secured)	**887.85**	913.08	**25.23**	24.16
c) Loans and Advances from related parties				
Loan (unsecured)	**-**	-	**-**	-
Total	**5574.10**	3916.81	**1492.80**	1411.72

Installments falling due in respect of the above loans upto March 31, 2016 is ₹ 1492.80 lakhs (Previous Year: March 31, 2015: ₹ 1411.72 lakhs) have been grouped under " Current maturities of long term borrowings " (Ref Note 9)

Term Loan from Banks (Secured) includes : (₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
a. Indian Rupee Loans from Banks							
1. Rupee Term Loan	Bank of Baroda	-	129.76	1435.00	'@base rate plus 2.75% (Previous Year: '@base rate plus 2.75%)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 20 quarterly instalments commencing from Nov, 2009
2. Rupee Term Loan	ICICI Bank	-	160.00	3000.00	1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy (Previous year :1.75% per annum below the sum of I-BAR and term premia prevailing on the date plus applicable interest tax or other statutory levy)	First pari passu charge on fixed assets of the Company and Second charge on current assets of the Company	Repayable in 21 quarterly instalments commencing from April 2009
3. Rupee Term Loan	ICICI Bank	**25.00**	125.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly instalments commencing from August 2012
4. Rupee Term Loan	ICICI Bank	**487.50**	704.16	1300.00	9.5% per annum (Previous year :9.5% per annum)	First pari passu charge on both on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of the Company, along with other term lenders	Repayable in 24 quarterly instalments commencing from August, 2011
5. Rupee Term Loan	ICICI Bank	**1375.00**	2000.00	2500.00	a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR (Previous year:IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	First pari passu charge on both movable and immovable fixed assets of the Company, second charge on current assets, present and future of the Company, along with other term lenders	Repayable in 16 quarterly instalments commencing from December, 2012
6. Rupee Term Loan	ICICI Bank	**1080.00**	1200.00	1200.00	IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + applicable interest tax or other statutory levy if any)	First pari passu charge on both movable and immovable fixed assets of the Company, second pari passu charge on entire current assets of the company both present and future, along with other term lenders	Repayable in 16 quarterly instalments commencing from October, 2014

Term Loan from Banks (Secured) includes : (₹ In lakhs)

Type of Loan	Name of the Bank	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
7. Rupee Term Loan	Bank of Baroda	**350.00**	-	350.00	@base rate plus 1.75% (Previous year :Nil)	First pari passu charge on all present and future fixed assets of the Company, second pari passu charge on current assets of the Company	Repayable in 24 quarterly instalments commencing from Jan, 2016
8. Rupee Term Loan	Andhra Bank	**1500.00**	-	1500.00	@base rate plus spread 2% plus term premium 0.25% (Previous year :Nil)	First pari passu charge on net fixed assets of the Company(Present and future) along with other consortium members, second pari passu charge on current assets of the Company	Repayable in 16 quarterly instalments commencing from Sep, 2015
9. Rupee Term Loan	Yes Bank	**1000.00**	-	1000.00	@base rate plus plus 1.25% (Previous year :Nil)	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 instalments commencing from Nov, 2015
10. Rupee Term Loan	Yes Bank	**300.00**	-	300.00	@base rate plus plus 0.75% (Previous year :Nil)	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 instalments commencing from Sep, 2015
Total Indian rupee loans from banks		**6117.50**	4318.92				
b) Term loans from others(secured) includes :							
1. Retail Finance (Auto-Loan)	BMW Financial Services	**36.32**	72.37	94.75	Interest at the rate of 9.89% per annum	Hypothecation of Vehicle BMW 7 series 730LD	Repayable in 30 monthly instalments commencing from August, 2013
Total Rupee Term Loans (a+b)		**6153.82**	4391.29				

Deferred Payment Liabilities

Deferred Payment Liabilities represent sales tax collected under deferrment scheme of State Government of United Andhra Pradesh and is being repaid as per the sales tax deferrment scheme. The Company availed sales tax deferrment scheme for Gokul, Narketpalle and Bayyavaram Dairy plants. Sales Tax deferred in a year should be repaid at the end of 14th year for Gokul and Bayyavaram plants and 10th year for Narketpalle plant without interest and is secured by fixed assets of the respective dairy plants.

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	**2444.99**	2127.62
Add: Deferred Tax Liability during the year on account of :		
Depreciation	**(312.38)**	317.37
(Net of deferred tax asset of ₹ 295.22 lakhs on account of depreciation - Ref Note 3)		
Closing Deferred Tax Liability	**2132.61**	2444.99
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	**192.69**	174.71
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave	**58.86**	17.98
Closing Deferred Tax Asset	**251.55**	192.69
Net Deferred Tax Liability there on	**1881.06**	2252.30

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Major components of deffered tax arising on account of timing differences are:		
a) Deferred Tax liabilities:		
Depreciation	**2132.61**	2444.99
b) Deferred Tax Asset:		
Provision for unavailed leave	**251.55**	192.69

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Others :		
Security Deposits	**999.78**	934.38
Total	**999.78**	934.38

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits				
Unavailed Leave	**156.51**	93.39	**569.64**	473.50
Other Provisions				
Proposed Dividend	**-**	-	**695.97**	695.97
Provision for tax on dividend	**-**	-	**141.68**	118.28
Provision for Income Tax (Net of Advance Tax)	**-**	-	**58.98**	-
Total	**156.51**	93.39	**1466.27**	1287.75

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Loan Repayable on demand:		
a) Working Capital Loan from banks (secured)	**6185.62**	6599.04
b) Short -Term Loans from banks (secured)	**2487.87**	2226.15
Total	**8673.49**	8825.19

a) Working Capital Loans from Banks:

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Working Capital Loan Limit	Rate of Interest	Security / Guarantee
i)	Bank of Baroda	Cash Credit	**2713.03**	2911.13	4000 (Preivious year : ₹ 3000)	Base rate plus 2.25% (Previous year : Base rate plus 2.50%)	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
ii)	Andhra Bank	Open Cash Credit	**1455.17**	1396.30	2500 (Preivious year : ₹ 1500)	Base rate plus 2.25% (Previous year : Base rate plus 2.75%)	Hypothecation of inventory, receivables and advances to suppliers by way of first pari passu charge under consortium arrangement with Bank of Baroda and ICICI Bank Ltd.,

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Working Capital Loan Limit	Rate of Interest	Security / Guarantee
iii)	ICICI Bank	Cash Credit	**2017.42**	2291.61	3500 (with sublimit of WCDL- Rupee (Previous Year: 3000 (with sublimit of WCDL- FCNR(B), WCDL- Rupee)	IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.50% per annum plus applicable interest tax or other statutory levey, if any. (Previous year: IBASE plus "spread" per annum subject to minimum rate of I Base plus 3.25% 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 the Borrower's fixed assets both immovable and movable.
	Total		**6185.62**	6599.04	10000.00		

b) Short Term Loans from Banks (₹ In lakhs)

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2015	Loan Outstanding As on 31.03.2014	Short Term Loan Limit	Rate of Interest	Security / Guarantee	Repayment Terms
i)	Kotak Mahindra Bank	Short Term Loan	**1422.12**	999.58	1500 (Previous Year : 1000)	@11.50 % (Previous year : @ base rate plus 1.5%)	Secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and personal	Repayable in three instalments on 25th day of 4th, 5th and 3rd instalment on 180th day from the date of disbursement.
ii)	Andhra Bank	Short Term Loan	**-**	1185.79	Nil (Previous Year : 3000)	Nil (Previous year :'@base rate plus 2.75%)	Secured by first pari passu charge on the current assets of the Company and extension of first pari passu charge on net fixed assets of the Company as a collateral security along with consortium banks	Repayable in three equal monthly instalments commencing from the end of fourth month from the date of disbursement
iii)	HDFC Bank	Short Term Loan	**1000.00**	-	1000 (Previous Year : Nil)	@base rate plus 0.75% (Previous year :Nil)	Unsecured	Repayable in six months from the date of disbursement
iv)	Kotak Mahindra Bank	Over Draft	**65.75**	40.77	100 (Previous Year : 100)	@12.50% (Previous year :12.50%)	Secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable within one year
	Total		**2487.87**	2226.15				

Aggregate amount of loan repayable on demand guaranteed by :

	March 31, 2015	March 31, 2014
i. Executive Director of the Company :		
Loans outstanding amount	**1487.87**	1040.36
Loans guaranteed	**1600.00**	1100.00
ii. Vice Chairperson and Managing Director of the Company :		
Loans outstanding amount	**-**	1040.36
Loans guaranteed	**-**	1100.00
iii. Non-Executive Director of the Company :		
Loans outstanding amount	**-**	1040.36
Loans guaranteed	**-**	1100.00

Note 9a Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Payables (Including payable to Micro, Small and Medium Scale Enterprises of ₹ 8.78 lakhs (Previous year:₹ 8.79 lakhs) (Ref Note 36)	**7752.70**	6897.65

Note 9b Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Current maturities of long-term borrowings (Ref Note 4):		
Term Loans	**1467.57**	1387.56
Deferred payment liabilities	**25.23**	24.16
Interest Accrued but not due on borrowings	**38.77**	17.30
Interest accrued and due on borrowings	**-**	-
Unpaid Dividends (Ref Note. 30)	**52.80**	42.07
Other Payables :		
Employee Related payables	**1158.51**	1136.82
Advance from Customers	**607.22**	698.09
Capital Creditors	**404.14**	920.59
Statutory Payables	**515.32**	322.46
Security Deposits	**336.48**	349.52
Freight Payables	**574.35**	495.88
Other payables	**1597.36**	1703.79
Total	**6777.75**	7098.24

Note 10: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
Unavailed Leave	**569.64**	473.50
Other Provisions :		
Proposed Dividend	**695.97**	695.97
Provision for tax on proposed dividend	**141.68**	118.28
Provision for Income Tax (Net of Advance Tax)	**58.98**	-
Total	**1466.27**	1287.75

NON-CURRENT ASSETS

Note.11 Fixed Assets

(₹ in lakhs)

Particulars	Gross Block				Accumulated Depreciation / Amortization						Net Block	
	Balance as at 01.04.2014	*Additions / other adjust-ments during the year	Deductions/ Retirement during the year	Balance as at 31.03.2015	Balance as at 01.04.2014	Depreciation charge for the year	Deductions / adjustments during the year	# Impairment loss for the year	** General Reserve	Balance as at 31.03.2015	Balance as at 31.03.2015	Balance as at 01.04.2014
a. Tangible Assets												
Land	1544.19	361.71	10.91	**1894.99**	-	-	-	-	-	**-**	1894.99	1544.19
Buildings	9701.92	853.28	245.74	**10309.46**	2281.98	355.22	60.34	-	436.88	**3013.73**	7295.72	7419.94
Improvements to leasehold property	1581.24	197.94	86.82	**1692.36**	804.30	176.85	60.67	-	-	**920.49**	771.87	776.94
Plant and Machinery	22853.46	3569.07	873.31	**25549.22**	8284.76	2249.51	779.26	15.55	280.93	**10051.48**	15497.74	14568.70
Furniture and Fixtures	2011.95	153.84	6.57	**2159.22**	666.88	151.68	5.22	0.02	20.38	**833.73**	1325.49	1345.07
Office Equipment	2449.52	307.53	23.27	**2733.78**	1553.83	277.46	20.80	0.01	124.78	**1935.28**	798.50	895.70
Vehicles	374.57	35.77	4.61	**405.73**	101.53	68.47	3.44	-	5.57	**172.13**	233.60	273.04
Total - a	40516.85	5479.14	1251.23	**44744.76**	13693.28	3279.19	929.73	15.58	868.54	**16926.84**	27817.91	26823.57
b. Intangible Assets												
Computer Software	1446.40	42.81	-	**1489.21**	1121.85	119.84	-	-	-	**1241.69**	247.52	324.55
Total -b	1446.40	42.81	-	**1489.21**	1121.85	119.84	-	-	-	**1241.69**	247.52	324.55
Total (a+b)	41963.25	5521.95	1251.23	**46233.96**	14815.13	3399.03	929.73	15.58	868.54	**18168.54**	28065.43	27148.12
Previous year	36347.62	6149.35	533.72	**41963.25**	12668.28	2500.23	385.88	32.49	-	**14815.13**	27148.12	
c. Capital Work-in-progress	1111.81	5309.82	5521.95	**899.68**							899.68	1111.81
Previous year	827.49	6433.67	6149.35	**1111.81**								

* During the year, as per Accounting Standard AS-16, borrowing cost of ₹ 55.31 lakhs (Previous year :₹ 16.59 lakhs) has been capitalized to Plant & Machinery, ₹ 32.03 lakhs (Previous year: ₹ 0.80 lakhs) to Buildings and to Office Equipment in Current Year : Nil (Previous Year: ₹ 0.11 lakhs) it is included in other adjustments.

** General Reserve :As per Schedule II of the Companies Act, 2013 the carrying value of those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (net of deferred tax of ₹ 295.22 lakhs) is adjusted in the General Reserve

Details of impairment losses :

Dairy

(₹ in lakhs)

Particulars	2014-2015 ₹	2013-2014 ₹	2012-2013 ₹	2011-2012 ₹	2010-2011 ₹
Balance as at the beginning of the year	**36.90**	5.87	5.53	0.42	-
# Impairment loss during the year	**15.58**	32.49	0.34	5.11	0.42
Reversal of accumulated impairment loss	**-**	1.46	-	-	-
Balance as at the end of the year	**52.48**	36.90	5.87	5.53	0.42

Note 12 :Non-current Investments

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
I. Trade Investments:				
Other non-current investments	**1.13**	1.13	**-**	-
Other Investments (Non-Traded):				
I. Investment in Equity Instruments				
a) Subsidiaries	**-**	-	**-**	-
b) Associates	**56.72**	57.51	**-**	-
Less: Diminuition in value of investments	**-**	-	**-**	-
Cost of investment in Associate	**56.72**	57.51	**-**	-
Less: Share of Loss	**0.28**	0.79	**-**	-
Total -i(b)	**56.44**	56.72	**-**	-
II. Investment in Government securities	**2.67**	2.88	**1.10**	0.64
III Other non-current investments	**20.00**	20.00	**-**	-
Total	**80.24**	80.73	**1.10**	0.64
Less: Provision for diminution in the value of investments	**-**	15.17	**-**	-
	80.24	65.56	**1.10**	0.64

Particulars	Book Value		Market value	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Aggregate of quoted investments	**1.13**	1.13	**3.13**	2.74
Aggregate of un-quoted investments	**80.21**	80.24		
Total	**81.34**	81.37		

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2015	As at March 31, 2014
I. 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 fully paid up			
(Previous year:348 Equity shares of ₹ 10/- each fully paid up)			
Total		**1.13**	1.13
Details of Other Investments (Non-Traded):			
I.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		**1.30**	0.51
		56.72	57.51
Less : Share of current loss		**0.28**	0.79

Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2015	As at March 31, 2014
Carrying Value		**56.44**	56.72
* 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			
II. Investment in Government securities			
National Savings Certificates	Unquoted	**3.77**	3.52
Total		**3.77**	3.52
III. 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
Total Other investments (Non-traded)		**80.21**	80.24

Note: 13 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
a) Capital Advances				
Unsecured , considered good	**79.57**	218.32		
b) Security Deposits				
Unsecured , considered good	**1856.22**	1674.87	**373.47**	271.69
Doubtful	**-**	-	**43.54**	41.14
	1856.22	1674.87	**417.00**	312.83
Less: Provision for doubtful security deposit	**-**	-	**43.54**	41.14
Total	**1856.22**	1674.87	**373.47**	271.69
c) Advances recoverable in cash or kind				
Unsecured , considered good	**-**	-	**338.09**	1116.18
Doubtful	**-**	-	**31.41**	27.94
	-	-	**369.50**	1144.13
Less: Provision for doubtful advances	**-**	-	**31.41**	27.94
Total	**-**	-	**338.09**	1116.18
d) Advances to related parties	**-**	-	**-**	-
e) Other loans and advances				
Unsecured , considered good				
Advance income tax and TDS receivable	**-**	-	**-**	131.78
(Net of provision for taxation)				
Loans and advances to employees	**22.32**	23.90	**61.57**	102.25
Balances with Statutory / Government Authorities	**127.06**	127.07	**2.66**	4.20
Advances to subsidiaries	**-**	-	**-**	-
Total	**149.38**	150.97	**64.23**	238.23
Total (a+b+c+d)	**2085.17**	2044.16	**775.79**	1626.10
Loans and advances due by directors or other officers etc.				(₹ in lakhs)
Loans and advances due by directors	**-**	-	**-**	-
Loans and advances to employees include dues from other officers of the Company	**16.47**	17.46	**20.92**	60.52

Note: 14 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2015	As at March 31, 2014
Others :		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 18)	**55.11**	60.02
Interest accrued on margin money and other deposits	**11.47**	8.56
Prepaid expenses	**6.71**	8.09
Total	**73.29**	76.67

Note: 15 Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good unless stated otherwise		
Prepaid expenses	**151.71**	140.19
Interest accrued on margin money and other deposits	**4.91**	-
Total	**156.62**	140.19

Note 16 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
(Valued at lower of cost or net realisable value except Packing Material & stores and spares)		
Raw Materials (Includes in-transit of ₹ 155.54 lakhs) (Previous year :₹ 493.64 lakhs))	**2339.16**	4287.74
Work-in-Progress	**24.51**	65.59
Finished Goods	**6330.19**	2600.76
Stock-in-Trade	**4327.93**	2937.02
Packing Material (valued at cost)	**731.47**	790.69
Stores and spares (valued at cost)	**183.62**	173.59
Total	**13936.88**	10855.39
Details of Inventory		
A. Inventory : Raw Materials		
a) Dairy		
Skimmed milk powder	**2220.98**	4197.20
Other materials	**103.49**	81.27
Total	**2324.47**	4278.47
b) Bakery		
Bakery raw materials	**14.69**	9.27
Total	**14.69**	9.27
Total (a + b)	**2339.16**	4287.74
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	**24.37**	64.45
b) Bakery-in-process material	**0.14**	1.14
Total	**24.51**	65.59
C. Inventory: Finished Goods		
a) Dairy		
Milk	**1024.09**	921.31
Value Added Products	**479.55**	411.87
Fat Products	**2575.92**	968.80
Skimmed milk powder	**2166.36**	194.37
Total	**6245.92**	2496.36

Note 16 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
b) Agri		
Fruits and vegetables	**81.17**	102.57
Total	**81.17**	102.57
c) Bakery		
Bakery products	**3.10**	1.83
Total	**3.10**	1.83
Total (a + b + c)	**6330.19**	2600.76
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	**74.51**	36.87
Total	**74.51**	36.87
b) Retail		
FMCG - Food	**1995.78**	1408.82
FMCG - Non-food	**2214.23**	1439.00
Fruits and vegetables	**38.04**	45.55
Total	**4248.05**	2893.37
c) Agri		
Fruits	**-**	-
Others	**5.37**	6.78
Total	**5.37**	6.78
Total (a + b + c)	**4327.93**	2937.02

Note: 17 Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2015	As at March 31, 2014
A. Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, considered good	**50.40**	9.78
b) Unsecured, considered doubtful	**70.96**	79.51
Total (a+b)	**121.36**	89.29
Less : Provision for bad and doubtful receivables	**70.96**	79.51
Total - A	**50.40**	9.78
B. Other trade receivables		
a) Unsecured, considered good	**2373.18**	1651.27
b) Unsecured, considered doubtful	**0.39**	15.32
Total (a+b)	**2373.57**	1666.59
Less : Provision for bad and doubtful receivables	**0.39**	15.32
Total - B	**2373.18**	1651.27
Grand total (A+B)	**2423.58**	1661.05
Debts due by directors	**-**	-

Note: 18 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			**3696.81**	3322.44
Deposits with original maturity of less than three months			**-**	-
b) Cheques, drafts on hand			**31.95**	34.04
c) Cash on hand			**275.17**	1023.80
Total Cash and Cash Equivalents			**4003.93**	4380.28
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	**-**	-	**52.80**	42.07
- Other deposits	**12.60**	14.10	**-**	0.09
b) Margin money deposit	**53.98**	54.48	**21.36**	31.22
c) Deposits with original maturity for more than 12 months	**-**	-	**-**	-
Total Other Bank balances	**66.58**	68.58	**74.16**	73.38
Total Cash and Bank Balances	**66.58**	68.58	**4078.09**	4453.66

Non-current portion of other bank balances are included in other assets (Ref.Note 14)

Note : 19 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Revenue from operations :		
A) Sale of Products		
i) Finished goods		
Domestic Sales	**151786.34**	129130.97
Export Sales	**356.57**	383.04
Total	**152142.91**	129514.01
ii) Traded goods		
Domestic Sales	**50589.64**	39069.67
Export Sales	**88.23**	493.10
Total	**50677.87**	39562.77
Domestic Sales	**202375.98**	168200.64
Export Sales	**444.80**	876.14
Total - A (i+ii)	**202820.78**	169076.78
B) Sale of services		
Job work	**633.31**	517.16
C) Other operating revenues		
Scrap Sales	**97.03**	86.94
Others :		
i) Display & Visibility Income	**314.57**	253.44
ii) Promotional Income	**3322.87**	2199.00
iii) Concessionary income	**203.93**	158.26
iv) REC Credits	**10.12**	-
Total -c	**3948.52**	2697.64
Revenue from operations (gross) (A+B+C)	**207402.61**	172291.58
Less: Excise duty	**105.96**	87.59
Revenue from operations (net)	**207296.65**	172203.99

Note : 19 Revenue from operations

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	**107661.20**	93573.79
Value Added Produts	**30681.36**	23694.14
Fat Products	**11602.63**	10027.48
Skimmed milk powder	**76.41**	80.84
Total	**150021.60**	127376.26
b) Agri		
Fruits and Vegetables	**1797.81**	1867.46
c) Bakery		
Bakery products	**323.50**	270.30
Total (a+b+c)	**152142.91**	129514.01
ii) Traded goods sold		
a) Dairy		
Tradable goods	**2757.93**	3320.62
Total	**2757.93**	3320.62
b) Retail		
FMCG - Food	**27558.37**	21168.48
FMCG - Non-Food	**11209.53**	8029.87
Fruits and Vegetables	**6584.88**	5729.02
Total	**45352.78**	34927.36
c) Agri		
Fruits and Vegetables	**-**	-
Other Tradable goods	**2507.43**	1314.79
Total	**2507.43**	1314.79
d) Bakery		
Tradable goods	**59.74**	-
Total	**59.74**	-
Total (a+b+c+d)	**50677.87**	39562.77
B) Details of sale of services		
a) Dairy	**607.38**	459.07
b) Agri	**25.93**	58.09
Total (a+b)	**633.31**	517.16
C) Details of other operating revenues		
a) Dairy	**60.58**	60.81
b) Retail	**3875.96**	2635.00
c) Agri	**0.82**	0.62
d) Bakery	**1.04**	1.21
e) Renewable Energy	**10.12**	-
Total (a+b+c+d+e)	**3948.52**	2697.64

Note: 20 Other Income

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
a) Interest Income on :		
Bank and other deposits	**29.12**	30.88
Others	**8.29**	12.82
b) Dividend Income on :		
Long-term investments	**0.04**	0.14
c) Subsidy transferred from Deferred Govt.grants	**8.23**	6.25
d) Lease rental income	**154.11**	111.65
e) Provisions no longer required/Credit Balances written back	**374.72**	199.41
f) Exchange differences(net)	**-**	18.35
g) Export Incentives	**-**	29.45
h) Profit on Sale of Assets (Net)	**57.67**	7.73
i) Other non-operating income	**85.65**	78.72
	717.83	495.40

Note : 21 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
a) Raw material :		
Inventory at the beginning of the year	**4287.74**	2746.20
Add: Purchases	**123823.30**	99747.80
	128111.04	102494.00
Less: Inventory at the end of the year	**2339.16**	4287.74
Raw Material consumed (a)	**125771.88**	98206.26
b. Packing material :		
Inventory at the beginning of the year	**790.69**	565.45
Add: Purchases	**5562.42**	5077.15
	6353.10	5642.60
Less: Inventory at the end of the year	**731.47**	790.69
Packing Material Consumed (b)	**5621.63**	4851.91
Cost of materials consumed (a+b)	**131393.51**	103058.17
Details of Raw materials consumed		
a) Dairy		
Raw Milk	**111783.37**	82125.65
Skimmed Milk Powder	**8906.87**	11199.96
Other Raw materials	**1696.47**	1475.18
Total	**122386.71**	94800.79
b) Agri		
Fruits and Vegetables	**3201.70**	3260.58
Total	**3201.70**	3260.58
c) Bakery		
Bakery raw materials	**183.47**	144.89
Total	**183.47**	144.89
Total (a + b + c)	**125771.88**	98206.26

Note : 22 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
FMCG - Food	**21,902.47**	16,173.81
FMCG - Non-Food	**10,231.32**	7,034.77
Fruits and Vegetables	**4,975.30**	4,436.52
Others	**5075.08**	4565.79
Total	**42184.17**	32210.89
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	**617.93**	1562.11
b) Retail		
FMCG - Food	**21902.47**	16173.81
FMCG - Non-Food	**10231.32**	7034.77
Fruits and Vegetables	**4975.30**	4436.52
Total	**37109.09**	27645.10
c) Agri		
Fruits and Vegetables	**-**	-
Other Tradable goods	**4381.03**	3003.68
Total	**4381.03**	3003.68
d) Bakery		
Tradable goods	**76.12**	-
Total	**76.12**	-
Total (a + b + c+d)	**42184.17**	32210.89

Note : 23 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
A) Inventory at the end of the year :		
Work-in-progress	**24.51**	65.59
Finished goods	**6330.18**	2600.76
Stock-in-Trade	**4327.93**	2937.02
Total - A	**10682.62**	5603.37
B) Inventory at the beginning of the year :		
Work-in-progress	**65.59**	36.76
Finished goods	**2600.76**	2185.32
Stock-in-Trade	**2937.02**	2492.90
Total - B	**5603.37**	4714.98
Changes in inventories of finished goods, work-in-progress and stock-in-trade (B-A)	**(5079.25)**	(888.39)

Note : 24 Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salaries, wages, bonus and allowances (Refer Note 31)	**10081.81**	9242.72
Contribution to Provident and other funds	**542.80**	487.36
Contribution to gratuity fund (Refer Note 31)	**134.17**	34.77
Staff Welfare Expenses	**313.64**	244.61
Total	**11072.42**	10009.46

Note: 25 Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Interest Expense	**1495.05**	1193.34
Other borrowing cost	**82.46**	125.98
Applicable loss on foreign currency transaction and translation	**-**	0.07
Interest on income tax	**15.50**	2.73
Total	**1593.01**	1322.12

Note: 26 Depreciaiton and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Depreciation on tangible assets	**3279.19**	2378.02
Amortization of Intangible assets	**119.84**	122.21
Total	**3399.03**	2500.23

Note: 27 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Consumption of Stores ,spares and consumables	**1124.15**	1266.85
Rent (Refer Note 34)	**2764.27**	2171.46
Bank Charges	**165.23**	209.25
Insurance	**92.30**	92.84
Travelling and conveyance	**383.51**	385.22
Communication cost	**234.73**	225.52
Safety and Security	**539.38**	469.20
Printing and Stationery	**117.94**	105.78
Office Maintenance	**59.13**	53.07
House Keeping Expenses	**152.78**	132.11
Books and periodicals	**0.92**	0.76
Electricity Charges	**871.39**	778.16
Rates and taxes	**205.41**	215.15
Repairs and maintenance		
Buildings	**63.12**	94.07
Machinery	**174.81**	236.07
Others	**508.77**	494.27
Wheeling Charges	**66.89**	22.30
Operation & Maintenance Charges	**21.20**	6.95
Legal and Professional Charges	**502.70**	402.59
Payment to Auditors :		
As Auditor:		
Audit Fee	**15.90**	13.65

Note: 27 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Tax Audit fee	**7.87**	4.49
Limited Review	**3.37**	3.37
Corporate Governance	**1.12**	1.12
In other capacity :		
Taxation matters	**3.89**	3.88
Certification fee	**4.28**	1.28
Reimbursement of expenses	**2.95**	2.58
Advertisement expenses	**264.55**	231.15
Selling and Distribution expenses	**1248.68**	1099.93
Warehouse and logistics	**280.84**	248.19
Freight outwards	**6522.58**	6041.56
Directors' sitting fees	**11.87**	8.30
Provision for bad and doubtful advances	**17.09**	25.22
Bad Debts written off	**9.81**	2.92
Bad and doubtful advances written off	**12.77**	4.57
Provision for doubtful debts	**61.52**	64.69
Impairment loss on fixed assets	**15.58**	32.49
Recruitment and Training expenses	**27.52**	34.59
Contribution to Heritage Farmers Welfare Trust	**103.04**	99.32
Exchange differences (net)	**1.17**	-
Prior Period items *	**1.33**	6.31
Corporate Social Responsibility expenditure (Ref Note 44)	**69.63**	-
Miscellaneous expenses	**20.52**	23.61
Diminuition in value of investments	**-**	15.17
Total	**16756.51**	15330.01
*Prior period items:		
Debits relating to earlier years	**1.33**	23.02
Credits relating to earlier years	**-**	16.71
Total	**1.33**	6.31

Note : 28 Extra-ordinary items:

(₹ in lakhs)

	As at March 31, 2015	As at March 31, 2014
(Previous year : Extra-ordinary items relates to ex-gratia amount paid to the families of the decreased in the accidents occurred in Dairy plants at Bayyavaram and Pamarru)	**-**	50.00

Note: 29 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

	As at March 31, 2015	As at March 31, 2014
A. Contingent Liabilities		
i. Claims against the company not acknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	**475.68**	475.68
Sales Tax	**166.38**	141.29
The Andhra Pradesh VAT Act	**201.89**	201.89
Excise duty	**-**	-
b) Others	**16.20**	17.45
ii. Guarantees	**373.99**	372.86
iii. Other money for which the company is contingently liable		
'C' forms under collection	**379.30**	82.50
(Against all the above ₹ 171.21 lakhs (Previous year : 151.21 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. Commitments		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**780.82**	664.02
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	**4280.49**	3247.83

Note: 30 Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Unclaimed Dividend		
Opening Balance	**42.07**	36.95
Add: Unclaimed dividend amount of earlier years	**-**	2.14
Less Claims during the year	**0.64**	0.35
Less: Transfer to IEPF	**7.01**	6.51
Add: Current year's unclaimed dividend	**18.37**	9.84
Closing Balance (Refer Note 9b)	**52.80**	42.07
There is no amount outstanding to be credited to the Investor Education and Protection Fund		

Note: 31 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, 2015	Year Ended March 31, 2014
Employers Contribution to Provident Fund	**438.56**	395.98
Defined Benefit Plan :		

Gratuity (Funded) : As per Acturial Report dated April 27, 2015 (₹ in lakhs)

	Particulars	As at 31-Mar-2015	As at 31-Mar-2014
1.	**Assumption**		
	Discount Rate	**7.80%**	9.00%
	Salary Escalation	**5.00%**	5.00%
	Rate of Return on Plan Assets	**9.00%**	9.25%
	Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs
2.	**Table showing change in present value of obligations**		
	Present value of obligations as at beginning of year	**405.76**	369.92
	Acquisition adjustments	**-**	-
	Interest cost	**36.52**	30.33
	Current Service Cost	**95.56**	75.22
	Curtailment Cost / (Credit)	**-**	-
	Settlement Cost / (Credit)	**-**	-
	Benefit Paid	**(40.86)**	(29.49)
	Acturial (gain)/ loss on obligations	**43.35**	(40.22)
	Present value of obligations as at end of year	**540.33**	405.76
3.	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	**486.84**	382.06
	Opening balance adjustment	**(12.63)**	-
	Acquisition adjustments	**-**	-
	Expected return on plan assets	**41.26**	30.56
	Contributions	**76.18**	103.71
	Benefits paid	**(40.86)**	(29.49)
	Acturial gain / (loss) on plan assets	**-**	-
	Fair value of plan assets at end of year	**550.80**	486.84
4.	**Table showing fair value of plan assets**		
	Fair value of plan assets at beginning of year	**486.84**	382.06
	Acquisition adjustments	**-**	-
	Actual return on plan assets	**41.26**	30.56
	Contributions	**76.18**	103.71
	Benefits paid	**(40.86)**	(29.49)
	Fair value of plan assets at the end of year	**550.80**	486.84
	Funded Status	**10.47**	81.08
	Excess of Actual over estimated return on plan assets	**-**	-
5.	**Acturial Gain / Loss recognised**		
	Acturial (gain)/ loss on obligations	**(43.35)**	40.22
	Acturial (gain)/ loss for the year -plan assets	**-**	-
	Total (gain) / loss for the year	**43.35**	(40.22)
	Acturial (gain)/ loss recognised in the year	**43.35**	(40.22)
6.	**The amounts to be recognised in the balance sheet and statement of profit and loss**		
	Present value of obligations as at the end of year	**540.33**	405.76
	Fair value of plan asets as at the end of the year	**550.80**	486.84
	Funded Status	**10.47**	81.08
	Net asset/ (liability) recognised in balance sheet	**10.47**	81.08

(₹ in lakhs)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014
7. Expenses Recognised in the statement of profit and loss		
Current Service Cost	**95.56**	75.22
Past Service Cost	**-**	-
Interest cost	**36.52**	30.33
Expected return on plan assets	**(41.26)**	(30.56)
Curtailment Cost / (Credit)	**-**	-
Settlement Cost / (Credit)	**-**	-
Net Acturial (gain) / loss recognised in the year	**43.35**	(40.22)
Expenses recognised in statement of profit and loss (Refer Note 24)	**134.17**	34.77

Amounts for the current and previous four financial years (for Gratuity)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2011
Present value of defined benefit obligations	**550.80**	486.84	369.92	271.00	199.14
Fair value of plan assets	**10.47**	81.08	382.06	280.21	191.37
Deficit/(Surplus) in the plan assets	**540.33**	405.76	(12.14)	(9.21)	7.77

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): As per Acturial Report dated 21.04.2015

(₹ in lakhs)

1. Assumptions	Leave Encashment		Sick Leave	
Particulars	**As at 31-Mar-2015**	**As at 31-Mar-2014**	**As at 31-Mar-2015**	**As at 31-Mar-2014**
Discount Rate	**7.80%**	9.00%	**7.80%**	9.00%
Rate of increase in Compensation levels	**5% p.a.**	5% p.a.	**5% p.a.**	5% p.a.
Rate of Return on Plan Assets	**-**	-	**-**	-
Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs	**25 Yrs**	25 Yrs
2. Reconciliation of Defined benefit obligation				
Particulars				
Present Value of Obligation as at the beginning of the year	**472.47**	429.55	**94.42**	84.43
Acquisition adjustment	**-**	-	**-**	-
Interest Cost	**42.52**	35.22	**8.50**	6.92
Past Service Cost	**-**	-	**-**	-
Current Service Cost	**142.42**	42.93	**16.84**	9.98
Curtailment Cost / (Credit)	**-**	-	**-**	-
Settlement Cost / (Credit)	**-**	-	**-**	-
Benefits paid	**(124.67)**	(99.46)	**(19.49)**	(15.52)
Actuarial (gain)/ loss on obligations	**82.14**	64.24	**10.99**	8.60
Present Value of Obligation as at the end of the year	**614.89**	472.47	**111.26**	94.42

(₹ in lakhs)

Particulars	Leave Encashment		Sick Leave	
	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2015	As at 31-Mar-2014
3. Acturial Gain / Loss Recognised				
Particulars				
Actuarial (gain)/loss for the year – Obligation	**(82.14)**	(64.24)	**(10.99)**	(8.60)
Actuarial gain/(loss) for the year - Plan Assets	**-**	-	**-**	-
Total (gain) / loss for the year	**82.14**	64.24	**10.99**	8.60
Actuarial (gain) / loss recognized in the year	**82.14**	64.24	**10.99**	8.60
Unrecognized actuarial (gains) / losses at the end of year	**-**	-	**-**	-
4. The amounts to be recognised in Balance Sheet and Statement of Profit and Loss				
Particulars				
Present Value of Obligation as at the end of the year	**614.89**	472.47	**111.26**	94.42
Value of Plan Provisions as at the end of the year	**-**	-	**-**	-
Funded Status	**(614.89)**	(472.47)	**(111.26)**	(94.42)
Unrecognized Actuarial (gains) / losses	**-**	-	**-**	-
Net Asset/(Liability) Recognized in Balance Sheet	**(614.89)**	(472.47)	**(111.26)**	(94.42)
5. Expenses Recognized in the statement of Profit & Loss				
Particulars				
Current Service Cost	**142.42**	42.93	**16.84**	9.98
Past Service Cost	**-**	-	**-**	-
Interest Cost	**42.52**	35.22	**8.50**	6.92
Expected Return on Plan Assets	**-**	-	**-**	-
Curtailment Cost / (Credit)	**-**	-	**-**	-
Settlement Cost / (Credit)	**-**	-	**-**	-
Net actuarial (gain)/ loss recognized in the year	**82.14**	64.24	**10.99**	8.60
Expenses Recognized in the statement of Profit & Loss (Refer Note 24 - included in Salaries, wages ,bonus and allowances)	**267.08**	142.38	**36.33**	25.51

Amounts for the current and previous four financial years (for Leave Encashment)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2011
Present value of defined benefit obligations	**614.89**	472.47	429.55	381.06	332.33
Deficit in the plan assets	**(614.89)**	(472.47)	(429.55)	(381.06)	(332.33)

Amounts for the current and previous four financial years (for Sick Leave)

Particulars	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2011
Present value of defined benefit obligations	**111.26**	94.42	84.43	62.44	50.46
Deficit in the plan assets	**(111.26)**	(94.42)	(84.43)	(62.44)	(50.46)

Note: Details of experience adjustments arising on plan liabilities have not been disclosed in the absence of relevant information

Note: 32 Segment reporting for the year ended March 31, 2015 (₹ in lakhs)

Particulars	As at March 31, 2015			As at March 31, 2014		
	External Revenue	Inter-segment Revenue	Total	External Revenue	Inter-segment Revenue	Total
1. Segment Revenue						
i. Heritage Foods Ltd:						
a. Dairy	**153354.44**	**2231.27**	**155585.71**	131138.01	1681.15	132819.16
b. Retail	**49228.74**	**168.26**	**49397.00**	37562.36	230.19	37792.55
c. Agri	**4331.99**	**4068.17**	**8400.16**	3240.95	3542.38	6783.33
d. Bakery	**371.37**	**217.56**	**588.92**	262.67	103.60	366.27
e. Renewable Energy	**10.12**	**246.92**	**257.04**	-	77.35	77.35
ii Heritage Foods Retail Limited	**-**	**-**	**-**	-	-	-
iii Heritage Conrpo Limited	**-**	**-**	**-**	-	-	-
Total Segment Revenue	**207296.65**	**6932.18**	**214228.83**	172203.99	5634.67	177838.66
Inter-segment-eliminations		**6932.18**	**6932.18**		5634.67	5634.67
Net Sales / Income from Operations		**-**	**207296.65**		-	172203.99

Particulars	As at March 31, 2015	As at March 31, 2014
2. Segment Results		
Profit / (Loss) before finance costs and tax		
i. Heritage Foods Limited		
a. Dairy	**6717.47**	9869.19
b. Retail	**(1107.36)**	(1992.16)
c. Agri	**(125.47)**	(298.70)
d. Bakery	**(84.46)**	(102.13)
e. Renewable Energy	**70.53**	(11.54)
ii. Heritage Foods Retail Limited	**(0.76)**	(0.28)
iii. Heritage Conrpo Limited	**(0.63)**	(0.22)
Total Segment Results	**5469.32**	7464.15
Less: i. Finance costs	**1593.01**	1322.12
Add: Interest income	**37.41**	43.70
Add/ (Less): Net Unallocable Income / (Expenditure)	**15.21**	(15.03)
Profit / (Loss) before Extra-ordinary items and Tax	**3928.92**	6170.70
Less: Extra-ordinary items	**-**	50.00
Profit / (Loss) before Tax	**3928.92**	6120.70
Less:		
a. Current tax	**1169.36**	1291.05
b. Prior period tax	**(0.45)**	(0.46)
c. Deferred tax	**(76.02)**	299.38
Net Profit / (Loss)	**2836.04**	4530.73

Particulars	As at March 31, 2015	As at March 31, 2014
3. Total Capital Employed		
(Segment Assets - Segment Liabilities)		
i. Heritage Foods Limited		
a. Dairy	**18687.40**	17611.21
b. Retail	**8877.41**	6460.95
c. Agri	**3135.91**	3368.09
d. Bakery	**1075.13**	1119.33
e. Renewable Energy	**1588.95**	1675.05
ii. Heritage Foods Retail Limited	**(0.52)**	(0.39)
iii. Heritage Conrpo Limited	**(0.41)**	(0.39)
Total Segment Capital Employed	**33363.88**	30233.85
Add: Unallocated Assets	**1272.23**	1249.55
Less: Unallocated Liabilities	**1049.83**	1105.70
Total Capital Employed	**33586.29**	30377.70
4. Capital Expenditure incurred during the year		
i. Heritage Foods Limited		
a. Dairy	**3865.69**	2999.53
b. Retail	**1588.94**	1167.03
c. Agri	**36.35**	74.96
d. Bakery	**8.29**	64.14
e. Renewable Energy	**-**	1714.02
ii. Heritage Foods Retail Limited	**-**	-
iii. Heritage Conrpo Limited	**-**	-
Total Segment Capital Expenditure	**5499.27**	6019.68
Add: Unallocated Capital Expenditure	**22.69**	129.68
Total Capital Expenditure	**5521.96**	6149.36
5. Depreciation and Amortisation for the year		
Segment Depreciation		
i. Heritage Foods Limited		
a. Dairy	**1987.76**	1422.15
b. Retail	**888.50**	636.01
c. Agri	**228.19**	223.54
d. Bakery	**82.08**	53.26
e. Renewable Energy	**81.05**	40.83
ii. Heritage Foods Retail Limited	**-**	-
iii. Heritage Conrpo Limited	**-**	-
Total Segment Depreciation and Amortisation	**3267.59**	2375.79
Add: Unallocated Depreciation	**131.44**	124.44
Total Depreciation and Amortisation	**3399.03**	2500.23
6 . Significant Non Cash Expenditure (excluding depreciation, amortisation and impairment)	**398.82**	**305.45**

Note: 33 Related party disclosures as per AS-18

A. Relationships :

i) Subsidiary Companies
a) Heritage Foods Retail Limited
b) Heritage Conpro Limited
ii) Associates :
a) SKIL Raigam Power (India) Limited

iii) Key Management Personnel
a) **N Bhuvaneswari**
Vice Chairperson & Managing Director
b) **N Brahmani**
Executive Director
c) **K Durga Prasada Rao**
Whole-time Director
d) **A Prabhakara Naidu**
Chief Financial Officer
e) **Umakanta Barik**
Company Secretary

iv) Other Related Parties :
a) Heritage Farmers Welfare Trust
b) Heritage Finlease Limited

v) Relatives of Key Management Personnel and their enterprises
A) where transactions have taken place
a) N Lokesh
Non-Executive Director
b) NTR Memorial Trust
c) Sunkara Vasavi
B) where no transactions have taken place
a) Nirvana Holdings Private Limited

Name of the related party ==> Particulars	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Relative of Key Management Personnel (Non-Executive Director since June 30, 2013)	Key Management Personnel (Executive Director)	Key Management Personnel (Whole-time Director w.e.f August 1st, 2014)	Relative of Key Management Personnel of Heritage Foods Ltd	Key Management Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Subsidiary	Subsidiary	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
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Managerial Services	Managerial Services	Lease Rentals	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

Name of the related party ==> Particulars	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹120.00 lakhs (Previous year: ₹112.50 lakhs)	a) Managerial Remuneration : Nil (Previous year: ₹ 21.00 lakhs)	a) Managerial Remuneration of ₹ 60.00 lakhs (Previous year: ₹ 45.50 lakhs)	a) Managerial Remuneration of ₹ 24.00 lakhs (Previous year: ₹ Nil)	Rent: ₹ 2.88 lakhs	a) Share Capital ₹ 20 lakhs (Previous year: ₹ 20 lakhs)	a) Share Capital ₹ 16.50 lakhs (Previous year: ₹ 16.50 lakhs)	a) Share Capital ₹ 7.60 lakhs (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	a) Salary :34.85 lakhs (Previsou Year :₹ 31.67 lakhs)	a) Salary :17.24 lakhs (Previous year : ₹ 15.66 lakhs)	Contributions by the Company during the year: ₹ 69.63 lakhs (Previous year: Nil)	Contributions by the Company during the year: ₹ 103.04 lakhs (Previous year: 99.32 lakhs)
	b) PF contribution of ₹8.64lakhs (Previous year: ₹8.10 lakhs)	b) PF contribution : Nil (Previous year: ₹ 1.26 lakhs)	b) PF contribution of ₹ 4.32 lakhs (Previous year: ₹3.28 lakhs)	b) PF contribution of ₹ 1.73 lakhs (Previous year: Nil)		b) Dividend Received ₹ Nil (Previous year: ₹ Nil)				b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs)	b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs)		
	c) Perks ₹ 10.68 lakhs (Previous year: ₹8.09 lakhs)	c) Perks : Nil (Previous year: ₹ 7.56 lakhs)	c) Perks : ₹ 6.95 lakhs (Previous Year: Nil)			c) Cattle loans of ₹ 5769.47 lakhs (Previous year: ₹ 5195.66 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd				c) PF Contribution of ₹ 1.89 lakhs (Previous Year: ₹ 1.72 lakhs)	c) PF Contribution of ₹ 0.94 lakhs (Previous Year: ₹ 0.85 lakhs)		
	d) Leave Encashment of ₹ Nil (Previous year:₹ .Nil)	d) Commission: Nil (Previous year: ₹ 55.20 lakhs)	d) Commission: ₹ 108.61 lakhs (Previous year:160.73 lakhs)										
	e) Commission: ₹88.77 lakhs (Previous year : ₹159.43 lakhs)												
	f) Office rent of ₹49.40 lakhs paid by Company (Previous year : ₹43.92 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	Remuneration was approved by Shareholders	Remuneration was approved by Shareholders	NIL	NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL

Name of the related party ==> Particulars	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
Guarantees and collaterals	1.Current Year : Nil (Previous year : Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.)	1.Current Year : Nil (Previous year : Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank.)	1.Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director										
	2.Current Year : Nil (Previous year : Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Bank and the loan is also secured by second charge by way of equitable mortgage on the industrial property of Vice Chairperson & Managing Director of the Company .)	Current year Nil (Previous year : Given personal guarantee for the short term loan of ₹ 1000 lakhs availed by the Company from Kotak Mahindra Bank)	2.Given personal guarantee for the short term loan facility of ₹ 1500 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director (Previous year : ₹ 1000 lakhs)										

Name of the related party ==> Particulars	N Bhuvaneswari	N Lokesh	N Brahmani	K Durga Prasada Rao	Vasavi Sunkara	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
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 76.62 lakhs (Previous year: ₹ 168.72 lakhs)	₹ Nil (Previous year :₹ 55.20 lakhs)	₹ 111.83 lakhs (Previous year :₹ 164.04 lakhs)	₹ 1.88 lakhs (Previous year :₹ Nil)	₹ 0.30 lakhs	₹ 199.93 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: ₹ 169.68 lakhs)	NIL	NIL	NIL	2.07 Lakhs (Previous Year: Salary advance receivable- ₹ 1.76 lakhs)	1.21 Lakhs (Previous year: ₹ 0.01 lakhs)	Nil	Contribution amount outstanding: ₹ 15.94 lakhs the same has been remitted subsequently (Previous year : ₹ 12.32 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 34 Lease

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Data Processing Equipments taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet is as under:		
- for a period not later than one year	**44.65**	---
- for a period later than one year and not later than five years	**23.23**	---
- for a period later than five years	**---**	---
Total operating lease expenses debited to statement of profit and loss is ₹ 2764.27 lakhs (Previous year : ₹ 2171.46 lakhs)		
Total sub-lease payments received /(receivable) credited to statement of profit and loss is ₹ Nil (Previous year : ₹ 3.85 lakhs)		

Note: 35 Earning per share (EPS)

(₹ In lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
A) Calculation of weighted average number of equity shares of ₹ 10/-each :		
Number of Equity Shares outstanding at the beginning of the year	**23199000**	11599500
Add: Issue of shares during the year	**-**	11599500
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	**3928.92**	6120.70
c) Net Profit / (Loss) after tax before extraordinary items	**2836.03**	4579.99
e) Net Profit / (Loss) after tax and extraordinary items	**2835.92**	4529.99
f) Basic and diluted Earnings per share (Before Extraodrdinary items) of ₹ 10 each (₹)	**12.22**	19.69
g) Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	**12.22**	19.53

Note: 36 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 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)
31-Mar-15	8.78	1.55	Nil	1.55	1.55	1.55
31-Mar-14	8.79	4.21	Nil	4.21	4.21	4.21

Note: 37 Value of Imports calculated on CIF basis in respect of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Capital Goods	-	143.62
Total	-	143.62

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
a) Interest	-	37.03
b) Foreign travel	2.32	-
Total	2.32	37.03

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Export of goods calculated on FOB basis	312.20	770.84
Total	312.20	770.84

Note: 40 Consumption of Materials:

(₹ in lakhs)

a) Raw Materials (Refere Note 21)	%	2014 - 15	%	2013 - 14
i) Indigenous	100.00	131393.51	100.00	103058.17
ii) Imported		-		-
b) Stores, spares and consumables (Refer Note 27)				
i) Indigenous	100.00	1124.15	100.00	1266.85
ii) Imported		-		-

Note: 41 Remittance in Foreign Currency on account of dividends :

(₹ in lakhs)

	2014 - 15	2013 - 14
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, 2015		March 31, 2014	
	USD	INR	USD	INR
i) Forward :				
FCNR(B) - Principal	-	-	-	-
FCNR(B) - Interest	-	-	-	-
ii) Option :				
FCTL - Principal	-	-	-	-
FCTL - Interest	-	-	-	-

Note: 42 Disclosures in respect of derivative instruments :

a) Derivative instruments outstanding at the balance sheet date (₹ in lakhs)

Particulars	March 31, 2015		March 31, 2014	
	USD	INR	USD	INR
iii) Swap :				
FCTL - Interest	-	-	-	-

b) The derivative instruments have been acquired for hedging purposes

c) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2015		March 31, 2014	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Trade receivables	$ 2.14 lakhs	133.87	-	-

Disclosures mandated by Schedule III of the Companies Act'2013, by way of additional information.

Name of the Entities	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 net assets	Amount (₹ In Lakhs)
Parent:				
Heritage Foods Limited	100.04%	19301.16	99.47%	2821.02
Subsidiary:				
Heritage Foods Retail Limited	0.01%	2.71	(0.03%)	(0.76)
Heritage Conpro Limited	0.03%	6.59	(0.02%)	(0.63)
Sub-total	100.08%	19310.47	99.42%	2819.63
Inter-companyelimination&consolidationadjustments	(0.08%)	(16.26)	0.58%	16.41
Grand total	100.00%	19294.21	100.00%	2836.04
Minority interest in subsidiaries		1.61		(0.16)
Share in profit /(loss) of associates				(0.28)

Note: 43 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.44 In the opinion of Board of Directors the assets other than fixed assets and non-current investments have value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

Note: 45 Details of Corporate Social Responsibility (CSR) expenditure :

a) Gross amount required to be spent by the company during the year : ₹ 69.63 lakhs (Previous year : Nil)

b) Amount spent during the year : (₹ In lakhs)

	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 *	69.63	Nil	**69.63**

* Contribution made to a Registered Trust named NTR Memorial Trust of ₹ 69.63 lakhs during the Financial Year 2014-15.

Note: 46 The financial statements for the year ended March 31, 2015 are prepared as per Schedule III of the Companies Act, 2013 and in or form as near as thereto.

Note: 47 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 48 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

Part "A" Subsidiaries **(₹ In lakhs)**

Sr. No	Name of the Subsidiary	Reporting period for the subsidiary concerned, if difference from the holding company's reporting period	Reporting period for the subsidiary concerned, if difference from the holding company's reporting period	Share cpaital	Reserves & Surpluses	Total Assets	Total Liabilities	Investments	Turn over	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of share holding
1	Heritge Foods Retail Limited (Subsidiary)			16.56	(13.85)	3.23	0.52	-	-	(0.76)	-	(0.76)	-	99.64
2	Heritage Conpro Limited (Subsidiary)			10.04	(3.45)	7.00	0.41	-	-	(0.63)	-	(0.63)	-	75.70

Part "B" : Associates and Joint ventures

Statement persuant to 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures (₹ In lakhs)

Sr. No	Name of the Associates/ Joint Ventures	1. Latest audited Balance sheet Date	2. Shares of Associates/Joint Ventures held by the company on the year end			3. Description of how there is signigicant influence		4. Reson why the associate/Joint venture is not consolidated.		5. Net worth distribution to share holding as per latest audited Balance sheet.		6. Proft/ (Loss) for the year	
			No.	Amount of Investment in Associates/ Joint Venture (₹ In lakhs)	Extent of Holding %							1. Considered in consolidation	1. Not considered in Consolidation
1	Skill Raigam Power (India) Limited (Associate)	31.03.2015	650000	65.00	44.83	N.A		N.A		56.44		(0.28)	(0.35)

As per our report attached
For **Raju & Prasad**
Chartered Accountants
Firm No. 003475S

Y Balakrishna Reddy
Partner
M. No.223701

26th May, 2015
Hyderabad

For and on behalf of the Board

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

A Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200974

N Brahmani
Executive Director
DIN : 02338940

Umakanta Barik
Company Secretary
M.No.FCS 6317

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ATTENDANCE SLIP

HERITAGE FOODS LIMITED

(Formerly known as HERITAGE FOODS (INDIA) 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*			

Name (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 **23rd Annual General Meeting** of the Company to be held at National Institute for Micro, Small and Medium Enterprises, Yousufguda, and Hyderabad - 500045 on **Thursday, the 24th September, 2015 at 10.30 a.m.**

.....

Signature of the Shareholder /Authorized Representative/Proxy **

* Applicable for investors holding shares in electronic form

** **Strike out whichever is not applicable**

PROXY FORM

HERITAGE FOODS LIMITED

Formerly known as HERITAGE FOODS (INDIA) 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 Administratio`n) Rules, 2014

Name of the Member(s):		
Registered address:		
Folio No./Client Id:	DP ID:	
E-mail Id:		

I/We, being the member(s) having ..... shares of the above named Company, hereby appoint:

1.	Name :	Address :
	E-mail Id :	Signature :
	or failing him/her	
2.	Name :	Address:
	E-mail Id :	Signature :
	or failing him/her	
3.	Name :	Address:
	E-mail Id :	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Thursday, the 24th September, 2015 at 10.30 a.m. at National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolution	Vote (Optional see Note 2) (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 31st March, 2015, 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 31st March, 2015ed Financial Statement of the Company for the Financial Year ended 31st March, 2015.			
2.	To declare a dividend of ₹ 3/- per equity share (30%) on Equity Shares of ₹ 10/- each for the year 31st March, 2015			
3.	To appoint a Director in place of Sri N Lokesh (DIN: 02230945) who retires by rotation and being eligible, offers himself for re-appointment.			
4.	To resolve not to fill the vacancy for the time being in the Board caused by the retirement of Sri N P Rama Krishna (DIN: 00003751) who retires by rotation and does not seek for re-appointment.			
5.	To ratify the appointment of auditors of the Company, and to fix their remuneration.			
Special Business:				
6.	Modification of the Object Clause of the Memorandum of Association of the Company			
7.	Modification in liability Clause of the Memorandum of Association of the Company			

Signed this ..... day of 2015

Affix Revenue Stamp

Signature of Shareholder

Signature of Proxy holder(s)

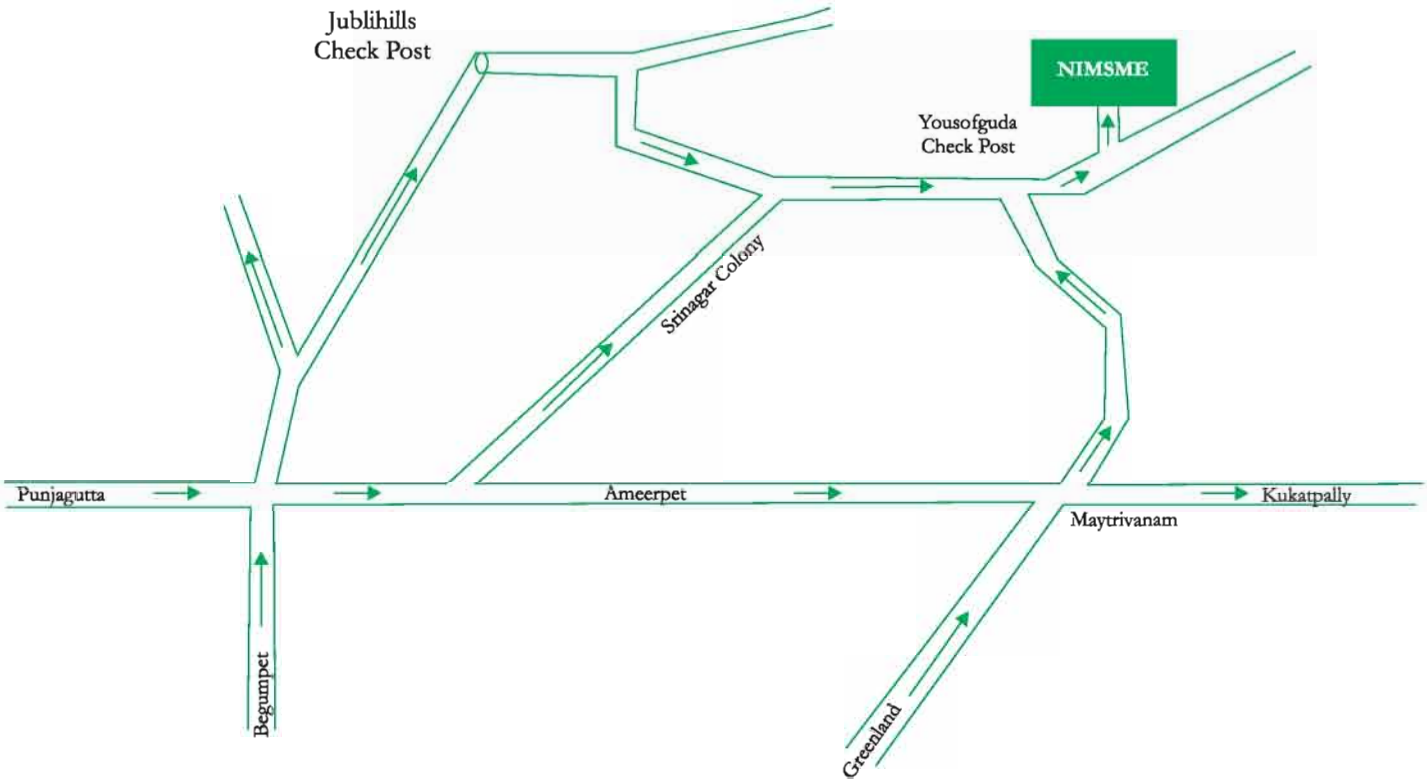
Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A 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

Route Map to the Venue of the AGM



Heritage Foods Limited

[Formerly known as Heritage Foods (India) Limited]
CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta
Hyderabad-500082, Telangana
Fax: 040-30685458
Phone: 040-23391221/2
Email: hfl@heritagefoods.in
Web site: www.heritagefoods.in

Advisory, Content & Design: www.corpcommsstudio.com

2015-16
24th Annual Report

Fast Moving Committed to Grow

Heritage Foods Limited

(Formerly Known as Heritage Foods (India) Ltd.)

Forward-Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Read Inside

Corporate Overview

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Financial Statements

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₹ 23,806 million
Revenue

₹ 554 million
PAT

₹ 1,365 million
EBIDTA

₹ 2,400 million
Networth

₹ 5,184 million
Gross Fixed Assets

30%
Equity Dividend

For more details, please visit
www.heritagefoods.in

Ever since inception, we have honed our expertise to grow sustainably across diverse business segments. Now we are set to position ourselves as a prominent FMCG company, by expanding our offerings, while strengthening our existing business verticals.

As a leading dairy company, we aim to further enhance the contribution of value-added products in the dairy vertical from 21% to 40%.

The retail business is growing encouragingly, meeting the needs of modern Indian consumers who want convenience and comfort. We are confident of witnessing healthy profits by 2018.

At Heritage Agri, we follow a farm-to-fork model and source fresh fruits and vegetables from farmers. Growing awareness about health among customers is facilitating the growth of our agri vertical.

With changing eating habits of people and rise in the consumption of fast food, we also see promising growth in our bakery vertical.

The evolution of renewable energy over the past decade has surpassed all expectations. In line with that, we have embarked on a clean energy initiative and came up with renewable energy vertical. With our consistent endeavour to push our limits at every step, we are

Fast Moving Committed to Grow.

A Glimpse of Heritage

Incorporated in 1992, Heritage Foods Limited (Heritage) is one of the most evolving FMCG companies in India with five key business verticals – Dairy, Retail, Agri, Bakery and Renewable Energy.

An Inspiration to Reality

Heritage was founded with a vision to assure remunerative prices to dairy farmers who needed better marketing opportunities. At the same time, the aim was to build an enduring connection of trust with customers by delivering pure and fresh products. Over the years, we have been able to position ourselves as a leading dairy company, while remaining close to dairy farmers from whom we procure milk. We have maintained our track record of profitability and shareholder value creation, and are now set to strengthen our prominence, at every step.

Vision

Delighting every home with fresh and healthy products and empowering the farmer.

Mission

- To be a nationally recognised brand for healthy and fresh products with a revenue of ₹ 6,000 Cr. (USD 1 billion) by 2020
- 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 farming community through our unique 'Relationship Farming' model
- We aim to be the 'Employer of Choice' by nurturing entrepreneurship, promoting empowerment, alongside transparent and open communication

Values

Speed and Agility
Our strategic agility is strengthened and propelled by our operational agility.

Uphold Integrity
We do the right thing in the right way.

Customer Delight
Customer Delight is paramount. We are passionate about building sustainable, valuable and enduring inter-generational relationships with them.

Collaboration with Leadership Excellence
We work collectively and believe in leading by example; communicating in a clear and transparent fashion.

Empowering Society and Employees
We believe in caring for our community and our employees.

Supremacy through Innovation
We strive to do things differently.

Sustainability
We aim to build a better future for the generations to come.

Geographical Presence

We have our strong presence across 10 states in India.

Dairy	Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, Rajasthan, Haryana and NCR Delhi
Retail	Bengaluru (Karnataka), Chennai (Tamil Nadu) and Hyderabad (Telangana)
Agri	Chittoor (Andhra Pradesh) and Medak (Telangana)
Bakery	Uppal in Hyderabad (Telangana)
Renewable energy	Solar plant in Medak district (Telangana). Wind power plant in Ananthapur district (Andhra Pradesh)

Employee Strength

- 2,235 Dairy & RE
- 110 Agri
- 2,689 Retail
- 43 Bakery

5,077
Total Employees

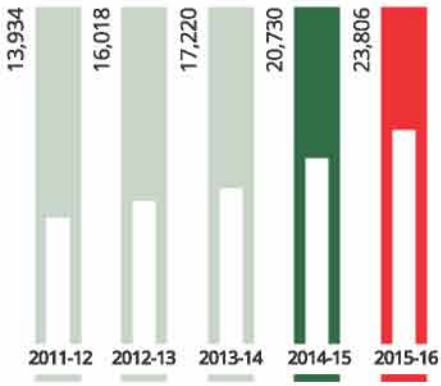
Certifications

- ISO 22000-14/2014 by FoodCert India Pvt Ltd
- HCH Cert. No. HFC 15-101 by Halal Certification Hyderabad, Rahmat-e-Aalam Foundation – USA and Sharfah Board of India
- HCH Cert. No. HIP 15-102 by Halal Certification Hyderabad, Rahmat-e-Aalam Foundation – USA and Sharfah Board of India
- All 14 processing and packing units are ISO 22000 & FSMS certified

Promising Financial Performance

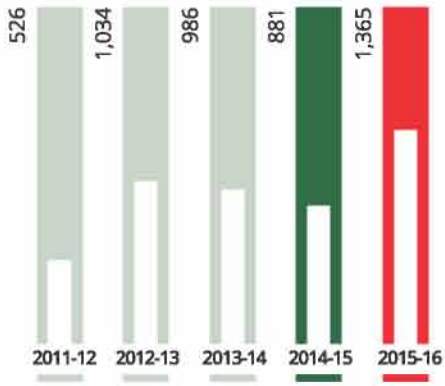
REVENUE (₹ in million)

14% 5-year CAGR



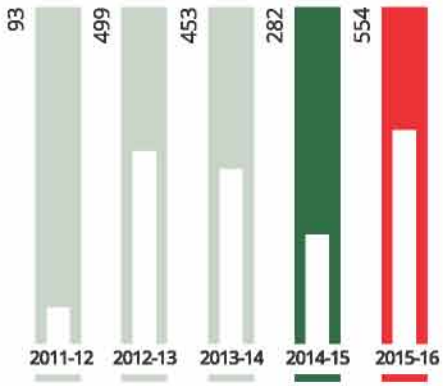
EBIDTA (₹ in million)

27% 5-year CAGR



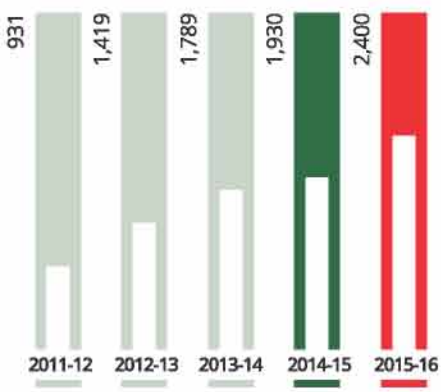
PAT (₹ in million)

56% 5-year CAGR



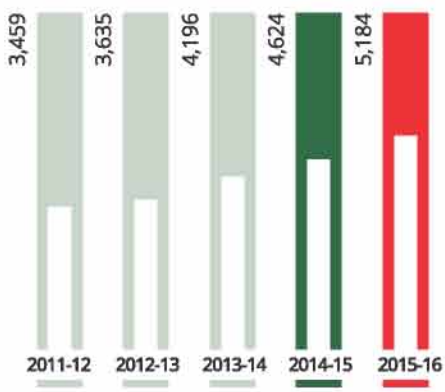
NETWORTH (₹ in million)

27% 5-year CAGR



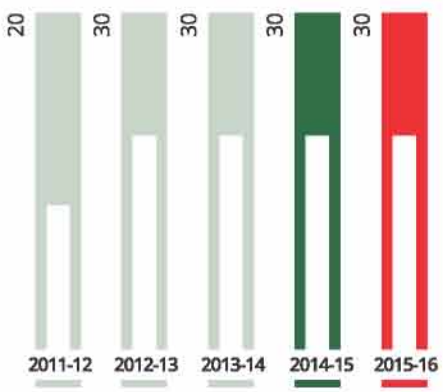
GROSS FIXED ASSETS (₹ in million)

11% 5-year CAGR



EQUITY DIVIDEND (in %)

11% 5-year CAGR



10-year Financial Highlights

Consistent Growth

₹ in million

	1	2	3	4	5	6	7	8	9	10
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	**23,806**	20,730	17,220	16,018	13,934	10,961	9,004	7,960	5,880	3,463
Other Income	**65**	70	50	42	32	48	29	32	401	13
Total Income	**23,871**	20,800	17,270	16,060	13,966	11,009	9,033	7,992	6,281	3,476
Earnings before Depreciation, Interest and Tax (EBIDTA)	**1,365**	881	987	1,034	526	389	470	34	237	122
Depreciation & Amortisation	**345**	340	250	220	212	199	196	172	106	68
Interest	**146**	150	119	148	178	160	167	146	124	18
Provision for Taxation	**306**	109	159	137	42	18	50	66	(3)	18
Profit after Tax	**554**	282	453	500	93	11	56	(356)	9	17
Cash Profit/(Loss)	**899**	622	703	720	305	211	252	(184)	115	85
Equity Dividend (%)	**30**	30	30	30	20	12	18	Nil	18	30
Dividend Payout (Including Tax on Dividend)	**84**	84	81	41	27	16	24	Nil	21	35
Equity Share Capital	**232**	232	232	116	115	115	115	115	115	100
Reserves and Surplus	**2,168**	1,698	1,558	1,303	816	750	754	692	1,042	593
Networth	**2,400**	1,930	1,790	1,419	931	865	869	808	1,157	693
Gross Fixed Assets	**5,184**	4,623	4,196	3,635	3,459	3,175	2,942	2,645	2,065	1,289
Net Fixed Assets	**3,120**	2,807	2,715	2,368	2,303	2,217	2,152	2,037	1,624	954

Key Indicators

	1	2	3	4	5	6	7	8	9	10
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Earnings per share - ₹	**23.89**	12.16	19.53	21.64*	8.1	8.1	4.85	(30.89)	0.92	1.73
Cash Earnings per Share - ₹	**38.77**	26.81	30.31	31.03*	26.47	26.47	26.32	(9.67)	9.96	8.51
Book Value per share - ₹	**103.45**	83.29	77.15	61.16*	80.77	80.77	75.35	70.05	100.35	69.37
Debt : Equity Ratio	**0.27:1**	0.29:1	0.25:1	0.42:1	0.99:1	0.99:1	1.34:1	1.50:1	0.96:1	0.79:1
EBIDTA/Turnover - %	**5.68**	4.25	5.73	6.27	3.77	3.77	5.22	0.43	4.02	3.51
Net Profit Margin - %	**2.33**	1.36	2.63	3.12	0.67	0.67	0.62	(4.47)	0.16	0.5
RONW - %	**23.10**	14.62	25.32	35.21	10.02	10.02	6.45	(44.09)	0.81	2.48

*EPS and book value per share for FY 2012-13 has been adjusted on account of issue of bonus shares

Chairperson's Communiqué

The society and communities form an important part of our business. We remain committed to our vision to assure remunerative prices to dairy farmers and maximise their income to transform their lifestyles.

D Seetharamaiah, Chairperson

I am indeed delighted to report that we had an encouraging FY 2015-16 on the back of our robust performance across various - verticals. Although dairy continued to be our primary business, we took a step forward to establish ourselves as a prominent FMCG company.

During the year, we delivered a revenue of ₹ 23,806 million, a 15% growth over the previous year. Our EBITDA grew by 55% over the previous year, with a ₹ 1,370 million profit. The profit before tax was at ₹ 870 million, compared to ₹ 390 million in the previous financial year. PAT was at ₹ 550 million, compared to ₹ 280 million in FY 2014-15.

Performance across Verticals

Coming to our dairy vertical, favourable weather conditions helped us procure milk from our major operational areas. Our dairy

vertical revenue grew by a 14%, i.e. ₹ 17,688 million, compared to ₹ 15,558 million; and value-added products delivered a 21% higher revenue, that is ₹ 3,825 million. Value-added products are growing well, essentially, on the strength of packaged curd, besides buttermilk and ice-cream/frozen desserts, among others. The year's EBIDTA for value-added products was 17.68%. Going forward, we expect to further strengthen our flagship business, primarily driven by our value-added products.

After a strong performance during FY 2014-15, our retail vertical was affected by the Chennai floods during FY 2015-16. The city shut down for three days, resulting in loss of inventory and sale, delaying new store opening. But, we recovered in the fourth quarter. Despite headwinds, our retail vertical delivered a ₹ 5,829 million revenue, which is 18% higher than the last year.

Our agri vertical maintained its growth momentum as consumers have become more health conscious. People want farm-fresh products on their plate. This favourable scenario has strengthened the performance of our agri vertical. The EBITDA of agri vertical remained positive at ₹ 13 million, 22% higher than the previous year.

Our emerging business like bakery and renewable energy are also showing considerable gains.

Significant Initiatives during FY 2015-16

- We commissioned our first wind power plant of 2.1 MW capacity at Chinahothur Village of Ananthapur district, Andhra Pradesh. It is expected to generate 5 million units per annum, to be consumed by our dairy plants in Chittoor district
- We have hired a powder making plant in Haryana for one year to convert milk into powder
- We opened 17 retail stores during the year
- Our chilling capacity was expanded to 1.68 million litres per day

Society Matters

The society and communities form an important part of our business. We remain committed to our vision to assure remunerative prices to farmers and maximise their income to transform their lifestyles. We take various initiatives in the realms of farmer welfare and community development to improve the lives of people in rural India.

- We provide support to milk producers for purchasing and insuring cattle
- We have established mobile veterinary clinic to offer medical services to cattle
- We offer high-quality cattle feed to farmers and educate them through various video programmes on dairy farming

Committed to Grow

Going forward, our primary focus will remain on positioning ourselves as an FMCG company. We have already started expanding our business portfolio to achieve this mission.

In dairy vertical, we aim to achieve a ₹ 4,500 Cr. revenue by 2020. Next four years' growth will be driven towards multiple directions and at multiple levels. We plan to grow geographically into new markets and penetrate deeper into existing markets.

We aim to strengthen our relationship with customers by delivering pure and fresh products.

On a Thanking Note

I take this opportunity to thank all our employees, customers, shareholders, business associates and the wider fraternity of stakeholders for their encouragement and support. We have a lot more to achieve together and many more milestones to cross.

With best regards,

D Seetharamaiah
Chairperson, Heritage Foods Limited

Strategic Review

Our focus will be on leveraging the emerging opportunities to stay on the growth trajectory. We aim to foray into new markets and penetrate deeper into existing markets, primarily in Tier-II and Tier-III cities. Moving ahead, our aim is to further strengthen our value-added products.

N Bhuvaneswari, Vice Chairperson & Managing Director

In line with our strategy to 'grow', we concentrated on expanding our business offerings, along with strengthening our existing portfolio. With our consistent investments in various business verticals, we bolstered our position during the year. During FY 2015-16, we spent about ₹ 680 million, of which ₹ 400 million was for dairy infrastructure, ₹ 130 million for retail and around ₹ 140 million for wind power project. These were broadly the major CAPEX commitments incurred during the year under review.

With sustained growth of the Indian economy and a consequent rise in purchasing power during the last two decades, more people today are able to afford milk and various other dairy products. This trend is expected to continue with the sector experiencing a robust growth in demand in the short and medium term. During the year, our dairy vertical witnessed significant growth on the back of strong demand for our value-added products, especially curd. We expect the trend of 20-25% growth of value-added products to continue for the next two to three years.

Coming to retail vertical, currently, we have 110 stores, of which 93% are profitable at store level. Therefore, almost 102 stores are profitable. Moreover, we have reached around 390,000 square feet of trading space, which we aim to further increase in FY 2016-17. Our endeavour will be to open new stores in the coming year to make the business more profitable.

Partners of Progress

Along with bolstering our business, we work towards strengthening our relationship with farmers, who are

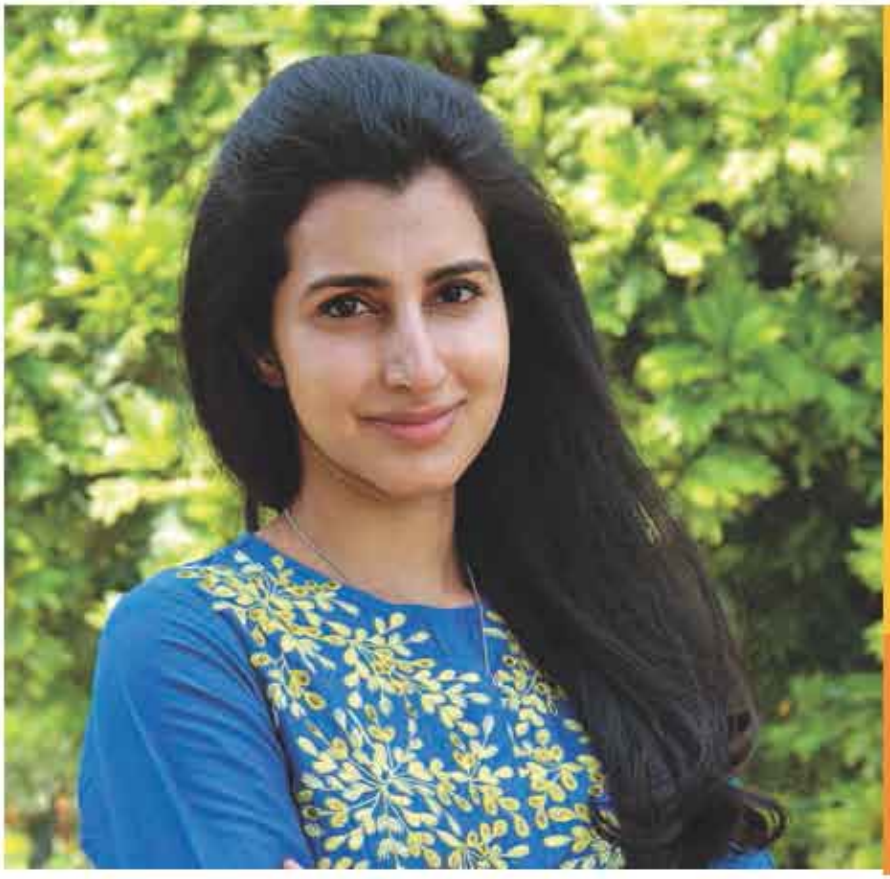
our key stakeholders. We go much beyond just procuring milk, fruits and vegetables from them. We focus on input activities such as subsidising cattle feed, facilitating loan to buy animals and making them acquainted with modern farming techniques. Our objective is to grow along with our key stakeholders.

Way Forward

In the next four years, our focus will be on leveraging the emerging opportunities to stay on the growth trajectory. We aim to foray into new markets and penetrate deeper into existing markets, primarily in Tier-II and Tier-III cities. Moving ahead, we plan to further strengthen our value-added products.

To establish ourselves as a leading FMCG company, we aim to expand our product base. We are trying to get new products through joint venture arrangements. But most importantly, we have to create infrastructure at the back-end and front-end to achieve our long-term objectives.

We plan to spend close to ₹ 1,000 million in CAPEX over the next two years – ₹ 800 million for dairy vertical and around ₹ 200 million for retail vertical.



We aim to expand our product base. We are trying to get new products through joint venture arrangements. But most importantly, we have to create infrastructure at the back-end and front-end to achieve our long-term objectives.

N Brahmani, Executive Director

Committed to grow with robust performance

₹23,806 million
Consolidated Revenue

₹146 million
Export Turnover

1,135,000
No. of households serviced on daily basis

1,455
Franchisee-operated exclusive Heritage Parlours

5,900
Distributors ensure strong distribution network

7
Prestigious awards received during FY 2015-16

113,000
Outlets across India selling Heritage products

400
Quality assurance associates and dairy technologists

110
Modern retail outlets

22%
Share of value-added products of overall FY 2015-16 turnover

300,000
Farmers associated with our business

10 States
Presence across India

Committed to grow with comprehensive business portfolio

DAIRY

We produce and market a complete range of dairy products including fresh milk, curd, buttermilk, lassi, ice-cream/frozen dessert, paneer, table butter, milk powder, flavoured milk, UHT milk, Indian sweets and dairy whitener.

Revenue	
2014-15	2015-16
₹ 15,558 million	₹ 17,688 million

13.69% Y-O-Y ↑

AGRI

Heritage Agri is committed to source fresh fruits and vegetables from farmers. Last year, we started veterinary care business under this vertical to provide quality feed, fodder and vet medicines to farmers.

Revenue	
2014-15	2015-16
₹ 840 million	₹ 957 million

13.93% Y-O-Y ↑

RENEWABLE ENERGY

We are using renewable energy (solar and wind) for captive consumption as a part of our strategy to reduce our environmental footprint.

Revenue	
2014-15	2015-16
₹ 26 million	₹ 30 million

15.38% Y-O-Y ↑

RETAIL

We hold a competitive edge in managing and selling fresh products at our retail outlets across three cities. This vertical contributes to 23% of our sales.

Revenue	
2014-15	2015-16
₹ 4,940 million	₹ 5,829 million

18% Y-O-Y ↑

BAKERY

Heritage Bakery supplies good quality bakery products to leading multinational chains and top star hotels, besides Heritage Fresh outlets.

Revenue	
2014-15	2015-16
₹ 59 million	₹ 81 million

37.28% Y-O-Y ↑

Committed to grow with diversified product offering

Dairy Products

Retail Products

Agri Products

Bakery Products

Committed to grow by strengthening the dairy value chain

We recognise the importance of catering to the interests of our key stakeholders. Therefore, we take various initiatives to strengthen our relationships with stakeholders and create value for them.

Customers

- Ensuring timely delivery of products to customers, without compromising quality. This has strengthened our relationship with our customers
- Providing nutritional products at affordable prices
- 24-hours helpline to respond to customer queries and to record customer feedback
- 3 million happy and satisfied customers
- Selling Heritage products through 1,00,000 retail outlets and 1,274 Heritage parlours that are operated by our franchisees
- Meeting the needs of the modern Indian consumer through 'Heritage Fresh' - our unique chain of retail stores

Employees

- Continuously training and developing employees to upgrade their technical and managerial skills
- Maximising employee contribution by realising their potential and motivating them to 'add value to whatever they do'

Shareholders

- Maintaining transparency is one of our core values. We keep our shareholders well informed of the Company's performance and developments through results and press releases. Besides, the Annual General Meeting serves as the biggest platform to connect with them
- Heritage has been a dividend paying Company since its public listing in 1994-95. This year, the Company has maintained a 30% dividend
- Investor engagement is of prime importance to us and contributes significantly towards enhancing our brand and its value proposition
- We aim to generate more value for our shareholders by focusing on optimum use of resources

Farmers

- As one of the leading dairy companies, we realise the responsibility to improve income levels of dairy farmers and protecting them from price exploitation by the unorganised sector
- Ensuring stable and enhanced income for farmers by sourcing 1,00,000 Metric Tons of fruits and vegetables from farmers every year
- Transforming thousands of Acres of agricultural lands into productive farms, through our team of Agriculturists closely working with farmers
- Providing remunerative price and making punctual payments
- Ensuring accurate measurement - both quantity and quality of milk
- Facilitating financial support to dairy farmers for purchasing and insuring cattle. We have also established Heritage Mobile Veterinary Clinics which offer free medical services to cattle and enlighten farmers about Good Milk Practices through various video programmes

Society

- Apart from producing healthy products we also help the society in various other ways. We have generated employment opportunities for 5,077 people; entrepreneurship opportunities for 11,097 procurement agents in rural areas, 5,300 sales agents and 1,455 franchisees who operate Heritage Parlours
- Providing financial assistance and other support to unemployed youth to open Heritage Parlours
- Offering a diploma course to farmers' children and ensuring job guarantee at Heritage on completion of the course

Committed to grow with strong business verticals

From being a front-runner in the dairy sector, we are now committed to position ourselves as a prominent FMCG player with diverse offerings. Besides dairy, we also have our strong presence in retail, agri, bakery and renewable energy. We are well poised to push our limits further to maintain our growth graph.

Dairy Vertical

We are one of the leading private dairy companies in India, providing high-quality and nutritious dairy products to customers. Headquartered in Hyderabad, we have an extensive presence across 10 Indian states including Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Maharashtra, Odisha, Delhi, Haryana and Rajasthan.

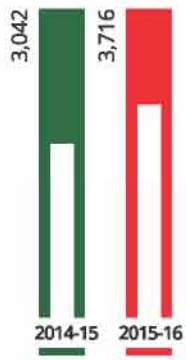
We produce and market a wide range of dairy products including fresh milk, curd, butter milk, lassi, ice-cream/frozen dessert, paneer, table butter, milk powder, flavoured milk, UHT milk and dairy whitener. We have a capacity to chill 1.68 million litres of milk every day and we occupy a sizeable share in India's dairy market. Besides, we are one of the two dairies from South India to export dairy products. Our primary export items comprise pure ghee, butter and skimmed milk powder.

Branded Value-Added Products (BVAP)

We forayed into value-added products in 2007, and since then, these products are experiencing consistent growth year-on-year. Such products comprise curd, ice-cream, paneer, flavoured milk and sweets. Curd accounted for 75% of total BVAP revenue.

22.12% Y-O-Y ↑

REVENUE COLLECTIONS OF BVAP (₹ in million)



1.68 million litres
Chilling capacity per day

1.53 million litres
Processing capacity per day

1.06 million litres
Packaging capacity per day

14
Processing units and packing stations are ISO 22000 & FSMS certified

1.5 million
Families daily receive Heritage milk and milk products

₹17,688 million
Dairy Revenue

142

Bulk cooling, mini chilling and chilling centres

₹1,372 million

Dairy EBITDA

Heritage Institute of Milk Sciences (HIMS), Hyderabad

We established HIMS in 2010 to train the children of farmers in milk science and technology. After completion of training programmes like 'Dairy Technology Skill Development' and 'Dairy Plant Maintenance', the candidates are provided with jobs at our various establishments.

Co-creating Value

Dairy farmers are integral to our business, and we are aware of our responsibilities towards them. We ensure that the milk supplied by farmers is properly marketed and they get paid on time. We facilitate credit tie-ups with banks and NBFCs for purchasing cattle and insuring them as well. Besides, we conduct free veterinary camps through six mobile veterinary clinics. Cattle feed and fodder seeds are also supplied to farmers.

Retail Vertical

A modern Indian customer expects all essential items to be available under one roof and delivered at their doorstep. Heritage Fresh is our chain of retail stores, designed to meet the emerging needs of Indian customers. We offer farm-fresh products and grocery items through our retail chain to offer a one-stop solution to customers.

Pillars of Heritage Retail

Farm Fresh Products

The fruits and vegetables that we offer at our retail stores are directly sourced from farmers. These farm-fresh products are sent to stores through our integrated cold chain.

Farmer's Pride

We offer staples like rice, pulses, spices and dry fruits through our in-house brand, Farmer's Pride. The customers get best-quality products in the most competitive prices.

Retail Format

Heritage Fresh Store: These stores offers essential needs of an Indian household, including fruits and vegetables, grocery, processed food, general merchandise and beverages, among various other items. They are spread over an average area of 2,500 square feet.

110
Heritage Fresh retail stores

2 million
Customers served every month

0.38 million sq ft
of trading space in Hyderabad, Bengaluru and Chennai

1 million sq ft
of targeted overall trading space in the next 5 years

18%
Growth in number of bills Y-O-Y

18%
Growth in Revenue Y-O-Y

Agri Vertical

Heritage Agri is a unique business vertical that provides customers with farm-fresh products by sourcing fruits and vegetables directly from farmers. This vertical not only provides customers with fresher, tastier, and more nourishing food, but also supports the rural communities by enhancing their income.

Heritage Agri acts as a supply-chain arm for Heritage Fresh stores, other MRF stores and wholesalers. Besides, it has also forayed into the export of processed fruits and cereals.

Pack Houses

We have two state-of-the-art pack houses at Mattam in Andhra Pradesh and Mulugu in Telangana. The facilities have Reverse Osmosis (RO) and de-mineralised plant, along with Effluent Treatment Plant (ETP). The processing and dispatch areas are fully air-conditioned, with pre-cooling short and long-term humidity-controlled storage chambers and ripening chambers. Besides, we maintain sorting and grading lines.

Cattle Feed & Maize

We have been supplying cattle feed to our dairy farmers since 2012. We manufacture high-quality cattle feed in consultation with the industry's best nutritionists. Animal feed is provided to dairy farmers and general traders, while maize is supplied to poultry and distilleries.

1,00,000 metric tons
Of fruits and vegetables sourced from farmers every year

₹956.77 million
Revenue during FY 2015-16

13.93%
Growth in Revenue Y-O-Y

Poly Green House

We have poly green house for producing seedlings and other on-demand vegetables, which are subsequently supplied to our customers.

Contact Farming

We have subscribed to contact farming to help farmers produce quality food at reduced cost. It maximises farmers' income by eliminating middlemen. The Vertical integration of farm-level production, procurement and trade ensure effective quality control in retail stores.

Bakery Vertical

Heritage Bakery established its advanced production facility at Hyderabad, Telangana, and is equipped with best-in-class bakery equipment and cold storage provisions. Our product range include breads, cakes, pastries, desserts, savouries and cookies.

We produce quality products and supply them to reputed multinational chains, besides various hotels and Heritage Fresh outlets. Our fresh quality products ensure maximum customer satisfaction.

157.61%
Growth over the last five years

₹81.20 million
Revenue during FY 2015-16

37.28%
Growth in Revenue Y-O-Y

Renewable Energy Vertical

We recognise the importance of protecting the environment, while expanding our business activities. To extend our 'Green Footprint', we commissioned a 2.34 MW solar PV unit at Medak district of Telangana. It provides captive power to one of our dairy units in Hyderabad.
On 27th March, 2016, we commissioned our first wind power plant of 2.1 MW capacity at Chinahothur Village of Ananthapur district, Andhra Pradesh. It is expected to generate 5 million units per annum to be consumed by our plants in Chittoor district.

'Go Green' Initiatives

Besides commissioning solar and wind power plants, our other 'Go Green' initiatives include:

- Reducing carbon footprint
- Developing green belt at our plants
- Carrying out periodic energy audits of our processing plants as part of energy conservation measures

Recognition of Efforts
The Ministry of Energy, Government of India has awarded us the first prize for 'Conservation of Energy in Dairy Sector' for the years 2008, 2010, 2012, 2014 and 2015.

Committed to grow taking the society along

At Heritage, we live by our commitment to take the community along in our journey forward. Our primary objective is to contribute towards social wellbeing through consistent efforts. We focus on improving the lives of marginalised sections in rural areas, especially farmers.

Heritage Farmers Welfare Trust (HFWT)

Being a responsible corporate citizen, we are well aware of our social responsibilities while fulfilling business objectives. We created HFWT with the aim to improve the quality of life of farmers by helping them enhance dairy productivity. HFWT offers education on farming, provides veterinary treatment and ensures financial support to farmers, supporting holistic development of rural communities.

Conducting veterinary health camp under HFWT veterinary care services

Initiatives by HFWT

Heritage Mobile Veterinary Clinic (HMVC)

HMVC is equipped with advanced tools to provide veterinary services at the doorstep. The services empower cattle owners with relevant technology and knowledge on cattle management and feeding practices. It provides free services throughout the year. The mobile vans work in a structured manner – they show educational video films and organise free health camps. The video films help in educating farmers on cattle maintenance, thereby enhancing dairy productivity.

Conducting veterinary health camp through Heritage mobile veterinary clinic

HFWT Impact 2015-16

100
HFL Locations Covered

2,568
Milk Collection Centres Covered

2,120
Video Films Shown

2,178
Cattle Health Camps Organised

1,68,022
Cattle Treated

1,513
Artificial Inseminations

1,00,000
Farmers insured under social security scheme

13
Human healthcare camps organised

Distribution of meritorious awards to SSC merit students of HFWT farmers' children

Social Security Scheme

HFWT has insured farmers and MCC representatives of the Trust under Social Security Scheme. According to the scheme, we have distributed claim amount to insurers and nominees.

IGNOU Study Centre

IGNOU Dairy Technology Diploma Course Study Centre was inaugurated at Heritage Gokul Plant. We have come forward to bear the fees of our eligible employees, farmers welfare trust members and their children to pursue courses offered by IGNOU.

Healthcare Camps for Villagers

We organised human health camps, apart from providing healthcare facilities to cattle. During the year, we distributed free medicines and nutritious fruits to them.

Mega Event @ V Kota in Andhra Pradesh

The HFWT conducted a mega event at V Kota market yard on 26th January, 2016. A number of activities were conducted in this event, including:

- The inauguration of RO water plant and health camp at V Kota by our VC & MD, Mrs. N. Bhuvaneswari
- Pressure cookers, umbrellas, sarees and steel cans were distributed to farmers

Conducting Health Care Services to rural poor under HFWT activities

Distribution of umbrellas and pressure cookers to HFWT members under MCC Development Activity

- Stalls were set-up by Heritage, Netafim – Drip Irrigation, Himalaya, Indian Immunologicals, Siddon – Milking Machine and Everest Milk Analysers
- Voluntary blood donation, cardiology and health check-up camps were also organised. Around 192 patients were checked under the health camp and 301 people donated blood. This is a record in Chittoor district
- Best cows and calves were selected and recognised with cash prizes
- Zonal head talked about the advantages of cattle feed and guidelines to use cattle feed

Distribution of stainless steel cans to HFWT members under MCC Development Activity

Awards and Accolades

The retail vertical was awarded most prestigious 'Coca Cola Golden Spoon Award' 2016 for being the 'IMAGES Most Admired Food & Grocery Retailer of the Year - Regional Chain' at India Food Forum, Mumbai, during the month of January, 2016 for the second consecutive year.

The Gokul Plant of Dairy vertical has received the 1st Prize in 'National Energy Conservation Award 2015' from the Ministry of Power, Government of India in December, 2015 for adopting effective energy conservation methods.

The Uppal Plant of Dairy vertical has received the 2nd Prize in 'National Energy Conservation Award 2015' from the Ministry of Power, Government of India in December, 2015 for adopting effective energy conservation methods.

This is the 5th time that the Company has been recognised with this award by Ministry of Power, Government of India (previously the Company won the award, 1st prize in the years-2014, 2012 & 2008, 2nd prize in the year-2010).

The dairy vertical bagged four awards at the 'The Great Indian Ice Cream Contest 2016 - Season 5' conducted by Indian Dairy Association and DuPont Nutrition & Health.

- Gold Award in Kool Kids i.e. 1st prize on all India level
- The Best in Class in Kool Kids i.e. award for excellent product
- Silver Award for VANILLA i.e. 2nd prize on all India level
- Silver Award for CHOCOLATE i.e. 2nd prize on all India level

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 (w.e.f. 23rd March, 2016)
Mr. N P Ramakrishna	Non Executive Director (up to 24th September, 2015)
Dr. V Nagaraja Naidu	Non Executive Director
Mr. N Lokesh	Non Executive Director
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director
Mrs. N Brahmani	Executive Director
Mr. K Durga Prasada Rao	Whole-Time Director (up to 1st November, 2015)

CA A Prabhakara Naidu	Chief Financial Officer
CS Umakanta Barik	Company Secretary

Senior Management

Dr. M Sambasiva Rao	President
Mr. J Samba Murthy	Head – Dairy Division
Mr. Dharmender K Matai	Chief Operating Officer – Retail & Bakery Divisions
Mr. Anil Kumar Srivastava	Chief Operating Officer – Agri 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 Ahuja (w.e.f. 23rd May, 2016)
Dr. V Nagaraja Naidu
Mr. N Lokesh

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 Ahuja (w.e.f. 23rd May, 2016)
Mr. N Lokesh

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 Ahuja, Chairperson (w.e.f. 23rd May, 2016)
Mr. D Seetharamaiah
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari
Mr. K Durga Prasada Rao (up to 1st November, 2015)

Management Committee

Mr. D Seetharamaiah, Chairperson
Mr. N Sri Vishnu Raju
Mrs. N Bhuvaneswari
Mr. N Lokesh

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.
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

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Notice to Shareholders

Members of Heritage Foods Limited (Formerly known as Heritage Foods (India) Limited) are hereby given notice for the 24th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date :	Friday, August 19, 2016
Time :	10.30 am
Venue :	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500 045, Telangana.

ORDINARY BUSINESS:

1. To receive Consider and Adopt:
   a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2016, the Reports of the Board of Director's and Auditor's thereon; and
   b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2016.
2. To declare a dividend of ₹ 3.00/- per equity share (30 %) on Equity Shares of ₹ 10/- each for the Financial Year Ended on March 31, 2016.
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 Section 139, 142 and other applicable provisions, if any the Companies Act, 2013 and the Rules made there under and the Listing Agreement with the Stock Exchanges/SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, pursuant to the recommendations of the audit committee of the Board of Directors and pursuant to the resolution passed by the members at the AGM held on September 26, 2014, the appointment of M/s. Raju & Prasad, Chartered Accountants (FRN: 003475S) as the auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017 as may be determined by the Audit Committee in consultation with the auditors, as may be agreed upon between the auditors and the Board of Directors."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, Mr. Rajesh Thakur Ahuja (DIN: 00371406), who was appointed on March 23, 2016 as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 & Rules made thereof and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 and rules made thereof as ammended from time to time from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company to hold office for a period upto March 22, 2021, not liable to retire by rotation."

   "RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member(s) by the company by sending it to him/her by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the company be and is hereby accorded to charge from the member(s) the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the member(s) for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the company and that no such request shall be entertained by the company post the dispatch of such document by the company to the member(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Board of Director of the company be and is hereby authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary , proper or desirable or expedient to give effect to above resolution."

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

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 sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable

2. Corporate Member(s) intending to send their authorised 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 authorising their representative(s) to attend and vote on their behalf at the Meeting.

3. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members 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 Directors 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 under Clause 49 of the Listing Agreement with the Stock Exchanges / SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, are forming part of the Annual Report.

6. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.

7. a) The Company has notified closure of Register of Members and Share Transfer Books from Thursday, August 11, 2016 to Friday, August 19, 2016 (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 Friday August 26, 2016.

8. The dividend as recommended by the Board of Directors for the year ended March 31, 2016, 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 transferred the unclaimed/unpaid dividends declared up to financial years 2007-08, 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 September 24, 2015 (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

9. 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.

10. 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.

11. 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.

12. 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 office or 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 company in its annual general meeting. 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.

13. **Voting through electronic means:**

    i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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 services of 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. Friday, August 12, 2016.

vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, August 12, 2016 only shall be entitled to avail the facility of remote e-voting.

viii. Any person who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e, Friday, August 12, 2016 may write to the Karvy on the email Id: evoting@karvy.com or to Mr. P A Varghese, Contact No. 040-33215424, 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 16, 2016.

End of remote e-voting: Up to 5.00 p.m. (IST) on August 18, 2016.

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, i.e. Friday, August 19, 2016.

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 EGM 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 Post/Courier [for members whose e-mail addresses are not registered with the Company/ Depository Participant(s)]:

a. User ID and initial password - These will be sent separately.

b. Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.

c. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

d. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website https://evoting.karvy.com

14. Printed copies of the 24th Annual Report for the year 2015-16 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 24th 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 24th Annual Report for the year 2015-16 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 – 500 082
CIN : L15209TG1992PLC014332
Ph : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 5:

The Board of Directors of the Company appointed Mr. Rajesh Thakur Ahuja (DIN: 00371406), pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, an Additional Director with effect from March 23, 2016 and would hold the office up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Rajesh Thakur Ahuja (DIN: 00371406) for the office of Director of the Company. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a period upto March 22, 2021 on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Rajesh Thakur Ahuja (DIN: 00371406) that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. Mr. Rajesh Thakur Ahuja (DIN: 00371406) possesses appropriate skills, experience and knowledge, inter alia, in the field of Management and Administration.

In the opinion of the Board, Mr. Rajesh Thakur Ahuja (DIN: 00371406) fulfills the conditions for his appointment as an Independent Director as specified in the Act and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

Brief resume of Mr. Rajesh Thakur Ahuja, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, are forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Rajesh Thakur Ahuja (DIN: 00371406) is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Rajesh Thakur Ahuja (DIN: 00371406) as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except the appointee, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the shareholders.

Item No. 6:

As per the provisions of Section 20 of the Companies Act, 2013, a member may request for any document through a particular mode, for which the member shall pay such fees as may be determined by the Company in its annual general meeting. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., therefore it is proposed that actual expense borne by the Company for such dispatch will be paid in advance by the member to the company.

The Board recommends the resolution at item no. 6 for the approval of the Shareholders.

No Director of the Company, Key Managerial Personnel or their relatives are in any way concerned or interested in the proposed resolution.

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

Pursuant to SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and applicable Provisions of Companies Act 2013, following informations are furnished about the Directors proposed to be appointed / re – appointed

Brief resume of the Directors, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and chairmanships of Board / Committees and their shareholding in the Company are provided below:

1. Name of the Director	Dr. V Nagaraja Naidu
Director Identification Number (DIN)	00003730
Date of Birth	July 01, 1947
Date of First Appointment	June 05, 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, Private & Section-8 Companies)	Heritage International Limited
Chairmanships/Membership of Committees of other Public Companies* (includes only Audit Committee, Stakeholders Relationship Commiittee and Nomination & Remuneration Committee)	NIL
Shareholding in the Company	50,000 Equity Shares

2. Name of the Director	Mr. Rajesh Thakur Ahuja
Director Identification Number (DIN)	00371406
Date of Birth	May 02, 1971
Date of First Appointment	March 23, 2016
Profile of the Director	Mr. Rajesh Thakur Ahuja is a graduate in Production Engineering from Pune University Engineering College. He started Silver line Wire Products in 1993 as a manufacturer of plastic coated wire products for household applications. In 1998, started marketing under the brand name of Sleek. Presently he is Managing Director at M/s. Sleek International Private Limited. Currently pursuing Owner President Management Programme at Harvard University, USA.
Directorships held in other Public Companies* (Excluding Foreign, Private & Section-8 Companies)	Nil
Chairmanships/Membership of Committees of other Public Companies* (includes only Audit Committee, Stakeholders Relationship Commiittee and Nomination & Remuneration Committee)	Nil
Shareholding in the Company	Nil

* Directorship and Committee Membership in Heritage Foods Limited are not included in the aforesaid disclosure.

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 : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

Directors' Report

To the members,

Your Directors have great pleasure in presenting the 24th Annual Report of the Company together with the Standalone & Consolidated Audited statement of accounts for the Financial Year ended March 31, 2016.

Financial Results (Standalone)

(₹ in lakhs)

Particular	FY 2015-16	FY 2014-15
Revenue from Operations (Gross)	**238162.13**	207402.61
Less: Excise Duty	**103.80**	105.96
Total Revenue from operations	**238058.33**	207296.65
Add: Other Income	**654.96**	702.66
Total Income	**238713.29**	207999.31
Total Expenditure	**224980.99**	199093.36
Profit /(Loss) before Finance Cost, Depreciation & amortization and Tax	**13732.30**	8905.95
Finance cost	**1545.89**	1593.01
Depreciation & Amortization	**3451.21**	3399.03
Profit /(Loss) before Exceptional & Extraordinary Item and Tax	**8735.20**	3913.91
- Exceptional Items	**136.95**	-
Profit /(Loss) before Tax	**8598.25**	3913.91
Tax Expenses		
- Current & prior period tax	**3068.44**	1168.91
- Deferred Tax	**(13.34)**	(76.02)
Net Profit /(Loss) for the Year	**5543.15**	2821.02

The above are standalone figures, as the subsidiary companies are yet to commence business. Hence consolidated figures are not given.

Performance of the Company

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 238162.13 Lakhs, achieved an increase of 14.83% over the previous year. The EBITDA was of ₹ 13732.30 (5.77% on total revenue) as against ₹ 8905.95 (4.29%on total revenue) in the previous year. The operating profit after depreciation was amounted to ₹ 10144.14 (4.26% to revenue) as against ₹ 5506.92 (2.65% of revenue) in the previous year.

Dividend

Your Directors have pleasure in recommending a dividend of ₹ 3.00/- (30%) per equity share of ₹ 10/- each for the financial year ended March 31, 2016, amounting to ₹ 837.65 lakhs (₹ 695.97 Lakhs dividend and ₹ 141.68 lakhs tax on dividend). The dividend payout is subject to approval of members at the ensuing Annual General Meeting. Dividend (including dividend tax) as a percentage of net profit after tax is 15.11% as compared to 29.69% in the previous year.

The Register of Members and Share Transfer Books will remain closed from Thursday August 11, 2016 to Friday August 19, 2016 (both days inclusive) for the purpose of payment of the final dividend for the financial year ended March 31, 2016, and the Annual General Meeting. The Annual General Meeting is scheduled to be held on Friday, August 19, 2016.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

Dividend record for the last 10 years:

Sl. No.	Year of Declaration of Dividend	Dividend %	Amount Declared per share (Face Value of ₹ 10/- each)
1	2005-06	30%	₹ 3.00
2	2006-07	30%	₹ 3.00
3	2007-08	18%	₹ 1.80
4	2008-09	Nil	Nil
5	2009-10	18%	₹ 1.80
6	2010-11	12%	₹ 1.20
7	2011-12	20%	₹ 2.00
8	2012-13	30%	₹ 3.00
9	2013-14	30%	₹ 3.00
10	2014-15	30%	₹ 3.00

Transfer of Un-Claimed Dividends

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend amount of ₹ 5,30,250/- (Rupees Five Lakh Thirty Thousand Two Hundred Fifty Only) for the year 2007-08 was transferred to the Investor Education and Protection Fund during the financial year 2015-16.

Transfer to Reserves

Your Company proposes to transfer ₹ 1000 Lakhs to General Reserve. An amount of ₹ 3705.50 Lakhs is proposed to be retained in the Surplus.

Share Capital

The paid up Equity Share Capital as at March 31, 2016 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, 2016, 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. A statement giving details of all related party transactions are placed before the Audit committee and Board for review and approval on a quarterly basis. The details of the related party transactions during the year are part of the notes on Accounts forming part of the Annual Report.

Material changes and commitments affecting financial position between the end of the financial year and date of report

There are no material changes and commitments affecting financial position of the company between March 31 and the date of Board's Report.

Variation in Market Capitalization

Particulars	As at March 31,		Increase / (decrease) in %
	2016	2015	
Market capitalization (₹ in Crore)	**1185.47**	764.17	55.13
Price earnings ratio	**21.39**	27.08	(21.01)
Percentage increase in the market price of shares in comparison with the last public offer price*			10120

Note: Data bases on share prices quoted on BSE

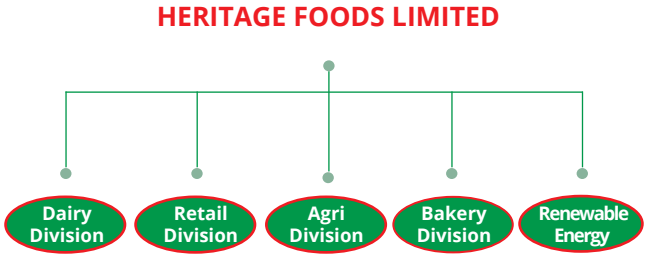
* Last public offer price in India has been adjusted for bonus issues

Management's Discussion and Analysis

In terms of the provisions of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, the Management's Discussion and Analysis is set out in this Annual Report.

Business Review

Your Company has five Divisions in operation in different States in India.



Dairy Division:

The dairy segment in India, which has been growing at a scorching 22% annually in the last five fiscals (2012-16) compared with 17% for the whole industry.

It will do even better over the next three years as rising disposable income and increasing quality consciousness lead to greater consumer preference for branded milk and milk products.

The organised dairy segment revenue is ₹ 75,000 crore in fiscal 2016, which was 19% of the total ₹ 4.3 lakh crore for the entire dairy industry. As the consumer shift accelerates,

the revenue share from organised segment could rise to 25% by fiscal 2018.

On their part, dairies have been sharpening focus on value-added products, investing in brand-building and scaling up operations, particularly in processing and milk-collection infrastructure. Management of logistics costs and consistent procurement is crucial to profitability and cash flows in the business.

India, the leading producer of milk and milk products, is also the largest consumer, with supply barely matching demand. According to NDDB and CRISIL Research estimates, the country produces 3,800 lakh litre per day (LLPD) of milk, accounting for a fifth of the global output. About 40% of this is retained by producers (farmers) for household consumption & another 41% share is with the unorganised segment. The remaining 19% is procured, processed and sold by organised dairies. Given the rising demand for branded products and investments being made by organised sector players, CRISIL believes the share of organised segment will increase to about 25% by fiscal 2018.

In term of volume, the dairy industry grew 4% annually during the last five years ended fiscal 2016, while the organised sector grew at twice as fast. With changing consumer preference, the volume of milk processed from organised sector is expected to grow 13% annually by fiscal 2018, way ahead of a 5% annual growth for the industry at large.

Growth in value terms was much higher at 17% annually, signalling better realisation. This was driven by value-added products, which grew 23% annually compared with 15% for liquid milk.

The small and medium-sized organised players that derive a bulk of their revenues from the liquid milk segment have faced intensifying competition from larger players who are expanding their footprint. In contrast, increased focus on value-added products and investments in processing facilities have supported steady cash flows for the large organised players.

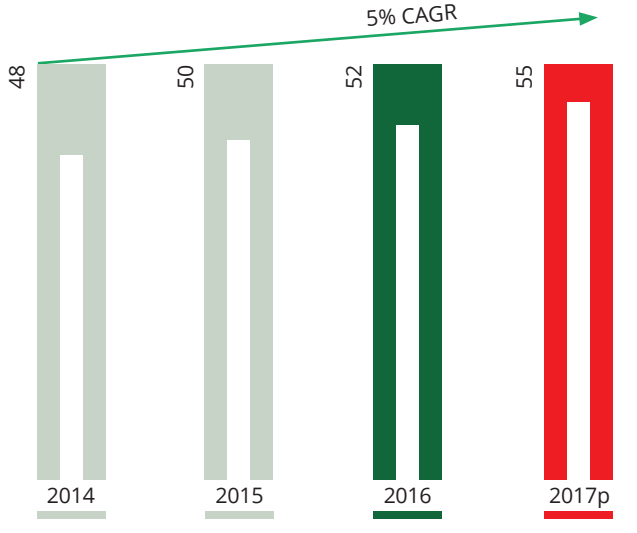
Your Dairy division of the Company is one of the leading private dairy players in India with a chilling capacity of 16.8 lakhs liters per day, processing capacity 15.3 lakhs liters per day and packaging capacity of 10.6 laksh liters per day. It produces and markets a full line of Dairy products including fresh milk, curd, butter milk, lassi, ice-cream, paneer, table butter, milk powder, flavored milk, Doodh Peda, UHT milk and dairy whitener etc. The Dairy division has a significant presence in the states of Andhra Pradesh, Delhi, Haryana, Karnataka, Kerala, Maharashrta, Odisha, Rajasthan, Tamilnadu and Telangana.

Increasing presence of Corporate's in the processed milk market

Of the total milk procured for processing, about 65 per cent is pasteurized and sold in liquid form packaged in pouches, tetra packs or glass and PET bottles. Emergence of the 'cooperatives model' aided growth of the milk processing segment. While co-operatives command a majority market share, corporates are gradually gaining ground on the back of shift in the consumer taste and preference towards toned milk, flavoured milk and value added products. While the co-operatives have an advantage of subsidies in terms of procurement, the corporates are attracting farmers by offering relatively higher prices for milk procurement and providing other value added services such as healthcare facilities for animals, quality fodder, creating awareness amongst farmers, etc to boost the supply of milk to their processing plants.

Consumption of processed milk is expected to continue the growth momentum and record about 5 per cent CAGR until 2016-17 to reach 55 billion litres.

Trends in Consumption of Processed Milk (In Volume) (bn litres)

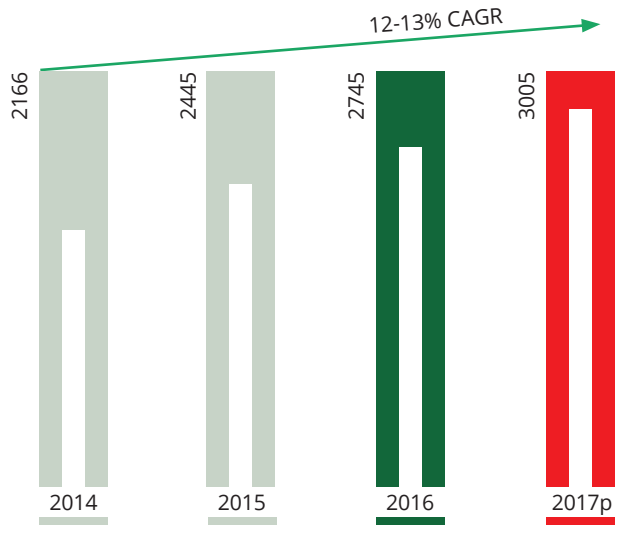


Market size of processed milk segment to expand at a CAGR of 12-13 per cent.

While demand for processed milk grew by 5.3 per cent CAGR during 2009-10 to 2015-16, realisations rose by about 9-10 per cent CAGR. Higher realisations could be attributed to rise in milk prices and growth in consumption of flavoured milk and tetra pack milk.

Market size of processed milk industry to rise steadily

(INRbn)



During the financial year 2015-16, 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. The Turnover has grown by 13.69% from ₹ 155585.71 Lakhs to ₹ 176880.13 Lakhs.

Retail Division:

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space.

The number of food and grocery supermarkets are expected to increase from 500 in 2006 to about 8,500 by 2017. The retail space supply in India is projected to grow from 6.3 million sqft to 7.6 million sqft over 2016-17.

In the coming years, about 70 per cent of world's growth is likely to come from emerging markets, with 40 per cent contribution from India alone. These forecasts and industry prospects suggest that emerging markets are likely to gain investor interest in the future.

One of the biggest opportunities and challenges that characterise the Indian retail sector is its structure. While it has matured over the years, it is still highly fragmented, with an estimated 15 million outlets. Its overall size is estimated to be INR 41 trillion in 2015-16, with a CAGR of 15 per cent over the last five years, which is much higher than the growth of the Indian GDP in the same period. Going forward, the overall retail sector growth is likely to witness a CAGR of 12-13 per cent, which would be worth INR 55 trillion in 2018-19.

E-commerce is expanding steadily in the country. Customers have the ever increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in the retail industry, and this trend would continue in the years to come.

E-commerce, as a retail channel, has seen phenomenal growth over the last couple of years. It is driven by demand factors such as substantial rise in internet penetration, increasing speed of broadband connections, increasing use of smart phones, etc. in the urban areas, and by supply factors such as increased proliferation of venture capitalists/private equity-funded e-commerce startups. India has about one million online traders - small and large that sell their products through various e-commerce portals.

Your Retail Division of the Company is unique chain of retail stores designed to meet the needs of the modern Indian consumer. For us, retail business is all about creating an engaging experience for customers while offering great deals that make them feel privileged and cared for. Not a single opportunity is missed to delight the customers. The Retail division of your Company is having 110 stores operational with 60 stores operating in Hyderabad, Telangana, 16 in Bangalore, Karnataka and 34 in Chennai, Tamil Nadu as on March 31, 2016. The Company has also initiated e-commerce through Heritage fresh online as a pilot in one store now and planning to activate all the stores during 2016-17.

During the Financial year 2015-16, Retail Division turnover has grown by 18% from ₹ 49397 Lakhs to ₹ 58286.49 Lakhs. The Institutional sales segment achieved sale of ₹ 4053.53 Lakhs in FY 2015-16 against ₹ 3239.45 Lakhs in FY 2014-15 with 25.13% growth.

Agri Division:

Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP).

Over the recent past, multiple factors have worked together to facilitate growth in the agriculture sector in India. These include growth in household income and consumption, expansion in the food processing sector and increase in agricultural exports. Rising private participation in Indian agriculture, growing organic farming and use of information technology are some of the key trends in the agriculture industry.

The Agri Division of your Company was started with an aim of sourcing fresh Fruits and Vegetables from Farmers, and ensuring stable and enhanced income for them by disintermediating the supply chain. The team of Agriculturists closely work with Farmers to transform agricultural lands into productive farms in terms of output per unit of land and energy. Company has established a couple of advanced, fully Integrated Pack Houses to handle fresh products. Apart from acting as a supply chain arm for Heritage Fresh Stores, Agri division also supplies animal feed to Dairy Farmers.

The Agri division of your Company, during the year under review apart from the sourcing the fruits & vegetables, started the Veterinary care business with an aim to provide the quality feed to increase the productivity of the animals.

Agri Division of your Company had achieved the turnover of ₹ 9567.72 Lakhs and handled 60198 MT including Custom Ripening with respect to Value & Volume. There is an improvement in Volume of 12% over the financial year 2014-15.

Bakery Division:

The Bakery division of your Company armed with world-class Bakery Equipment and Cold Storage facilities, supplies high quality Bakery Products to leading multinational chains, top star Hotels, as well as to Heritage Fresh Stores. The product range includes breads, cakes, pastries, desserts, savories and cookies. The division is also equipped to handle a wider range of Bakery Products and is open to contract manufacturing and private label opportunities.

During the Financial year 2015-16, Bakery Division turnover has grown by 37.88% from ₹ 588.92 Lakhs to ₹ 812.03 Lakhs.

Renewable Energy Division:

The Renewable Energy Division of your Company 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 with 2.34 MW Solar Power Plant which was commissioned at Adavi Masjid Village, Mulugu Mandal, Medak Dist, Telangana and commissioned 2.1MW Wind Power Project at Vajrakarur, Anantapur Dist, Andhra Pradesh for captive consumption of Dairy Division of the Company. The above plants are expected to supply 3.75 million units of clean and green energy annually and expected to displace nearly 3,300 MT of CO annually.

Renewable Energy Division of your Company had achieved the turnover of ₹ 304.30 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).

During the year, the Board of Directors reviewed the activities of the subsidiaries, associate Companies and noted that these companies are yet to start the commercial productions. However in accordance with Section 129(3) of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, the Company has prepared consolidated financial statements of all its Subsidiaries & Associates 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 Subsidiaries & Associate Companies in the prescribed format AOC-1 is appended in financial statement of the report. The statement also provides the details of financial positions of each of the subsidiaries & 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 Subsidiaries & Associate, are available on the website of the Company i.e. www.heritagefoods.in. These documents will also be available for inspection during the business hours at our registered office in Hyderabad, India.

During the year, Company has not made any investment in the Subsidiaries & Associate Companies.

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 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

The Heritage brand is a key intangible asset of your Company. The branding initiative is designed to reposition the Company as the next-generation company. Marketing reach of your Company extends nationally through advertisements (such as hoarding, wall paint, vehicle brandings, Newspaper ads and radio ads etc.), public relations and digital marketing initiatives. Your Company also organizes several events in various localities to create awareness about the products of the Company.

Awards & Recognitions

During the financial year 2015-16 the Company has received the following awards and recognition.

- Two dairy packing stations of your Company had won the Prestigious National Energy Conservation Awards (NECA) in Dairy Sector for the year 2015 at All India Level. Gokul Dairy Plant, Tirupathi, Andhra Pradesh has been awarded the 1st Prize NECA - 2015 and the Uppal Dairy Plant, Hyderabad, Telangana has been awarded the 2nd Prize NECA - 2015 by the Ministry of Power, Government of India during December, 2015. This is the 5th time that the Company has been recognised with this award (previously the Company won the award, 1st prize in the years-2014, 2012 & 2008, 2nd prize in the year-2010).
- The Retail Division of your Company was awarded most prestigious 'COCA COLA Golden Spoon Award' 2016 for being the IMAGES Most Admired Food & Grocery Retailer of the Year - Regional Chain' at India Food Forum, Mumbai, during the month of January, 2016
- Your Dairy Division of the Company has been awarded in four categories at the "The Great Indian Ice Cream Contest 2016 - Season 5" conducted by Indian Dairy Association and DuPont Nutrition & Health on February 11, 2016, in Gurgaon, Delhi.
  - ★ GOLD Award in Kool Kids i.e 1st prize on All India level.
  - ★ The Best in Class in Kool Kids i.e Award for Excellent product.
  - ★ Silver Award for VANILLA i.e 2nd prize on All India level.
  - ★ Silver Award for CHOCOLATE i.e 2nd prize on All India level.

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 focus 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 and engagement 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 top talent through superior Learning & Development Programmes. 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 2015-16 was 5077, with an increase of 833 as compared with the end of the previous financial year.

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 ₹ 60 lakh or more PA, or employed for part of the year and in receipt of ₹ 5 lakh or more in a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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. Company Corporate governance report for financial year 2015-16 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 Obligation & Disclosure Requirements) Regulation, 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 believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill and industry experience, cultural and geographical background, age and gender, which will help the Company retain its competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Policy is available in the Company website www.heritagefoods.in→corporate→policies→BD

Meetings of the Board

The Board met six times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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, 2016, the Board consists of 8 members, two of whom are women Executive/Whole- time directors and six are Non-Executive directors as on March 31, 2016. 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 Obligation & Disclosure Requirements) Regulation, 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, that he/she meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

Board Evaluation

SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV

of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework as suggested by Nomination & Remuneration Committee adopted by the Board. The Board approved the evaluation results as collated by the nomination and remuneration committee.

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 and have to visit the Company manufacturing facilities and other locations. 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 the Article of Association of the Company and Section 152 of the Companies Act 2013 and rules made thereof and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

During the year Mr. Rajesh Thakur Ahuja (DIN: 00371406) was appointed as Non-Executive Independent Director w.e.f. March 23, 2016 in accordance with Section 149,152,161(1) read with Schedule IV and other applicable provisions of the Companies Act, 2013 rules made thereof.

Retirements and Resignations

During the year Mr. N. P. Ramakrishna (DIN: 00003751) Non-Executive Director of the Company retired by rotation and being eligible for re-appointment but he expressed his intention not to seek re-appointment. The vacancy in the Board caused by his retirement shall not be filled up for the time being. The members of the Board place on record their deep sense of appreciation for services rendered by Mr. N P Ramakrishna during his tenure as member of the Board.

Mr. K Durga Prasad Rao (DIN:06888949) Whole-time Director of the Company had resigned from the Board w.e.f. November 1, 2015 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. M Siva Rama Vara Prasad (DIN: 00170919) Non-Executive Independent Director of the Company had resigned from the Board w.e.f. May 12, 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.

Key Managerial Personnel

During the year under review, the Company having the following persons as Key Managerial Personnel.

Name	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, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and 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 Sri Vishnu 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.
Nomination and Remuneration Committee	Mr. N Sri Vishnu 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.
Stakeholders Relationship Committee	Dr. V Nagaraja Naidu (Chariperson) Mr. D Seetharamaiah Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• The committee reviews and ensures redressal of investor grievances. • The committee noted that all the grievances of the investors have been resolved during the year.
Corporate Social Responsibility Committee	Mr. D Seetharamaiah (Chariperson) Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under. • To monitor the implementation of the CSR Policy of the Company from time to time
Risk Management Committee	Mr. M Siva Rama Vara Prasad# (Chairperson) Mr. Rajesh Thakur Ahuja$ Chairperson Mr. D Seetharamaiah Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari Mr. K Durga Prasada Rao*	• 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 Sri Vishnu 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. K Durga Prasada Rao Resigned from the Board w.e.f. November 1, 2015.

\# Mr. M Siva Rama Vara Prasad Resigned from the Board & Committees w.e.f. May 12, 2016.

$ Mr. Rajesh Thakur Ahuja has appointed as Chairperson/Member in the Committees w.e.f. May 23, 2016.

Policies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the corporate policies are available in the Company website (www.heritagefoods.in/Corportate/policies). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

Name of the policy	Brief description	Web link
Whistleblower Policy (Policy on vigil mechanism)	The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct and ethics. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee. 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
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

Auditors & Auditors Report

Statutory Auditors

At the Annual General Meeting held on September 26, 2014, M/s. Raju & Prasad, Chartered Accountants (F No: 003475S), Hyderabad were appointed as statutory auditors of the Company to hold office till the conclusion of the 25th Annual General Meeting to be held in the calendar year 2017. In terms of the first provision to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Raju & Prasad, Chartered Accountants, (FRN: 003475S) as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The notes on Standalone & Consolidated Financial statement referred to in the Standalone & Consolidated Auditor's Report are self-explanatory and do not call for any further comments.

Secretarial Auditor:

M/s. Savita Jyoti, Practicing Company Secretary (CP No:1796), was appointed to conduct the Secretarial Audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The secretarial audit report for financial year 2015-16 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 (CP.No. 1796), Practicing Company Secretaries, as Secretarial Auditor of the Company for the financial year 2016-17 as per the provisions of the Companies Act, 2013 and Rules made thereof and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

Significant of Material Orders Passed by the Regulators

There is no order passed by the regulators or Courts during the year under review.

Extracts of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the annual return is prescribed in form MGT-9 is provided in Annexure-3 to this report.

Listing Agreement

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. Your Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited during December 2015.

Internal financial control and its adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Internal Audit & Control Systems

Your Company has a well-defined and documented internal control system, which is adequately monitored. Checks & balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account. The Internal control systems are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

These are supplemented by internal audit of all divisions of your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Five 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 2016-17 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 the various options to implement the CSR activities and decided to transfer the mandated CSR amount to the NTR Memorial Trust, Hyderabad, to carry out the activities such as promoting education, enhancing the vocational skills & 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. The Company works with NTR Memorial Trust, Hyderabad towards promoting education, enhancing vocational skills and supply of clean water, apart from its own trust's namely Heritage Farmers Welfare Trust and Heritage Employee Welfare Trust.

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 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.
- The HFWT impact during the year through Mobile Veterinary clinic as follows:

No of Cattle Treated	No of Milk Collection Centers Covered	No of Cattle Health Camps Organized
1,68,022	**2,568**	**2,178**

No of Artificial Inseminations	No of Video Film Shows
1,513	**2,120**

ii. Heritage Employee Welfare Trust (HEWT)

Heritage Employees Welfare Trust is a trust formed by Heritage Foods Limited for the welfare of employees in the field of Health, Medical Service, Education Facilities, Financial Needs, common development needs and major objectives of the trust are as follows: -

- To extend financial assistance to the needy Employees and their dependents to pursue medical treatment, higher education, social functions and other needed assistance.
- Providing non-statutory Medical Insurance Packages to members and their dependents.
- To address any other employee needs (Includes employees, their family members and other dependents)

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-5 to the Board Report.

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 Obligation & Disclosure Requirements) Regulation 2015, which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise 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. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Risk Management Procedure shall be reviewed by the Risk Management Committee and Board of Directors on a half-yearly basis.

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 2015-16

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 (to the extent notified) 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 for the financial year 2015-16, 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 2015-16 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 2015-16 and Notice of the 24th 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 2015-16 and the Notice of the 24th 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 : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

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 FY2015-16 (₹ in Lakhs)*	Remuneration in FY2014-15 (₹ in Lakhs)*	No. of Stock options / RSUs granted in FY 2015-16	% increase/(Decrease) of remuneration in FY 2015-16 as compared to FY 2014-15	Excl. WTD Ratio of remuneration to MRE	Incl. WTD Ratio of remuneration to MRE
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	478.13	219.45	-	117.88	498.06	498.06
Mrs. N Brahmani	Executive Director	382.51	175.56	-	117.88	398.45	398.45
Mr. K Durga Prasad Rao #	Whole-time Director	27.75	24.00	-	15.63	28.91	28.91

MRE : Median Remuneration of Employees

* Remuneration including salary, Perks & Commission

Mr. Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

Remuneration/Sitting Fee paid to Non-Executive Directors

Name of the Director	Sitting Fee in FY 2015-16 (₹ in Lakhs)	Sitting Fee in FY 2014-15 (₹ in Lakhs)	Number of stock options/RSUs granted in FY 2015-16	% increase /(decrease) of remuneration in FY2015-16 as compared to FY 2014-15
Mr. D Seetharamaiah	3.70	2.75	-	34.55
Mr. N Sri Vishnu Raju	1.50	2.55	-	(41.18)
Mr. M Siva Rama Vara Prasad^	2.10	1.40	-	50.00
Mr. Rajesh Thakur Ahuja *	-	-	-	0
Dr. V Nagaraja Naidu	2.60	1.40	-	85.71
Mr. N P Rama Krishna #	0.40	0.80	-	(50.00)
Mr. N Lokesh	1.90	1.50	-	26.67

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016

* Mr. Rajesh Thakur Ahuja appointed as Director on March 23, 2016.

Mr. N P Rama Krishna has resigned from the Board w.e.f. September 24, 2015

Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	Remuneration in FY 2015-16 (₹ in Lakhs)	Remuneration in FY 2014-15 (₹ in Lakhs)	No. of stock options / RSUs granted in FY 2015-16	% increase / (decrease) of remuneration in FY2015-16 as compared to FY 2014-15	Excl. WTD Ratio of remuneration to MRE	Incl. WTD Ratio of remuneration to MRE and WTD
Mr. A Prabhakara Naidu	Chief Financial Officer	39.20	35.00	-	12.00	40.83	40.83
Mr. Umakanta Barik	Company Secretary	19.47	17.39	-	12.00	20.28	20.28

The Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 96,000 and ₹ 96,000/- in financial year 2015-16 and financial year 2014-15 respectively. There is no change in MRE (excluding WTDs) in financial year 2015-16, as compared to financial year 2014-15.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 96000 and ₹ 96,000/- in financial year 2015-16 and financial year 2014-15 respectively. There is no change in MRE (including WTDs) in financial year 2015-16, as compared to financial year 2014-15.

The number of permanent employees on the rolls of the Company as of March 31, 2016 was 5077

The revenue growth of the Company during financial year 2015-16 over previous financial year was 14.84%

The aggregate remuneration of employees excluding WTD increased in FY 2015-16 over the previous financial year was 25.11%

The aggregate remuneration of employees including WTD increased in FY 2015-16 over the previous financial year was 29.75%

The aggregate remuneration of KMP increased in FY 2015-16 over the previous financial year was 105.48%

Comparison of the remuneration of the each KMP against the performance of the Company

Name of the Official	Designation	% Increase/(Decrease) of remuneration in FY 2015-16 as compared to FY 2014-15
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	117.88
Mrs. N Brahmani	Executive Director	117.88
Mr. A Prabhakara Naidu	Chief Financial Officer	12.00
Mr. Umakanta Barik	Company Secretary	12.00

This was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.

Turnover has increased by 14.84% as compared to the previous year i.e. from ₹ 207297 Lakhs to ₹ 238058 Lakhs.

EBITDA has increased by 54.94% as compared to the last year i.e. from ₹ 8808 Lakhs to ₹ 13647 Lakhs.

Profit after Tax (PAT) has increased by 96.49 % as compared to the last year i.e. from ₹ 2821 Lakhs to ₹ 5543 Lakhs.

The EPS of the Company for the year ended March 31, 2016 is ₹ 23.89 as compared to previous year was ₹ 12.16.

Market capitalization increased by 55.13% to ₹ 1185.47 Crores as of March 31, 2016 from ₹ 764.17 Crores as of March 31, 2015. The Price Earnings Ratio was 21.39 as of March 31, 2016 from 27.08 as of March 31, 2015. The closing price of the Company's equity shares on the NSE and BSE as of March 31, 2016 was ₹ 512.65 and ₹ 511.00 respectively.

During Financial Year 2015-16, no employee received remuneration in excess of the highest-paid director.

B. Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

i. Details of employes Employed throughout the financial year was in receipt of remuneration for that year which in the aggregate, was not less than sixty lakh rupees

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross Remuneration Paid (₹ in Lakhs)	Previous employment and designation
Dr. M Samba Siva Rao	President	M.Sc., Ph.D.	59	31	23/01/2006	189.22*	Joint Secretary, Ministry of Commerce and Industry Government of India (IAS Retired)

* Remuneration includes Salary & Performance incentive

ii. Details of employees 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 five lakh 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 : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

Annexure - 2

FORM No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Heritage Foods Limited
CIN:L15209TG1992PLC014332
#6-3-541/C, Panjagutta,
Hyderabad-500082

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Heritage Foods Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my 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, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has during the audit period covering the financial year ended on March 31, 2016 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 March 31, 2016 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 Obligation & 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 modification of Memorandum of Association of the Company with regard to comply the Companies Act, 2013.

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 : April 22, 2016

This Report is to be read with our testimony of even date which is annexed as Annexure- A and forms an integral part of this report

ANNEXURE- A TO SECRETARIAL AUDIT REPORT

To
The Members
Heritage Foods Limited
Hyderabad

Our report of even date is to be read along with this supplementary testimony.

a) Maintenance of Secretarial record is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on 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 : April 22, 2016

Annexure - 3

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

[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	:	June 5, 1992
(iii)	Name of the Company	:	HERITAGE FOODS LIMITED (Formerly known as Heritage Foods (India) Ltd)
(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	45.77
2	Value added Products	2010	15.61
3	FMCG (Food & Non Food)		19.16

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	99.64%	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)

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 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**										
	(1)	**Indian**									
		(a) Individual / HUF	8062046	-	8062046	34.75	8033046	-	8033046	34.63	0.12
		(b) Central Govt	-	-	-	-	-	-	-	-	-
		(c) State Govt(s)	-	-	-	-	-	-	-	-	-
		(d) Bodies Corporate	1223800	-	1223800	5.28	1223800	-	1223800	5.28	-
		(e) Banks/FI	-	-	-	-	-	-	-	-	-
		(f) Any other	-	-	-	-	-	-	-	-	-
		Sub total	**9285846**	-	**9285846**	**40.03**	**9256846**	**-**	**9256846**	**39.90**	**0.13**
		(A) (1):-									
	(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)	**9285846**	-	**9285846**	**40.03**	**9256846**	**-**	**9256846**	**39.90**	**0.13**
B.	**Public Shareholding**										
	1.	**Institutions**									
		(a) Mutual Funds	868683	18100	886783	3.82	1080113	18000	1098113	4.73	(0.91)
		(b) Banks/FI	9419	-	9419	0.04	19963	-	19963	0.09	(0.05)
		(c) Central Govt	-	-	-	-	-	-	-	-	-
		(d) State Govt(s)	-	-	-	-	-	-	-	-	-
		(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
		(f) Insurance Companies	-	-	-	-	-	-	-	-	-
		(g) FII	566922	-	566922	2.44	-	-	-	-	-
		(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
		(i) Others (specify)	-	-	-	-	1027975	-	1027975	4.43	(4.43)
		Sub-total (B)(1)	**1445024**	**18100**	**1463124**	**6.31**	**2128051**	**18000**	**2146051**	**9.25**	**(2.94)**

Category of Shareholders			No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	2.	**Non-Institutions**									
		(a) Bodies Corporate	4553711	13400	4567111	19.69	3680649	13300	3693949	15.92	3.77
		(i) Indian	-	-	-	-	-	-	-	-	-
		(b) Individuals	-	-	-	-	-	-	-	-	-
		(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	2598923	814638	3413561	14.71	3138637	809038	3947675	17.02	(2.31)
		(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	3832051	110400	3942451	16.99	3530958	100000	3630958	15.65	1.34
		(c) Others (Specify)	443307	83600	526907	2.27	443321	80200	523521	2.26	0.01
		Sub-total (B)(2)	**11427992**	**1022038**	**12450030**	**53.67**	**10793565**	**1002538**	**11796103**	**50.85**	**2.82**
		Total Public Shareholding (B)=(B)(1)+(B2)	**12873016**	**1040138**	**13913154**	**59.97**	**12921616**	**1020538**	**13942154**	**60.10**	**(0.13)**
C.	**Shares held by Custodian for GDRs & ADRs**		-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)		**22158862**	**1040138**	**23199000**	**100.00**	**22178462**	**1020538**	**23199000**	**100**	

(ii) Shareholding of Promoters / Promoters Group & PAC

Sl. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2015			Shareholding at the end of the year 31.03.2016			% Change in share-holding 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	-	-	-	-	0.09
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	-	-	-
13.	A Siva Sankara Prasad	800	-	-	800	-	-	-
14.	N Bala Krishna	600	-	-	600	-	-	-
15.	Ramakrishna Nandamuri	200	-	-	200	-	-	-
		9285846	**40.03**	**-**	**9256846**	**39.90**	**-**	**0.12**

(iii) Change in Promoter's Shareholding (Please specify, if there is no change)

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	9285846	40.03	9285846	40.03
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	21000 Shares Sold	0.09	9264846	39.93
		30.10.2015 8000 Shares sold	0.03	9256846	39.90
	At the end of the Year 31.03.2016	--	--	9256846	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 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
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 01.04.2015	2572842	11.09	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 31.03.2016	-	-	2572842	11.09

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
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 01.04.2015	1271000	5.48	1271000	5.48
		23.10.2015 6680 Shares Sold	0.03	1264320	5.45
		30.10.2015 89,320 Shares Sold	0.39	1175000	5.06
		06.11.2015 10,000 Shares Sold	0.04	1165000	5.02
		27.11.2015 2,622 Shares Sold	0.01	1162378	5.01
		04.12.2015 12,500 Shares Sold	0.05	1149878	4.96
		29.01.2016 5200 Shares Purchase	0.02	1155078	4.98
		05.02.2016 26482 Shares Purchase	0.11	1181560	5.09

	Date wwise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	12.02.2016 1690 Shares Purchase	0.01	1183250	5.10
		19.02.2016 5250 Shares Purchase	0.02	1188500	5.12
		26.02.2016 651 Shares Purchase	-	1189151	5.13
		04.03.2016 600 Shares Purchase	-	1189751	5.13
		11.03.2016 710 Shares Purchase	-	1190461	5.13
		18.03.2016 550 Shares Purchase	-	1191011	5.13
		25.03.2016 21 Shares Purchase	-	1191032	5.13
		31.03.2016 150 Shares Purchase	-	1191182	5.13
	At the end of the Year 31.03.2016	-	-	1191182	5.13

Sl. No		**Shareholding at the beginning of the year 01.04.2015**		**Cumulative Shareholding during the year 31.03.2016**	
3.	**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 01.04.2015	-	-	44273	0.19
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	10.04.2015 55492 Shares Purchase	0.24	99765	0.43
		17.04.2015 26000 Shares Purchase	0.11	125765	0.54
		24.04.2015 34000 Shares Purchase	0.15	159765	0.69
		01.05.2015 5650 Shares Purchase	0.02	165415	0.71
		29.05.2015 17000 Shares Purchase	0.07	182415	0.79
		05.06.2015 52742 Shares Purchase	0.23	235157	1.01
		12.06.2015 143341 Shares Purchase	0.62	378498	1.63
		19.06.2015 39160 Shares Purchase	0.17	417658	1.80
		26.06.2015 10649 Shares Purchase	0.05	428307	1.85
		09.10.2015 12418 Shares Purchase	0.05	440725	1.90
	At the end of the Year 31.03.2016	-	-	955468	4.12

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
4.	M/s. Vidya Investment and Trading Co Pvt Ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	400000	1.72	400000	1.72
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ transfer/bonus/sweat equity etc)	13.11.2015 25,838 Shares Sold	0.11	374162	1.61
		27.11.2015 1,00,000 Shares Sold	0.43	274162	1.18
		18.12.2015 50,000 Shares Sold	0.22	224162	0.97
		25.03.2016 31,465 Shares Sold	0.14	192697	0.83
	At the end of the Year 31.03.2016	-	-	192697	0.83

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
5.	M/s Regal Investment and Trading Co Pvt Ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	389753	1.68	389753	1.68
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ transfer/bonus/sweat equity etc)	04.12.2015 1,00,000 Shares Sold	0.43	289753	1.25
		11.12.2015 25,000 Shares Sold	0.11	264753	1.14
		18.12.2015 25,000 Shares Sold	0.11	239753	1.03
		18.12.2015 16,597 Shares Sold	0.07	223156	0.96
	At the end of the Year 31.03.2016	-	-	223156	0.96

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
6.	M/s. Napean Trading and Investment co Pvt ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	2,97,376	1.28	2,97,376	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)	13.11.2015 223,584 Shares Sold	0.96	73792	0.32
		20.11.2015 20483 Shares Sold	0.09	53309	0.23
		04.12.2015 53,309 Shares Sold	-	-	-
	At the end of the Year 31.03.2016	-	-	-	-

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
7.	**Kamal Kabra**	**No. of S hares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2015	246900	1.06	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)	-	-	-	-
	At the end of the Year 31.03.2016	-	-	246900	1.06

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
8.	**Usha 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 01.04.2015	246200	1.06	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)	22.05.2015 246200 Shares Sold	1.06	-	-
	At the end of the Year 31.03.2016	-	-	-	-

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
9.	**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 01.04.2015	215064	0.93	215064	0.93
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ transfer/bonus/sweat equity etc	17.04.2015 3000 Shares Sold	0.13	212064	0.91
		24.04.2015 1000 Shares Sold	0.04	211064	0.91
		05.06.2015 3000 Shares Purchase	0.13	214064	0.92
		12.06.2015 1773 Shares Purchase	0.08	215837	0.93
		19.06.2015 3000 Shares Purchase	0.13	218837	0.94
		26.06.2015 2800 Shares Purchase	0.12	221637	0.96
		30.06.2015 1988 Shares Purchase	0.09	223625	0.96

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
9.	Dolly Khanna	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		03.07.2015 1821 Shares Purchase	0.08	225446	0.97
		10.07.2015 1000 Shares Purchase	0.01	226446	0.98
		17.07.2015 1000 Shares Purchase	-	227446	0.98
		24.07.2015 5160 Shares Purchase	0.01	232606	1.00
		14.08.2015 870 Shares Purchase	-	233476	1.01
		30.09.2015 1000 Shares Purchase	-	234476	1.01
		16.10.2015 1000 Shares Purchase	-	235476	1.02
		23.10.2015 5000 Shares Purchase	0.01	24076	1.04
		30.10.2015 15000 Shares Purchase	0.02	255476	1.10
		06.11.2015 2000 Shares Purchase	-	257476	1.11
		18.12.2015 2000 Shares Purchase	-	259476	1.12
		01.01.2016 1000 Shares Purchase	-	260476	1.12
		26.02.2016 1000 Shares Purchase	0.01	261476	1.13
		04.03.2016 3000 Shares Purchase	-	264476	1.14
		18.03.2016 2000 Shares Purchase	0.01	266476	1.15
		31.03.2016 1500 Shares Sold	0.02	264976	1.14
	At the end of the Year 31.03.2016	-	-	264976	1.14

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
10.	M/s. Premier Investment Fund Ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	31962	0.14	31962	0.14
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	14.08.2015 2000 Shares Purchase	0.01	33962	0.15
		21.08.2015 2000 Shares Purchase	0.01	35962	0.16
		18.09.2015 3500 Shares Purchase	0.02	39462	0.17
		25.09.2015 80956 Shares Purchase	0.35	120418	0.52
		30.09.2015 1953 Shares Purchase	0.01	122371	0.53
		02.10.2015 5976 Shares Purchase	0.03	128347	0.55
		09.10.2015 24821 Shares Purchase	0.11	153168	0.66
		16.10.2015 8650 Shares Purchase	0.04	161818	0.70
		23.10.2015 2300 Shares Purchase	0.01	164118	0.71
		30.10.2015 36640 Shares Purchase	0.16	200758	0.87
		06.11.2015 3000 Shares Purchase	0.01	203758	0.88
		20.11.2015 2000 Shares Sold	0.01	201758	0.87
		04.12.2015 5100 Shares Purchase	0.02	206858	0.89
		18.12.2015 8209 Shares Purchase	0.04	215067	0.93
		25.12.2015 24571 Shares Sold	0.11	190496	0.82

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
10.	M/s. Premier Investment Fund Ltd	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		15.01.2016 447 Shares Purchase	-	190943	0.82
		22.01.2016 1073 Shares Purchase	-	192016	0.83
		29.01.2016 9621 Shares Sold	0.04	182395	0.79
		12.02.2016 335 Shares Sold	-	182060	0.78
		19.02.2016 6870 Shares Purchase	0.03	188930	0.81
		26.02.2016 17000 Shares Purchase	0.07	205930	0.89
	At the end of the Year 31.03.2016	-	-	205930	0.89

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
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 01.04.2015	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 31.03.2016				

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
2.	Mr. M Siva Rama Vara Prasad DIN No: 00170919	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	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 31.03.2016				

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
3.	**Mr. N Sri Vishnu Raju** **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 01.04.2015	**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 31.03.2016				

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
4.	**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 01.04.2015	**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 31.03.2016				

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
5.	**Dr. V Nagaraja Naidu** **DIN No: 00003730**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2015	58,000	0.25	58,000	0.25
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	30.10.2015 8000 Shares sold	0.03	50,000	0.22
	At the end of the Year 31.03.2016	-	-	50,000	0.22

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
6.	**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 01.04.2015	2366400	10.20	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 31.03.2016	-	-	2366400	10.20

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
7.	**Mrs. N Bhuvaneswari DIN No: 00003741**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2015	5330826	22.98	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 31.03.2016	-	-	5,330,826	22.98

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
8.	**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 01.04.2015	101,000	0.44	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 31.03.2016	-	-	101,000	0.44

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
9.	**Mr. A Prabhakara Naidu Chief Financial Officer M No: FCA 200974**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2015	**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 31.03.2016				

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
10.	**Mr. Umakanta Barik Company Secretary M No: FCS 6317**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2015	1090	-	1090	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	01.05.2015 150 Shares Sold	-	940	-
		26.06.2015 350 Shares Sold	-	590	-
		27.11.2015 500 Shares Sold	-	90	-
	At the end of the Year 31.03.2016	-	-	90	-

(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	13827.31	1000.00	-	14827.31
(ii)	Interest due but not paid	-			-
(iii)	Interest accrued but not due	38.77			38.77
Total (i+ii+iii)		**13866.08**	**1000.00**	**-**	**14866.08**
Change in Indebtedness during the financial year					
	• Addition	3171.75			3171.752
	• Reduction	5284.07	1000.00		6284.070
Net Change		**(2112.32)**	**(1000.00)**	**-**	**(3112.32)**
Indebtedness at the end 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**

(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
		Mrs. N Bhuvaneswari	Mrs. N Brahmani	Mr. K Durga Prasad Rao^	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	102.00	57.83	21.00	180.83
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10.54	5.00	6.75	22.29
	(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	365.59	319.68	-	685.27
5.	Others, please specify	-	-	-	-
	Total (A)	**478.13**	**382.51**	**27.75**	**888.39**
	Ceiling as per the Act	₹ 956.30 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

^ Mr. K Durga Prasad Rao has resigned from the Board w.e.f. November 1, 2015.

B. Remuneration to other Directors:

(₹ In Lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	Mr. D Seethara maiah	Mr. N Sri Vishnu Raju	Mr. M Siva Rama Vara Prasad#	Mr. Rajesh Thakur Ahuja@	Dr. V Nagaraja Naidu	Mr. N Lokesh	Mr. N P Ramakrishna%	
Independent Directors								
Fee for attending Board/ Committee Meetings	3.70	1.50	2.10	-	-	-	-	7.30
Commission	-	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-	-
Total (1)	**3.70**	**1.50**	**2.10**	**-**	**-**	**-**	**-**	**7.30**
Other Non-Executive Directors								
Fee for attending Board/ Committee Meetings	-	-	-	-	2.60	1.90	0.40	4.90
Commission	-	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-	-
Total (2)	**-**	**-**	**-**	**-**	**2.60**	**1.90**	**0.40**	**4.90**
Total (B)= (1+2)	**3.70**	**1.50**	**2.10**	**-**	**2.60**	**1.90**	**0.40**	**12.20**
Overall Ceiling as per the Act	₹ 95.63 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							
Total Managerial Remuneration *								**900.59**

Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
@ Mr. Rajesh Thakur Ahuja appointed as an Additional Director on March 23, 2016.
% Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.
* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total Amount
		Mr. A Prabhakara Naidu	Mr. Umakanta Barik	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (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	39.20 - -	19.47 - -	58.67 - -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of profit - Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	**39.20**	**19.47**	**58.67**

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**		NIL			
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty					
	Punishment					
	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 : 040-23391221/2
E-mail : hfl@heritagefoods.in
Date : May 23, 2016

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, enhancing the vocational skill & Supply of Clean Drinking Water etc. Web link: www.heritagefoods.in/Corportate/Policies/CSR
2. The composition of the CSR Committee.	Mr. D Seetharamaiah – Chairman Mr. N Sri Vishnu Raju – Member Mrs. N Bhuvaneswari – Member
3. Average Net Profit of the company for last three financial years computed as per Section 198 of the Companies Act, 2013.	₹ In Lakhs FY 2014-15: 4357.89; FY 2013-14: 6768.56; FY 2012-13: 3747.73 Average Net Profit : **4958.06**
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 99.16 Lakhs
5. Details of CSR spent during the financial year: a. total amount to be spent for the financial year: b. amount unspent: c. manner in which the amount spent during the financial year is detailed below:	₹ 99.16 Lakhs Nil

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 for Pursuing their Educations	Promoting Education	Hyderabad Telangana	3.15 Cr	99.16 Lakhs	--	Through Implementing Agency - NTR Memorial Trust
TOTAL			**3.15 Cr***	**99.16 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 23, 2016

D Seetharamaiah
Chairperson
DIN: 00005016

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN: 00003741

Annexure-5

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of Energy

"Your Company is committed to looking for innovative ways to optimize the energy mix towards cleaner, more efficient forms of energy increasing share of renewable energy sources, while continuing to reduce consumption. Your Company continue to investigate the feasibility of technologies with the potential to reduce emissions and contribute to energy efficiency".

i. Energy conservation dictates how efficiently a company can conduct its operations. Your Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the carbon di-oxide (CO2) emissions and strengthened the Company's commitment towards becoming an environment friendly organization. A dedicated 'Energy 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. Two packing stations (Gokul & Upppal plant) of the Company received the 1st & 2nd prize in prestigious 'National Energy Conservation Award' 2016 in Dairy sector from Ministry of Power, Govt. of India during December, 2015. This is the 5th time that the Company has been recognised with this award (previously the Company won the award, 1st prize in the year-2014, 2012 & 2008, 2nd prize in the year-2010).

ii. The Company has commissioned 2.1MW Wind Power Project at Vajrakarur, Anantapur Dist, Andhra Pradesh for captive consumption of Dairy Division of the Company.

iii. The Capital investment on energy conservation equipments is ₹ 1403 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 condensor
- 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 units to enhance quality of Milk
- Implementation of Automatic milk analyzer for accurate quality/quantity management system
- Installed automatic power measurements ABT method systems
- Installed High efficiency Homogenisers

ii. The benefits derived like product Improvement, cost reduction, product development or import substitution: Cost reduction, product improvement

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Not Applicable

iv. The Expenditure incurred an Research and Development : NIL

C. Foreign Exchange Earnings and Outgo

During the year under review foreign exchange earnings were ₹ 1416.45 Lakhs (previous Year ₹ 312.20 Lakhs) and foreign exchange outgo was ₹ 12.11 Lakhs (Previous year ₹ 2.32 Lakhs).

For and on behalf of
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D SEETHARAMAIAH
Chairperson
DIN: 00005016

Management Discussion and Analysis

OVERVIEW OF THE ECONOMY

Despite a weak monsoon for a second consecutive year, agriculture grew by 1.1% in FY2016, mainly on strong growth in livestock. Food grain production is estimated to have increased by 0.5% in FY2016, though there was lower production of rice, coarse cereals, oilseeds, and sugarcane. Economic growth in India accelerated in Fiscal Year 2016 despite decline in exports. It is projected to dip marginally in FY2017 due to a slowdown in public investment, stressed corporate balance sheets, and declining exports.

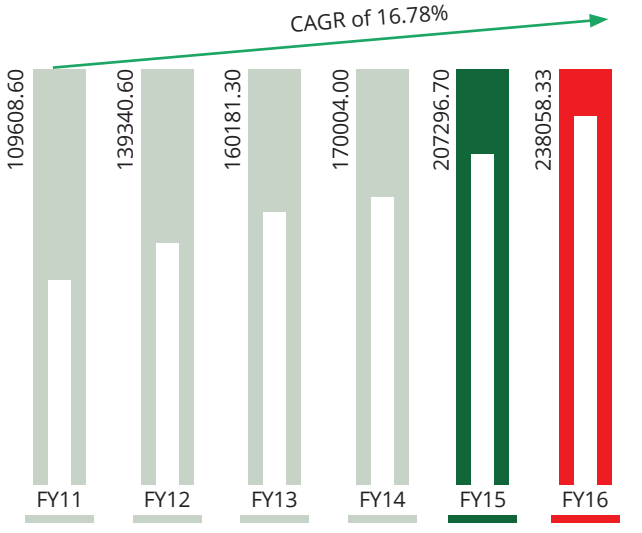
After growing by 5.9% in FY2015, industry accelerated further to 7.3% in FY2016. Expansion in services moderated to 9.2%. Private consumption growth is estimated to have picked up to 7.6% in FY2016 from 6.2% a year earlier. Much of the improvement in private consumption stems from a pickup in urban consumption, while rural consumption has remained subdued as a result of two consecutive weak monsoons. Government consumption growth also stayed tepid as the central government boosted capital expenditure and curtailed current expenditure. A 20.9% increase in capital expenditure undertaken by the central government helped investment growth. However, private investment remained weakened by overcapacity and Indian corporations' debt overhang.

While public investment and urban consumption were the major drivers of growth in FY2016, a revival of private investment and rural consumption is critical if growth is to remain strong in FY2017, given the likely sluggish recovery in the advanced economies and the anemic outlook for global trade. Growth is projected at 8.4% in FY2017, as the expected decline in external demand offsets a pickup in domestic demand.

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 and uncertain 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 constantly at CAGR of 16.78%.

Revenue (₹ in lakhs)



Moving up Value Chain:

The company is rapidly moving up the value chain as the contribution of Value Added Products (VAD) in Dairy vertical is improving on a Y-o-Y basis, currently at 22%. The margin in VAD 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 market.

Retail turning EBITDA positive:

With the benefits accruing from the "economies of scale of business" due to increase in additional trading space, Retail business vertical will be EBITDA positive soon.

Renewable Energy:

Although the Company went into Solar power primarily for captive consumption, it was successful in making a "Profit before tax" this year as against losses in previous year.

Agri & Bakery:

The Agri & Bakery business verticals have crossed ₹ 10,000 lakh mark. Efforts are also on to set up Cattle Feed plant. On the Bakery front, there is a firm tie-up with Multinational Companies for supply of our products.

Farmers Welfare Trust:

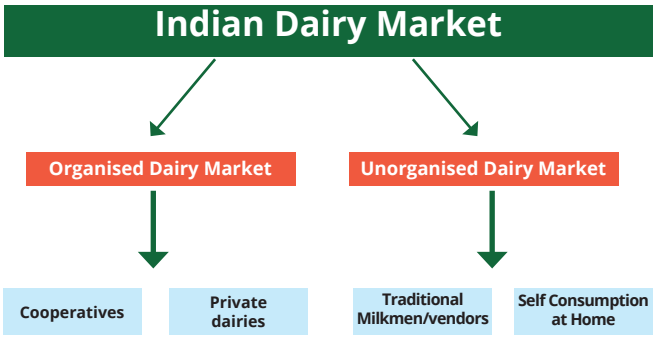
Since the company believes in adding value to its stakeholders, it has successfully created Farmers Welfare Trust for its Dairy Farmers who form an important constituent among its key stakeholders.

INDUSTRY STRUCTURE AND DEVELOPMENTS

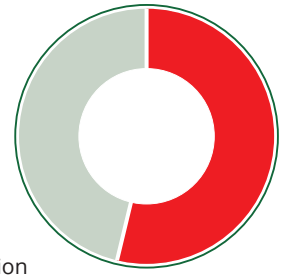
Dairy Industry:

India is among the fastest growing dairy markets and has become the largest global producer of milk, since 1998. Domestic milk production recorded about 4.3 per cent CAGR, reaching about 147 million tonnes in 2015-16, from 116 million tonnes in 2009-10. The value of milk produced is more than the total value of paddy and wheat produced in this country. This underlines the importance of the dairy sector for the rural economy. Growth in milk production in India outpaced that in other large milk producing nations such as United States of America, which recorded about 2-3 per cent CAGR during the past five years. As opposed to the trend seen in other major producing regions, the increase in production has managed to outpace the growth in population, thereby increasing per capita consumption/ availability (PCC).

Milk cooperatives procure about 10% of the total production which is about 18% of the marketable surplus. A similar quantity is reportedly procured by the private sector. Both the sectors together account for only about 35% of the marketable surplus. This means that a large quantity of milk remains unprocessed. The installed processing capacity of the cooperative sector 43.3 million litres /day while they actually process an average 33.5 million litres/day. As per available data, the registered (as different from installed) capacity of private sector milk processors in India is 73.3 million litres/day. It is recognized that post liberalization in 1991, the role of private sector in dairying has increased significantly thereby accounting for a significant share of the market.

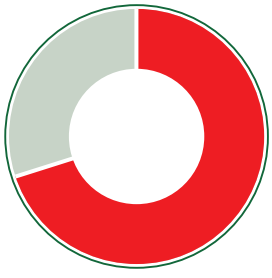


Milk production volume break-up by marketability



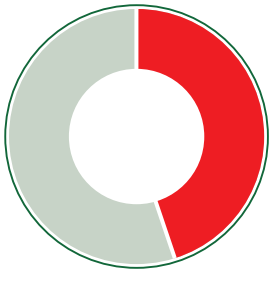
Self Consumption	54%
Marketable Milk	46%

Marketable milk volume break-up by segment



Organised	70%
Unorganised	30%

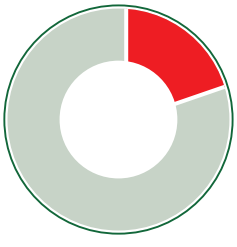
Organised marketable milk volume break-up by segment



Private Players	45%
Cooperatives & Govt	55%

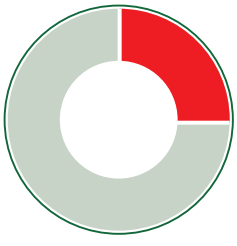
Organized dairy is 20% of total dairy industry by value and is expected to be 25% by 2020.

2016



Organised	20%
Unorganised	80%

2020

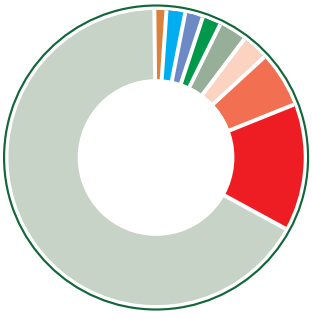


Organised	25%
Unorganised	75%

Share of organized dairy in different categories:

Liquid milk is still primarily either consumed at source or sold through the unorganized route. Hence leaves a lot of room for growth for organized dairy players as with population growth (2% p.a.), higher disposable income and more quality conscious consumers, the increasing demand for packaged milk and processed dairy products like curd, paneer, cheese etc.

Share of organized dairy in different categories



Liquid Milk	67%
Ghee	14%
SMP	6%
UHT Milk	3%
Butter	3%
Curd	2%
Cheese	2%
Flavored Milk	2%
Paneer	1%

Milk production is growing at 4.3 per cent while consumption is growing at 5 per cent leaving a gap between demand and supply. In order to meet the rapid growing demand and to increase milk production, Union Government has started a central scheme National Dairy Plan - Phase 1, for the period from 2011-12 to 2016-17. Its main objective is to help rural milk producers with greater access to the organized milk -processing sector and thus to bridge the gap between the demand and supply of milk in the country. The Government of India in the budget for the year 2016-17 has provided for ₹ 850 crore for spending on the 'Pashudhan Sanjivani', an animal wellness programme and provision of Animal Health Cards ('Nakul Swasthya Patra'); an Advanced breeding technology; Creation of 'E-Pashudhan Haat', an e market portal for connecting breeders and farmers; and a National Genomic Centre for indigenous breeds.

The processed milk and milk products segment is expected to record about 12-13% CAGR by FY17. Growth will be driven by several factors such as changing lifestyle of consumers, growth in the food services industry, increasing urbanization, rising need for convenience, better health awareness among end-users, etc.

Retail Industry:

The Indian Retail sector has come off age and has gone through major transformation over the last decade with a noticeable shift towards organized retailing. The retail market is expected to reach a whooping ₹ 47 lakh crore by 2016-17, as it expands at a compounded annual growth rate (CAGR) of 15 per cent. The retail market, (including organized and unorganized retail), was at ₹ 23 lakh crore in 2011-12. According to the study, organized retail, that comprised just seven per cent of the overall retail market in 2011-12, is expected to grow at a CAGR of 24 per cent and attain 10.2 per cent share of the total retail sector by 2016-17.Favourable demographics, increasing urbanization, nuclearisation of families, rising affluence amid consumers, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India.

Market Dynamics

In the past few years, Indian Retail sector has seen tremendous growth in the organized segment. Major domestic players have stepped into the retail arena with long term, ambitious plans to expand their business across verticals, cities and formats.

High consumer spending over the years by the young population and sharp rise in disposable income are driving the Indian organized retail sector's growth. Even Tier I & Tier II cities and towns are witnessing a major shift in consumer preferences and lifestyles, the result of which, they have emerged as attractive markets for retailers to expand their presence.

The Indian retail sector is highly fragmented and the unorganized sector has around 13 million retail outlets that account for around 95-96% of the total Indian retail industry. However, going forward, the organized sector's growth potential is expected to increase due to globalization, high economic growth, and improved lifestyle.

Although the growth potential in the sector is immense, there are obstacles too, that could slow the pace of growth for new entrants. Rigid regulations, high personnel costs, real estate costs, lack of basic infrastructure.

Key drivers of the Indian Retail Industry

- Emergence of nuclear families
- An increase in the double-income households trend
- Large working population
- Increase in disposable income and customer aspiration
- Demand as well as increase in expenditure for luxury items
- Growing preference for branded products and higher aspirations
- Liberalization of the FDI policy in the past decade
- Increasing urbanisation,
- Rising affluence amid consumers

Bottlenecks

- A long way to meet international standards
- Lack of efficient supply-chain management
- Lack of required retail space
- Shortage of trained manpower
- Lack of proper infrastructure and distribution channel

Emerging sectors/trends in Indian retailing

Within retail, the emerging sectors would be food and grocery, apparel, electronics, e-commerce, fashion and lifestyle. Incorporation of technology in the organized retail segment has been something to reckon with in the past few years. Use of specialised Software for merchandise planning and management, control of inventory costs and supplies and replenishment of goods done electronically, internal store billing, etc changed the face of product retailing.

Online retail business is the next gen format which has high potential for growth in the near future. After conquering physical stores, retailers are now foraying into the domain of e-retailing. The retail industry is all set to test waters over the online medium, by selling products through websites. Food and grocery stores comprises the largest chunk of the Indian retail market.

An emerging trend in this segment is the virtual formats where customer orders are taken online through web portals which are delivered at the door step the very same day or the following day. This trend has been catching up with most of the retail chains that have their websites.

The Road Ahead...

According to panel members at the seventh Food and Grocery Forum India, the opportunities in food and grocery retail in India are immense, given that it constitutes about 69 per cent of India's total retail market. The Indian retail market, currently estimated at $490 billion, is projected to grow at a compounded annual growth rate of 6 per cent to reach $865 billion by 2023. Modern retail with a penetration of only 7% is expected to grow about six times across all categories and segments.

Organised Retail is emerging as the new phenomenon in India and despite the slump, the market is growing exponentially. As economic growth brings more of India's people into the consuming classes and organized retail lures more and more existing shoppers, by 2017, more than 400 million shoppers are likely to patronize organized retail chains.

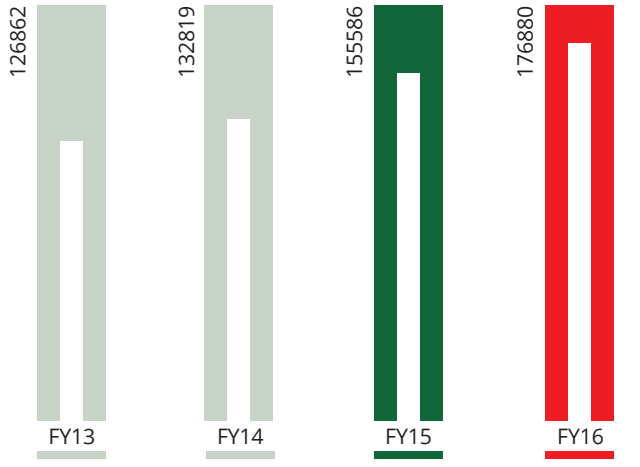
The growing middle class is an important factor contributing to the growth of retail in India. By 2030, it is estimated that 91 million households will be 'middle class', up from 21 million today. Also by 2030, 570 million people are expected to live in cities, nearly twice the population of the United States today. Thus, with tremendous potential and huge population, India is set for high growth in consumer expenditure. With India's large 'young' population and high domestic consumption, the macro trends for the sector look favorable.

Dairy Business Vertical:

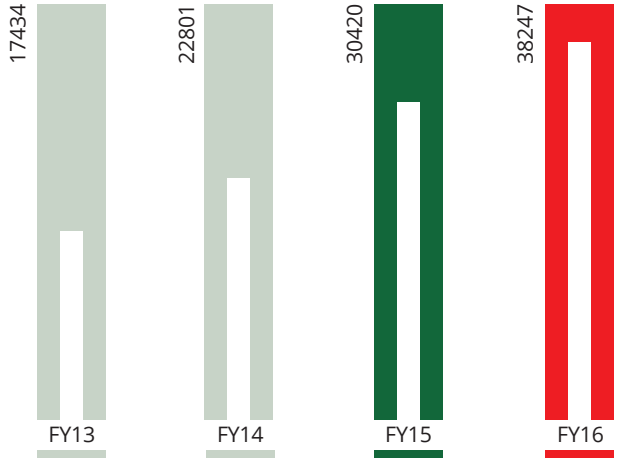
₹ 1,76,880 Lakh Revenue	71.95 % Contribution on total Revenue	₹ 13,720 Lakh EBITDA
₹ 38,247 Lakh Revenue from Value Added Products	₹ 19,574 Lakh Capital Employed	

The Dairy division accounting for 71.95% of revenue (₹ 176,880 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)



Selling liquid milk is a passe, improving sales of value added products like curd, ice cream, butter milk, paneer, is where the action is, thanks to higher profit margins. Having successfully transformed ourselves into a full-fledged dairy player by surging forward in terms of procurement of milk from a modest figure of 20,000 liters per day, about 2 decades back, to the current levels of 11 lakh liters per day was indeed a challenging one. However, now a new journey to transform the Company from a mere milk Company into an FMCG has indeed begun.

With a surge in the value added products, from ₹ 17,434 lakhs in FY13 to ₹ 38,247 lakhs in the current fiscal year, the percentage of contribution to the dairy income has improved from a mere 12% to nearly 22% in the current year on a dairy income of ₹ 176,880 lakhs. The value added products have been growing at a CAGR of 21.70% over the last 4 years.

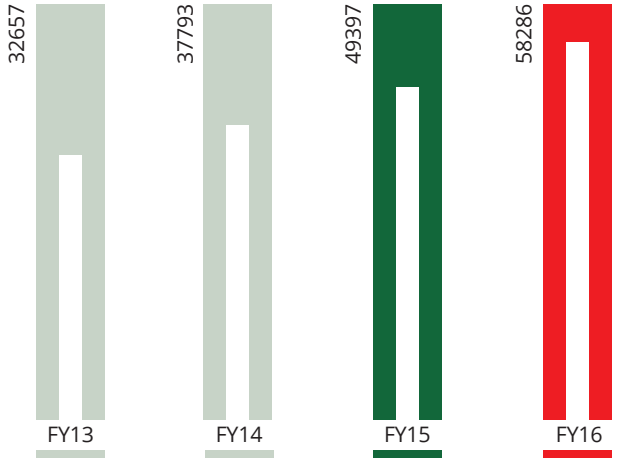
These products indeed attract the attention of stakeholders as the profit margins among these are almost double compared to that of the liquid milk. Among these value added products, it's the curd that forms a significant portion. The rest include: ice cream, Forzen Desert, paneer, butter milk, flavored milk, and others. Attempts are on to add newer value added products like cheese, whey protein, and other beverages.

Retail Business Vertical:

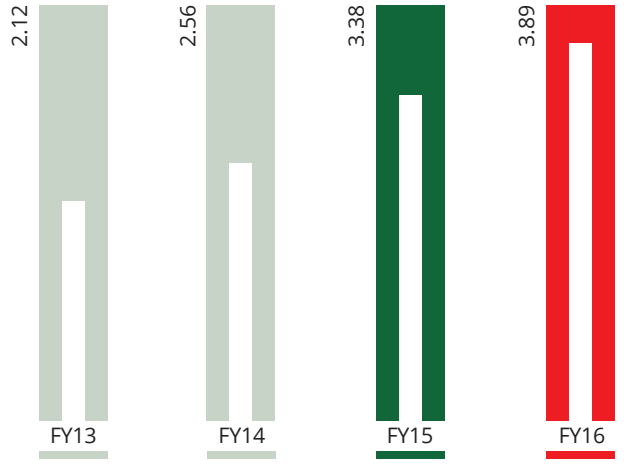
₹ 58,286 Lakh Revenue	23.71% Contribution on total Revenue	110 Stores
3,89,806 Sq.ft Operating Space	₹ 8,632 Lakh Capital Employed	

The last 4 financial year's revenue of the Retail Division is given below:

Retail Turnover (₹ In Lakhs)



Total Carpet Area (₹ In Lakhs)



On the Retail business vertical, your Company successful in cutting down the EBITDA losses from ₹ 17 crores in FY13 to about 4 crores this year, thanks to the economies of large scale owing to a surge in total trading space under operation to 3.89 lakh square feet from 2.12 lakh in FY13. The Agri and Bakery division's topline too have crossed a milestone of ₹ 10,000 lakhs mark this year.

Your Company confident of turning EBITDA positive soon. Post making profits in Retail division (which will include the Agri and Bakery divisions), your Company has exploring various options including bringing in a strategic partner or hive off the retail business into a separate company.

Agri & Bakery Business Vertical:

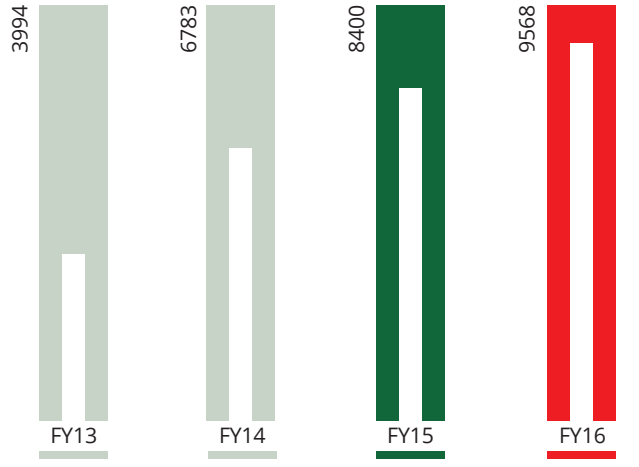
₹ 9,568 Lakh Revenue from Agri	3.89% Contribution on total Revenue	₹ 3,211 Lakh Capital Employed in Agri
₹ 812 Lakh Revenue from Bakery	0.33% Contribution on total Revenue	₹ 1,064 Lakh Capital Employed in Bakery

Agri & Bakery to support Retail Operations

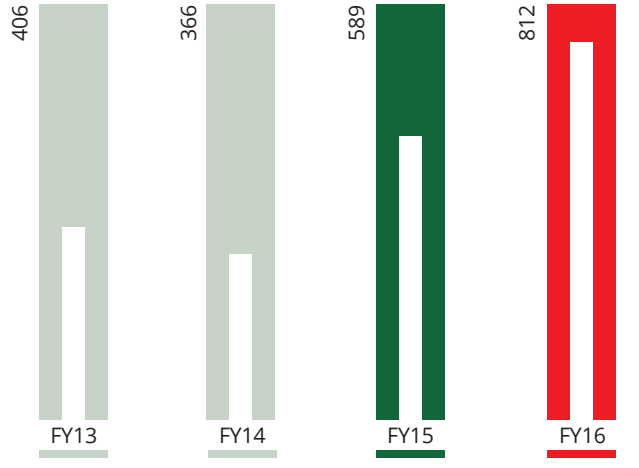
The other business divisions, namely: Agri, Bakery and Renewable Energy verticles whose current turnover is ₹ 9568 Lakhs in Agri (on a capital employed of ₹ 3,211 Lakhs), Bakery ₹ 812 Lakhs (on a capital employed of ₹ 1,064 Lakhs) and Renewable energy ₹ 304 Lakhs (on a capital employed of ₹ 2609 Lakhs)

The last 3 financial year's revenue of the Agri & Bakery Divisions is given below:

Agri Revenue (₹ In Lakhs)



Bakery Revenue (₹ In Lakhs)



Renewable Energy Business Vertical:

₹ 304 Lakhs Revenue from Renewable Energy	0.12% Contribution on total Revenue	₹ 2,609 Lakhs Capital Employed in Renewable Energy

Way Forward:

As per the vision and mission statement, the Company is set to emerge with a topline of ₹ 600,000 lakhs in 4 to 5 years. By FY2020 your Company is set to emerge as a pan India player. Our current relationships with as many as 3 lakh dairy farmers and nearly 15 lakh consumer households are set to grow.

Discussion on Financial and Operational Performances

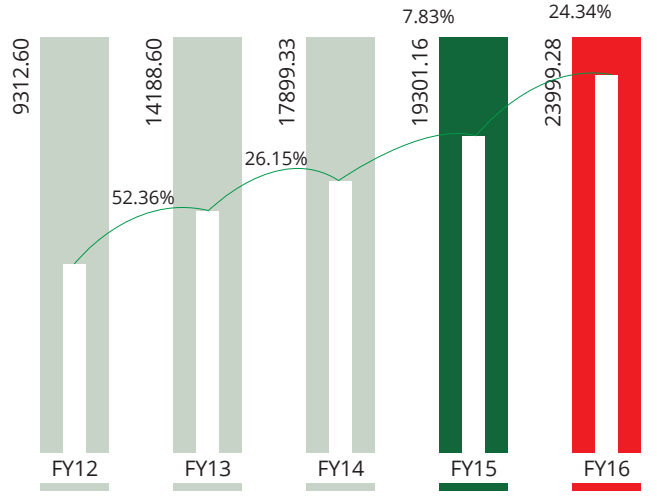
Your Company has created significant wealth for its

shareholders as the Company continues to maintain its growth momentum to become a nationally recognized brand for healthy and fresh products. Given below is the Company's performance for the last five years in various parameters.

Net worth Trend:

The net worth has shown a steady and constant ascent from ₹ 9312.60 lakhs to ₹ 23999.28 lakhs in the last five years.

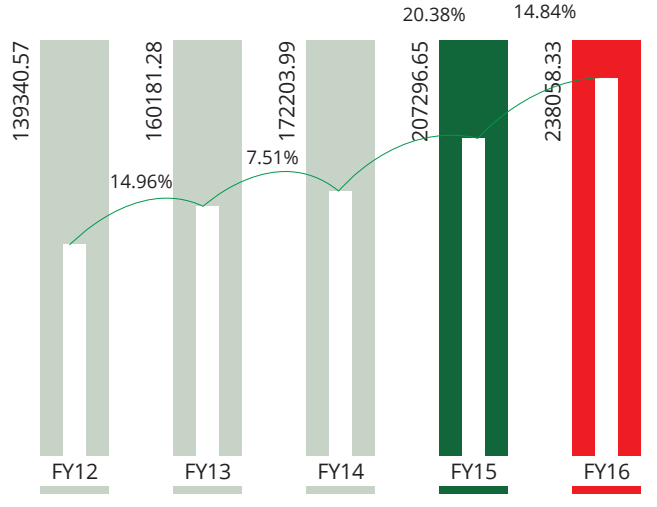
Net Worth (₹ In Lakhs)



Revenue Trend

The focused approach helped the Company to deliver an industry leading performance with a revenue growth of 14.84% in FY2015-16.

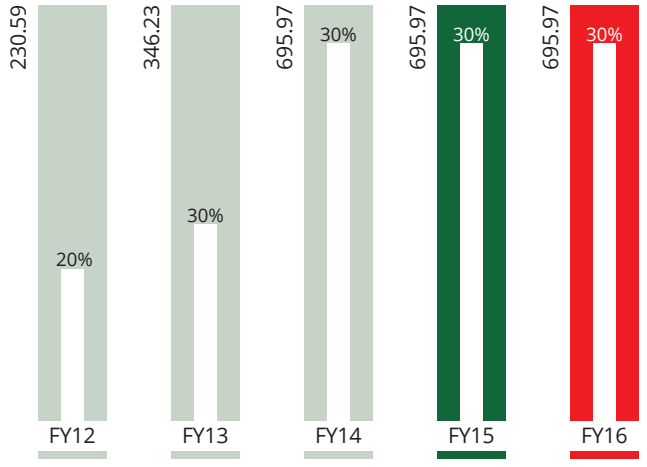
Turnover (₹ In Lakhs)



Dividend Payment History

The Dividend and the payout ratio computed on consolidated profits have remained high. The dividend appropriated has increased steadily from 20% in FY12 to 30% in FY16.

Dividend Payment History (₹ In Lakhs)/Dividend %

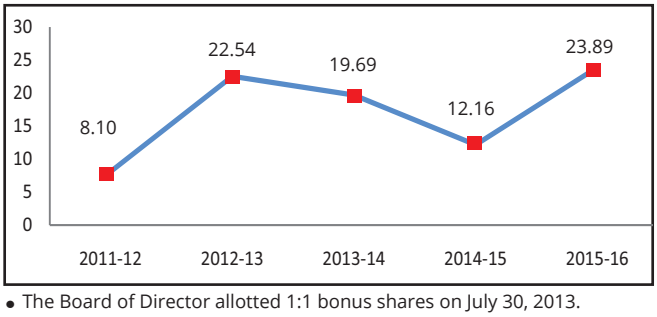


- The Board of Director allotted 1:1 bonus shares on July 30, 2013

Earnings per Share

Earnings per share (EPS) (Equity Shares of the face value of ₹ 10/- each)

EPS Per Equity Share of ₹ 10/- each (In Rupees)



- The Board of Director allotted 1:1 bonus shares on July 30, 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, 2016.

Overview of Standalone Financial Results

Particulars	2015 - 16		2014 - 15		FY 2016 Vs 2015
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Net Sales	**232895.32**	**97.83**	203348.13	98.10	14.53
Other operating income	**5163.01**	**2.17**	3948.52	1.90	30.76
Total Revenue	**238058.33**	**100.00**	207296.65	100.00	14.84
Less: Total Expenditure (before Depreciation & Finance cost)	**224980.99**	**94.51**	199093.36	96.04	13.00
Add: Other Income	**654.96**	**0.28**	702.66	0.34	(6.79)
Profit before finance cost, depreciation and tax	**13732.30**	**5.77**	8905.95	4.30	54.19
Less: Finance costs	**1545.89**	**0.65**	1593.01	0.77	(2.96)
Depreciation & Amortisation	**3451.21**	**1.45**	3399.03	1.64	1.54
Profit / (Loss) before tax	**8735.20**	**3.67**	3913.91	1.89	123.18
Less: Exceptional items	**136.95**	**0.06**	-	-	-
	8598.25	**3.61**	3913.91	1.89	119.68
Less: Provision for current taxation(Incl.tax. earlier yrs)	**3068.44**	**1.29**	1168.91	0.56	162.50
Less: Provision for deferred taxation	**(13.34)**	**(0.01)**	(76.02)	(0.04)	(82.45)
Profit / (Loss) after tax	**5543.15**	**2.33**	2821.02	1.36	96.49

Standalone Segment results:

Particulars	2015 - 16		2014 - 15		FY 2016 Vs 2015
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
1. Total Revenue					
a. Dairy	**176880.13**		155585.71		13.69
b. Retail	**58286.49**		49397.00		18.00
c. Agri	**9567.72**		8400.16		13.90
d. Bakery	**812.03**		588.92		37.88
e. Renewable Energy	**304.30**		257.04		18.39
Total Revenue	**245850.67**		214228.83		14.76
2. Inter-segment Revenue					
a. Dairy	**2603.18**		2231.27		16.67
b. Retail	**244.95**		168.26		45.58
c. Agri	**4489.22**		4068.17		10.35
d. Bakery	**210.19**		217.56		(3.39)
e. Renewable Energy	**244.80**		246.92		(0.86)
Total Inter-segment Revenue	**7792.34**		6932.18		12.41

Particulars	2015 - 16 ₹ In Lakhs	2015 - 16 % of Revenue	2014 - 15 ₹ In Lakhs	2014 - 15 % of Revenue	FY 2016 Vs 2015 % of Growth
3. External Revenue					
(Incl other operating income)					
a. Dairy	**174276.95**		153354.44		13.64
b. Retail	**58041.54**		49228.74		17.90
c. Agri	**5078.50**		4331.99		17.23
d. Bakery	**601.84**		371.37		62.06
e. Renewable Energy	**59.50**		10.12		487.85
Net Sales / Income from Operations	**238058.33**		207296.65		14.84
4. Segment Results					
(Profit (+) / (Loss) (-) before tax and finance costs)					
a. Dairy	**11532.19**	**6.52**	6717.47	4.32	71.67
b. Retail	**(1380.99)**	**(2.37)**	(1107.36)	(2.24)	24.71
c. Agri	**(135.78)**	**(1.42)**	(125.47)	(1.49)	8.21
d. Bakery	**(61.52)**	**(7.58)**	(84.46)	(14.34)	(27.16)
e. Renewable Energy	**126.17**	**41.46**	70.53	27.44	78.89
Total Segment Results	**10080.07**	**4.23**	5470.71	2.64	84.25
Less: I. Finance Cost	**1545.89**	**0.65**	1593.01	0.77	(2.96)
Add: i. Interest income	**61.01**	**0.03**	37.41	0.02	63.08
ii. Other un-allocable Income / (expenditure)	**3.06**	**-**	(1.20)	-	(355.25)
Total Profit before Tax	**8598.25**	**3.61**	3913.91	1.89	119.68

CASH FLOW ANALYSIS

Cash inflows

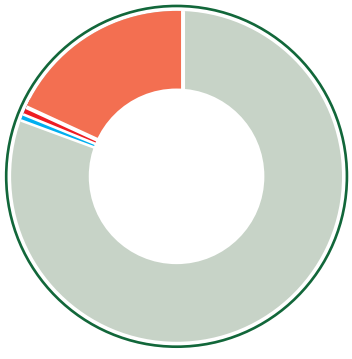
Particulars	2015 - 16 ₹ in Lakhs	2015 - 16 %	2014 - 15 ₹ in Lakhs	2014 - 15 %
Operating Cashflow	**13901.88**	**81.09**	8696.44	73.12
Interest & Dividend on Investments	**64.07**	**0.37**	37.45	0.31
Earmarked balances redemption	**6.78**	**0.04**	9.94	0.08
Proceeds from Long Term Borrowings	**3171.75**	**18.50**	3150.00	26.48
Total	**17144.48**	**100.00**	11893.83	100.00

Cash Outflows

Particulars	2015 - 16		2014 – 15	
	₹ in Lakhs	%	₹ in Lakhs	%
Repayment of Long Term Borrowings	**1560.96**	**9.35**	**1411.63**	**11.51**
Change in Working capital (net)	**3199.11**	**19.16**	**2708.40**	**22.08**
Taxes paid	**2962.39**	**17.74**	**979.06**	**7.98**
Capital Expenditure	**6657.01**	**39.87**	**4794.90**	**39.08**
Net Investments	**0.25**	**-**	**0.25**	**-**
Change in unclaimed dividend	**11.65**	**0.07**	**10.72**	**0.09**
Interest Paid	**1466.97**	**8.79**	**1549.73**	**12.63**
Dividend Paid	**837.65**	**5.02**	**814.25**	**6.64**
Total	**16696.00**	**100.00**	**12268.93**	**100.00**
Net increase /(decrease) in cash and cash equivalents	**448.48**		**(375.10)**	
Add: Opening Cash and Cash Equivalents	**3993.70**		**4368.80**	
Effect of foreign exchange gain /(loss)	**(1.99)**		**-**	
Cash and Cash Equivalents at the end of the period	**4440.19**		**3993.70**	

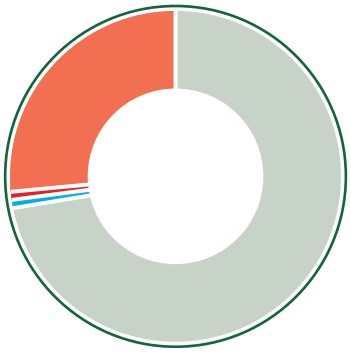
Cash Inflow

2015-16



Operating Cashflow	81.09%
Interest & Dividend on Investments	0.37%
Earmarked balances redemption	0.04%
Proceeds from Long Term Borrowings	18.50%

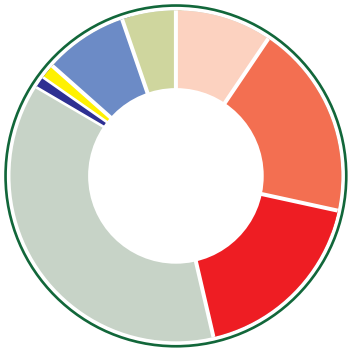
2014-15



Operating Cashflow	73.12%
Interest & Dividend on Investments	0.31%
Earmarked balances redemption	0.08%
Proceeds from Long Term Borrowings	26.48%

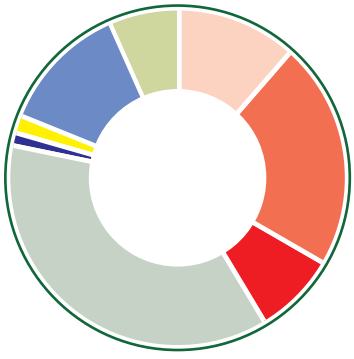
Cash Outflow

2015-16



Repayment of Long Term Borrowings	9.35%
Change in Working capital (net)	19.16%
Taxes paid	17.74%
Capital Expenditure	39.87%
Net Investments	0.001%
Change in unclaimed dividend	0.07%
Interest Paid	8.79%
Dividend Paid	5.02%

2014-15



Repayment of Long Term Borrowings	11.51%
Change in Working capital (net)	22.08%
Taxes paid	7.98%
Capital Expenditure	39.08%
Net Investments	0.001%
Change in unclaimed dividend	0.09%
Interest Paid	12.63%
Dividend Paid	6.64%

FORWARDLOOKING STATEMENTS

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the Management and the efforts being put into place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.

Report on Corporate Governance

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of values, ethics and the best business practices followed by your Company. Your Company's corporate governance framework has helped to be aligned with the new guidelines of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. Your Company believes that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At the Company, the Board of Directors ('the Board') is at the core of your corporate governance practice. The Board thus oversees the Management's ('the Management') functions and protects the long-term interests of the 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, 2016, the Board consists of eight members out of which four 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

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, 1956 / Companies Act, 2013. 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, 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.

B. BOARD OF DIRECTORS

Size and composition of the Board

The current 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, 2016, the Board consists of eight (8) members, two (2) of whom are executive/whole-time women directors, four (4) are Non-Executive Independent Directors and two (2) are Non-Executive Directors. 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) Regulation, 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 March 31, 2016:

Name	No. of other Director ships @ (Including Heritage Foods)	Committee memberships & (Including Heritage Foods)	
		Member	Chairman
Independent Director			
Mr. D Seetharamaiah	5	2	1
Mr. N Sri Vishnu 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 P Ramakrishna#	1	-	-
Mr. N Lokesh	4	1	-
Whole-time Director			
Mrs. N Bhuvaneswari	5	1	-
Mrs. N Brahmani	3	-	-
Mr. Durga Prasada Rao$	1	-	-

* Mr. Rajesh Thakur Ahuja appointed as an Additional Director on March 23, 2016.

Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.
$ Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.
^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
@ The directorships held by directors as mentioned above, do not include directorships in Private Companies & Section 8 Companies
& In accordance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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 Obligation & Disclosure Requirements) Regulation, 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.

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 a fixed components and a variable components. The Compensation of the executive directors are approved by the Nomination and Remuneration Committee of Board of Directors and placed before the shareholders at the shareholders' meeting for approval.

The compensation payable to the independent directors is limited to sitting fees for attending the Board & Committee meeting(s), only as approved by the Board & shareholders, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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. Six Board meetings were held during the year ended March 31, 2016. These were held on May 26, 2015, July 22, 2015, October 19, 2015, December 17, 2015, January 21, 2016 and March 23, 2016.

Attendance of Directors during FY 2015-16 & Last Annual General Meeting is as under:

Name	No of Meetings		Attendance at last AGM
	Held	Attended	
Independent Director			
Mr. D Seetharamaiah	6	6	Yes
Mr. N Sri Vishnu Raju	6	3	Yes
Mr. M Siva Rama Vara Prasad^	6	4	Yes
Mr. Rajesh Thakur Ahuja*	6	0	No
Non Executive Director			
Dr. V Nagaraja Naidu	6	6	Yes
Mr. N P Ramakrishna#	6	2	No
Mr. N Lokesh	6	4	Yes
Whole-time Director			
Mrs. N Bhuvaneswari	6	6	Yes
Mrs. N Brahmani	6	6	Yes
Mr. Durga prasada Rao$	6	3	Yes

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.

* Mr. Rajesh Thakur Ahuja appointed as an Director on March 23, 2016.

\# Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.

$ Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

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
- Dividend data
- Minutes of meetings of previous Board & Committee Meetings and abstracts of Circular Resolutions passed 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, 2016, 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 meetings is either two members or one-third of the members of the committee, whichever is higher.

i. Audit Committee

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Members of the Audit Committee possess financial accounting expertise/exposure.

Composition of the Committee as on March 31, 2016:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Dr. V Nagaraja Naidu	Member
Mr. N Sri Vishnu Raju	Member
Mr. Siva Rama Vara Prasad^	Member
Mr. N Lokesh	Member

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
Mr. Rajesh Thakur Ahuja has appointed as a Member in the Audit Committee w.e.f. May 23, 2016.

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 independent 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 independent auditors in accordance with the law. All possible measures were taken by the committee to ensure the objectivity and independence of the independent auditors.

Audit Committee Attendance

Five meeting of Audit Committee were held during the financial year 2015-16, i.e. May 26, 2015, July 22, 2015, October 19, 2015, January 2016 and March 23, 2016. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	5	5
Mr. N Sri Vishnu Raju	5	2
Mr. M Siva Rama Vara Prasad^	5	4
Dr. V Nagaraja Naidu	5	5
Mr. N Lokesh	5	3

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
Mr. Rajesh Thakur Ahuja has appointed as a Member in the Audit Committee w.e.f. May 23, 2016.

The terms of reference, Powers, Roles & responsibilities of the Audit Committee are as stated in SEBI (Listing Obligations and Disclosure Requirements) Regulation, 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) Regulation, 2015.

Composition of the Committee as on March 31, 2016:

Name	Designation
Mr. N Sri Vishnu Raju	Chairperson
Mr. D Seetharamaiah	Member
Mr. N Lokesh	Member
Mr. Siva Rama Vara Prasad^	Member

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
Mr. Rajesh Thakur Ahuja has appointed as a Member in the Nomination & Remuneration Committee w.e.f. May 23, 2016.

The committee is to oversee the nomination process for the top-level management and the remuneration structure. The committee identifies screens and reviews individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by the Board and recommends for approval by the Board nominees for election at the Annual General Meeting.

The committee will 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 two meeting during the financial year 2015-16 on July 08, 2015 and March 23, 2016. The attendance details of the Committee Meeting are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Sri Vishnu Raju	2	0
Mr. D Seetharamaiah	2	2
Mr. M Siva Rama Vara Prasad^	2	2
Mr. N Lokesh	2	1

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
Mr. Rajesh Thakur Ahuja has appointed as a Member in the Nomination & Remuneration Committee w.e.f. May 23, 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 March 31, 2016 is as follows:

(In Rupees)

Name	Sitting Fees	Remuneration	Perquisites/ Perks	Commission	Total
Independent Directors					
Mr. D Seetharamaiah	3,70,000	-	-	-	**3,70,000**
Mr. N Sri Vishnu Raju	1,50,000	-	-	-	**1,50,000**
Mr. M Siva Rama Vara Prasad^	2,10,000	-	-	-	**2,10,000**
Mr. Rajesh Thakur Ahuja*	-	-	-	-	**-**
Non Executive Directors					
Dr. V Nagaraja Naidu	2,60,000	-	-	-	**2,60,000**
Mr. N P Ramakrishna#	40,000	-	-	-	**40,000**
Mr. N Lokesh	1,90,000	-	-	-	**1,90,000**
Whole-time Directors					
Mrs. N Bhuvaneswari	-	1,02,00,000	10,54,375	3,65,59,436	**4,78,13,811**
Mrs. N Brahmani	-	57,83,000	5,00,000	3,19,68,049	**3,82,51,049**
Mr. K Durga Prasad Rao$	-	21,00,000	6,75,000	-	**27,75,000**

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
* Mr. Rajesh Thakur Ahuja appointed as an Director on March 23, 2016.
# Mr. N P Ramakrishna has resigned from the Board w.e.f. September 24, 2015.
$ Mr. K Durga Prasada Rao has resigned from the Board w.e.f. November 1, 2015.

The Company has not granted any stock option to any of its directors. Mr. N Lokesh, Dr. V Nagaraja Naidu and Mr. N P Ramakrishna, Non Executive Directors of the Company are holding 23,66,400, 50,000 and 1,00,000 equity shares of the Company as on March 31, 2016 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) Regulation, 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 March 31, 2016:

Name	Designation
Dr. V Nagaraja Naidu	Chairperson
Mr. D Seetharamaiah	Member
Mrs. N Bhuvaneswari	Member
Mr. N Sri Vishnu 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 2015-16. These were held on May 26, 2015, July 22, 2015, October 19, 2015 and January 21, 2016. 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 Sri Vishnu Raju	4	2

Mr. Umakanta Barik, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

The details of Complaints/request as on 31st March 2016 are as follows:

Number of Complaint/ request Received- 27

Number of Complaint/ request Resolved- 27

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 March 31, 2016:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mrs. N Bhuvaneswari	Member
Mr. N Sri Vishnu 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.

Two CSR Committee meetings were held during the financial year 2015-16. These were held on July 2015 and January 21, 2016. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	2	2
Mrs. N Bhuvaneswari	2	2
Mr. N Sri Vishnu Raju	2	0

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 March 31, 2016:

Name	Designation
Mr. M Siva Rama Vara Prasad^	Chairperson
Mr. D Seetharamaiah	Member
Mrs. N Bhuvaneswari	Member
Mr. N Sri Vishnu Raju	Member
Mr. K Durga Prasada Rao*	Member

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
* Mr. K Durga Prasada Rao has resigned from the Board w.e.f November 1, 2015.
Mr. Rajesh Thakur Ahuja has appointed as a Chairperson in the Risk Management Committees w.e.f. May 23, 2016.

One Risk Management committee meeting was held during the financial year 2015-16 on March 23, 2016. 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	1
Mr. D Seetharamaiah	1	1
Mrs. N Bhuvaneswari	1	1
Mr. N Sri Vishnu Raju	1	0
Mr. K Durga Prasada Rao*	1	0

^ Mr. M Siva Rama Vara Prasad has resigned from the Board w.e.f. May 12, 2016.
* Mr. K Durga Prasada Rao has resigned from the Board w.e.f November 1, 2015.
Mr. Rajesh Thakur Ahuja has appointed as a Chairperson in the Risk Management Committees w.e.f. May 23, 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 March 31, 2016:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mrs. N Bhuvaneswari	Member
Mr. N Lokesh	Member
Mr. N Sri Vishnu Raju	Member

Four Management Committee meetings were held during the financial year 2015-16. These were held on April 20, 2015, June 15, 2015, August 17, 2015 and November 19, 2015. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance: .

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	4	4
Mrs. N Bhuvaneswari	4	4
Mr. N Lokesh	4	4
Mr. N Sri Vishnu Raju	4	3

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.

D. 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	Venue	Special resolution(s) passed
March 31, 2015	September 24, 2015, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45	• Modification in Object Clause of the Memorandum of Association of the Company • Modification in Liability Clause of the Memorandum of Association of the Company
March 31, 2014	September 26, 2014, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45	• Appointment of Mr. K Durga Prasada Rao as Director and re-appointment as Whole-time Director of the Company w.e.f. August 1, 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
March 31, 2013	July 17, 2013, at 10.30 a.m.	Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45	• To change the Articles of Associations with regards to increase Authorized Share Capital of the Company • To add new-Sub clauses in the Articles of Association of the Company • Change of name of the Company to "Heritage Foods Limited"

Postal ballot

During the financial year 2015-16, there is no special resolution proposed to be conducted through postal ballot.

Procedure for postal ballot

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairperson, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman. The results are published

in the newspapers and also displayed on the website of the Company, www.heritagefoods.in, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

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 of Clause 49 of the Listing Agreement as amended from time to time entered into with the Stock Exchanges and/or SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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, 2016.

No personnel has 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 of Clause 49 of Listing Agreement and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and/or SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement and SEBI (Listing Obligation & Disclosure Requirements) Regulation, 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

F. 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) Regulation, 2015.

Annual Report: The Annual Report containing inter-alia Notice of the 24th 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.

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 Venue	Friday, August 19, 2016 at 10.30 am Auditorium Hall, 2nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45
Financial Year	April 1 to March 31
Financial Calendar (tentative) Results for the quarter ending	June 30, 2016 – Last week of July, 2016 September 30, 2016 – Last week of October, 2016 December 31, 2016 - Last week of January, 2016 March 31, 2017 - Last week of May, 2017 Annual General Meeting - August, 2017
Date of Book Closure	Thursday, August 11, 2016 to Friday, August 19, 2016 (both days inclusive)
Dividend payment date	By Friday August 26, 2016 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 2016-17 has been paid by the Company to BSE and NSE.
Stock /Scrip Code	BSE – 519552 NSE - HERITGFOOD
Face Value of Equity Share	₹ 10/- each
ISIN Number	NSDL & CDSL - INE978A01019
Payment of Depository Fees	Annual Custody/Issuer fee for the year 2016-17 has been paid by the Company to NSDL and CDSL.

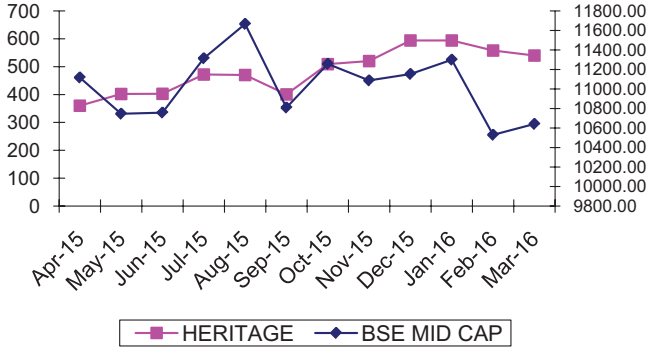
Market Price Data:

Closing High/Low Equity Share Price during each month of the financial year 2015-16

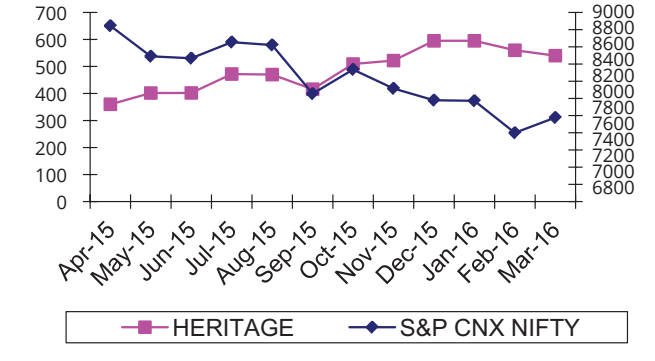
Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2015	360.00	300.00	359.90	301.00
May, 2015	401.70	282.90	402.00	280.00
June, 2015	402.00	356.00	402.70	363.00
July, 2015	472.00	367.25	472.00	368.30
August, 2015	470.00	344.00	470.00	345.00
September, 2015	415.85	339.00	400.50	340.00
October, 2015	509.00	380.30	509.10	384.00
November, 2015	521.80	446.70	520.10	447.90
December, 2015	595.00	481.10	594.00	482.75
January, 2016	595.00	478.90	594.00	480.00
February, 2016	560.00	444.55	557.90	446.00
March, 2016	540.00	510.10	540.00	511.25

Performance in comparison to broad based indices – BSE MID CAP & NSE NIFTY

Heritage vs. BSE MD Cap



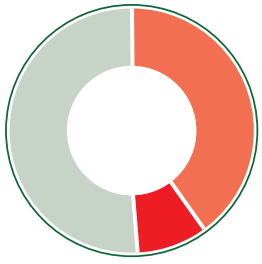
HERITAGE vs. S&P CNX NIFTY



Distribution of Shareholding as on March 31, 2016

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	**9256846**	39.90
2	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	**14**	**9256846**	**39.90**
(B)	**Public Shareholding**			
1	Institutions	33	2146051	9.25
2	Non-institutions	14706	11788103	50.85
	Total Public Shareholding	**14739**	**13942154**	**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)	**14753**	**23199000**	**100.00**

Category wise Shareholding



Promoter & Promoters Group	39.90%
Institutions	9.25%
Non-Institutions	50.85%

Shareholding Pattern by Size as on March 31, 2016

Category (No.of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	13211	1512524	6.52
501 - 1000	770	600549	2.59
1001 - 2000	346	534963	2.31
2001 - 3000	108	277943	1.20
3001 - 4000	64	240956	1.04
4001 - 5000	68	323723	1.40
5001 - 10000	92	697070	3.00
10001 - Above	94	19011272	81.95
TOTAL	**14753**	**23199000**	**100.00**

Total Shares in Demat and Physical form as on March 31, 2016

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	2193	1020538	4.40
2	NSDL	8889	19480570	83.97
3	CDSL	3671	2697892	11.63
	Total	**14753**	**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 / Executie 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 Stakeholders' 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 Obligation & Disclosure Requirement) Regulation 2015 and files a copy of the said certificate with Stock Exchanges.

Dematerialisation

95.60 % of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2016. The total holdings of shares of promoters/PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

The Company has complied the Regulation 31(2) of SEBI (Listing Obligation & Disclosure Requirement) Regulation 2015, as follows:

Category of Share holder	Total		Shares In Demat Form		
	No of Share holders	number of shares Held	No of Share holders	No of Shares	% of Respective Share holding
Promoter & Promoters Group	14	9256846	14	9256846	100%
Public	14739	13942154	12546	12921616	92.68%
Total	**14753**	**23199000**	**12560**	**22178462**	

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, the Company has credited ₹ 5,30,250/- (Rupees Five Lakh Thirty Thousand Two Hundred Fifty Only) to the Investor Education and Protection Fund (IEPF) ppursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time.

CEO and CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. Vice Chairperson & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The annual certificate given by the Chairperson and Managing Director and the Chief Financial Officer is form part of the Annual Report.

Secretarial Audit

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and physical share with the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

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, 2016, 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 Obligation & Disclosure Requirements) Regulation, 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 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
(Address changed w.e.f. April 14, 2015)

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: umakanta@heritagefoods.in

Code of Conduct

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available in the Company website www.heritagefoods.in

Declarations

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015, all Board Members and Senior Mangement Personnel have affirmed compliance with Heritage Foods Limited Code of Business Conduct and Ethics for the year ended March 31, 2016.

N Bhuvaneswari
Chairperson and Managing Director
DIN: 00003741

Place : Hyderabad
Date : May 23, 2016

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. **Nandigama**
   Krishna Dist
9. **Podalakuru**
   Thoderu (V), Podalkuru (M), S.P.R Nellore Dist
10. **Poosapatirega**
    Poosapatirega, Vijayanagaram Dist
11. **Rapthadu**
    Near Pangal Road, Rapthadu (V) & (M), Ananthapur Dist
12. **Ravikamatam**
    Ravikamatam, Visakahapatnam
13. **Satyawada**
    Undrajavaram (M), West Godavari Dist
14. **Veeravalli**
    Bapulapadu (M), Krishna Dist
15. **Velvadam**
    Mylavaram (M), Krishna Dist
16. **Vinukonda**
    Vinukonda (V), Guntur Dist
17. **K. J.Puram,**
    Krishnajamhapuram Village, Gudipala (M), Chittoor 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. **Bikkavolu**
   Bikkavolu, East Godavari Dist
7. **Bondapally**
   Bondapalli, (V) & (M), Vijayanagaram Dist
8. **Buchireddy palem**
   SPSR Nellore dist
9. **Chakalikonda**
   Vinjamuru Mdl, SPSR Nellore Dist
10. **Chinnagummaluru**
    Kotauratla (M), Visakhapatnam Dist
11. **Chuchukonda**
    Munagapaka (M), Vizag Dist
12. **Dhammapeta**
    Dhammapeta (V), Khammam Dist
13. **Dimili**
    Rambilli (M), Vizag Dist
14. **Dubacherala/Nachugunta**
    Nachugunta (V) Ungutur, (M) West Godvari Dist
15. **Duttaluru**
    Duttaluru, Nellore Dist
16. **Dwarapudi**
    Dwarapudi (V), Mandapet (M) East Godavari Dist
17. **Gara**
    Gara, Srikakulam Dist
18. **Garividi**
    Garividi, Vijayanagaram, Dist
19. **Giddaluru**
    Modempalli (V), Giddaluru (M), Prakasam Dist
20. **Gokivada**
    Rambilli (M), Visakhapatnam Dist
21. **Jaladanki**
    Jaladanki (V) & (M), SPSR Nellore Dist
22. **Kaluvovai**
    Kaluvoya (V) & (M), SPSR Nellore Dist

23. **Kanaganapalli**
Survey No.286/3A, Kanaganapalli (V) & (M), Ananthapur Dist
24. **Kasibugga**
Anthapuram (V), Palasa (M), Srikakulam Dist
25. **Kodapuram**
Gudavaluru Pancayati, SPSR Nellore Dist
26. **Korukonda**
Korukonda (V), East Godavari Dist
27. **Krishnapuram** Krishnapuram(V), Chillakuru (M), SPSR Nellore Dist
28. **Laveru**
Laveru (M)am, Srikakulam Dist
29. **M Jagannadapuram**
Atchutapuram (M), Vizag Dist
30. **Modavalasa**
Denkada (M), Vijayanagaram Dist.
31. **Nimmada**
Kotabomali, Srikakulam Dist,
32. **P. Gannavarm**
East Godvari Dist
33. **Palakonda**
Tumarada, Rtamadatapalli, Srikakulam Dist
34. **Pathapatnam**
Pathapatnam (V), Srikakulam Dist
35. **Ponduru**
Ponuru, Srikakulam Dist
36. **Porumamilla** Kammavaripalli (V), Porumamilla (M) Kadapa Dist
37. **Samarlakota**
E-1 Industrial Estate, East Godavari Dist
38. **Santhamaguluru**
Puttavripalem (V), Santhamagulru (M) Prakasam Dist
39. **Sattenapalli**
C/o. Sapthagiri Dall Mill, Industrial park, Guntur - Dist
40. **Seethanagaram**
East Godavari Dist
41. **Sompeta**
Mogalakuttur Street, Sompeta (V) & (M), Srikakulam Dist
42. **T. Narasapuram**
West Godvari Dist
43. **Tekkali**
Thamaram Road, Srikakulam Dist
44. **Venkannapalem**
Chodavaram (M), Visakhapatnam Dist
45. **Venkatagiri**
Anjayepuram (V), Enagaluru post, Srikalahasti (M), Chittoor Dist

Ice Plant

1. **Amalapuram** Batinavalli, Amalapuram, East Godavari Dist

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

KARNATAKA

Packing Station

1. **Bengaluru**
Yadavanhalli (V) Bengaluru South

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

MAHARASTRA

Packing Station

1. **Sangvi**
Milakt No. 892. AT/Post - Sangavi, Phaltan taluka, Satara Dist

Chilling Centers

1. **Sangola**
Solapur Dist

Bulk Coolers

1. **Nirgudi**
Phaltan (T), Satara Dist
2. **Rajale**
Milk at No 808, A/P - Rajale, (T) Phaltan, Dist, Satara Dist
3. **Sakharwadi**
Sakharwadi, Phaltan (T), Satara Dist
4. **Taradgon**
Taradgon (kusur) Phaltan taluka, Satara Dist
5. **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

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. **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. **Mulugu**
   Mulugu, Medak Dist

Bulk Coolers

1. **Alagadapa**
   Miryalaguda (M), Nalgonda Dist
2. **Hanwada**
   Hanwada (V) & (M), Mahabubangar to tandur main road, Mahabubnagar Dist
3. **Janampet**
   Janampet (V), Addakal, (M),
   Mahabubnagar Dist
4. **Kalwakurthy**
   Kalwakurthy (V) & (M),
   Subashnagar, Mahabubnagar Dist
5. **Kosigi**
   Kosigi (V) & (M),
   Near Balaji Function Hall, Tandur to Mahabubnagar Rd Mahabubnagar Dist
6. **Narsingi**
   Chegunta (M), Medak Dist
7. **Nawabpet**
   Nawabpet (V) & (M),
   Kondapur Road, Opp Saibaba Temple, Survey No 654, Mahabubnagar Dist
8. **Nidamanuru** Nidamanoor (V) & (M),
   Nalgonda Dist
9. **Pitlam**
   Marwadi Raod Pitlam,
   Pitlam (V) & (M), Nizamabad Dist
10. **Siddipet**
    Siddipet (V) & (M) Medak Road Opp rural Police Station, Medak Dist
11. **Takrajguda**
    Takrajguda (V), Challampally Panchayat, Talakondapally (M), Mahabubnagar Dist
12. **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. **Banswada**
   Tadkole Banswada Nizambad,
   Banswada, Nizamabad Dist
5. **Doultabad**
   Doulthabad (V), Hathnoora (M)
   Mahabubnagar Dist
6. **Ghatkesar**
   Yedulabad Raod, Ghatkesar
   (V) & (M) RR Dist
7. **Gummadidala** Gummadidala (V),
   Jinnaram (M), Medak Dist
8. **Jagdevpur**
   Jagadevpur (V) & (M), Medak Dist
9. **Kamareddy**
   Opp. Renuka funcational hall,
   Kamareddy, Nizmabad Dist

10. **Kandukur**
Padmanagar colony,
Kandukru (V) & (M), RR Dist
11. **Kothapet**
Kothapeta (V), Keshmpet (M),
Mahabubnagar Dist
12. **Kukunoorpally**
Kukunoor (V), Kondapak (M)
Medak Dist
13. **Manasanapalli**
Manasanapalli x road,
Maheswaram (M), RR Dist
14. **Mankhal**
Mankhal (V), Maheswaram (M), RR Dist
15. **Masaipeta**
Opp Canara Bank, Masaipet (V),
yeldurthy (M), Medak Dist,
16. **Medak**
Chegunta road,
Opp Balaji funcation Hall, Medak Dist
17. **Medchal-Pudur**
Medchal (V) & (M) RR Dist
18. **Meerkhanpet**
Meerkahanpet, Kandukur (M), RR Dist
19. **Mogaligidda**
Mogaligidda (V), Farooqnagar (M),
Mahabubnagar Dist
20. **Nandhigama** Nadhigama (V),
Kothur (M), Mahabubnagar Dist
21. **Narsapur**
Narsapur (V) & (M), Medak Dist
22. **Pregnapur**
Opp: Petrol bunk, Hyderabad,
Pregnapur (V), Gajwel (M), Medak Dist
23. **Shadnagar**
Chatanapally (V), Farqoonager (M),
Shad Nagar, Mahabubnagar Dist
24. **Thogutta**
Opp FCI Godown,
Toguta (V&M), Medak Dist

Sales Offices

1. **Hyderabad SO-1,3 & 6**
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) Retail Division

RETAIL STORES AT HYDERABAD, TELANGANA STATE

1. **Abids**
Municipal No.5-9-194/A/1,
Chirag Ali Lane, Hyderabad
2. **Alkapur**
"Atrium", G2 & G-3,
Plot No's.39,40,47,48 & 49
Survey No.135, "Alkapur Township",
Neknampur Village & Gram Panchyat,
Rajendra Nagar Mandal, R R Dist
3. **Alwal**
Premises no.1-5-909, 909/1,
& 909/2, Father Balaiah Nagar Colony,
Old Alwal, Alwal Village,
Malkajgiri Mandal, R R Dist
4. **Alwal-2**
Ground Floor, H.No.1-4-180/1/84,
Survey No.72,219,221,230 & 232
Vasavi Nagar, Alwal Municipality,
Malkajgiri Mandal, R R Dist
5. **AS Rao Nagar**
Yasmai Arcade P.No A-6/1, A-6/3,
SY No 500, Kapra, AS Rao Nagar,
Hyderabad
6. **Bachupally**
Ground Floor, Plot No.1
(Northern & Southern Portion)
H No.3-1 & 3-1/P, Survey no.20 & 28/1,
Miyapur Residential Complex,
HUDA Colony, Hyderabad'
7. **Balapur**
Ground Floor,
Municipal No.6-317/3, Plot No.334
Triveni Nagar, Meerpet Village,
SaroorNagar Mandal, Ranga Reddy Dist
8. **Banjara Hills**
8-2-686/k3/1, P.no3, Kimtee Banjara
Heights, Road No. 12,
Banara Hills, Hyderabad
9. **Banjara Hills Road no.14**
Ground Floor,
Premises No.8-2-309/3/B/1 & 2 Road
No.14, Banjara Hills, Hyderabad
10. **Bowenpally**
Ground Floor,
Plot No.1-10-316, Sy.No.130,
Bapuji Nagar X Roads, Bowenpally,
Thokatta Village, Secunderabad
11. **Chanda Nagar**
Ground Floor, H.No.1-35/6 & 1-35/6A,
Survey No.208/AA, Chanda Nagar Village,
Serilingampally Mandal, R R Dist
12. **Dammaiguda**
Ground Floor, Plot No.2,3, 10 & 11
Dammaiguda Main Road,
Keesara Mandal, Rangar Reddy Dist
13. **D.D Colony**
Ashoka Satyam Enclave,
P.No 2-2-7/1
Durgabai Deshmukh Colony
Hyderabad
14. **Film Nagar**
Opp To More SuperMarket
Previously UTI Bank,
Film Nagar, Hyderabad
15. **Gacchi Bowli**
Plot No.2, Survey No.91, Ground Floor,
Telecom Employees Co-Operative
Housing Society Ltd, Gacchi Bowli,
Hyderabad
16. **Gaddiannaram**
Ground Floor,
Plot No.10 to 13 & 18 to 20,
Sy No.317/2,
Premises No.16-11-740/9,
16-11-740/9/7, Gaddiannaram,
Hyderabad.

17. **Gandhi Nagar**
"Siddamsetty's Hima Sai Heights"
Ground Floor, No.1-1-365/A,
Jawaharnagar, Bakaram
(Gandhi Nagar) Hyderabad
18. **Gopanpally**
Ground Floor, Plot No.2 &7, Sy No.58/1 Part, Sri Sai Housing Colony,
Gopanpally Village,
Serilingampally GHMC & Mandal,
R R Dist
19. **Hayath Nagar**
Plot No.2, Survey No.268,
Ward No.4, Block No.7,
Bagh Hayath Nagar Village,
Hayath Nagar, Revenue Mandal,
R R Dist
20. **Hitex**
"Magna's Lake View"
Flat No.G-6, G-7 & G-8,
Ground Floor, Survey No.56 & 57 Part,
Khanamet Village,
Serilingampally Mandal,
GHMC, Serilingampally, R R Dist
21. **HMT Nagar**
Plot No A 128, A 129
Bapuji Nagar Nacharam Road
Beside Trinetra Super Market,
Habsi Guda
22. **JP Nagar**
Plot No.2, Sy.No.118, Jayaprakash Nagar Miyapur Village,
Serilingampally Mandal,
R R Dist
23. **Jubilee Hills Road No. 36**
Ground Floor, Plot no.1244, Jubilee Hills Colony, Road no.36,
Banjara Hills Locality, Hyderabad
24. **Karmanghat**
GHMC No's. 10-1-74/10/1,
10-1-74/12,13 & 14 Main Road,
Lingojiguda, Karmanghat, Sagar Road,
Saroor Nagar, R R Dist
25. **Kompally**
Sree Vensai Towers varuna Block
Shop no.GF2, Sy.No. 128 (P),
Grampanchayath of Kompally,
Qutbullapur mandal, R R Dist
26. **Kondapur**
"Park View" Plot no.5, Sy.No.6,
Kondapur Village, Serilingampally Municipality,
R R Dist
27. **Kondapur Camelot**
Ground Floor, Dr. Raju Center,
Botanical Garden Road,
Camelot Lay out, Hyderabad
28. **Madhapur**
Ground floor, HNo 1-90/2/46/1,
Sy No 86(part) of Madhapur village,
Vittalraonagar , Madhapur Village ,
R R Dist
29. **Madhapur-2**
Ground Floor, SBR tower II,
Shop No.3,3A, Plot no.2,
Sector 1, HUDS Techno Enclave
Survey No.64, Madhapur Village
Serilingampally, R R Dist
30. **Madhavapuri**
H.No.19-402, Plot No.402 & 403,
Survey No.339, Madavapuri Township,
South Avenue, Ameenpur Village,
Patancheru Mandal, Medak Dist
31. **Madinaguda**
Rajamma Commercial Complex
Sy.No.95, 96,
Plot no.5,6,7,8, Madinaguda,
Sherilingampally Mandal, Hyderabad
32. **Mahesh Nagar**
H.No.1-7-43/93, Mahesh Nagar Colony, Under Kapra Municipality,
Keesara Mandal, RR Dist.
33. **Malkajgiri**
22-1-1/1, Radha Krishna Nagar
Beside Bank of Maharastra,
Malkajigiri
34. **Manikonda**
Ground Floor, Plot No.202& 209,
Sri Ram Nagar Colony,
(Secretariat Colony), Puppalaguda Village, Rajendra Nagar Mandal,
RR Dist, Hyderabad
35. **Manikonda-2**
Ground Floor,
Old Survey No.332 & 333,
Town Sry No.5 & 6, Block 'B',
Ward No.13, Shaikpet Village,
Hyderabad
36. **Manikonda-3**
Ground Floor, G-8 & G-9, Sy No.262/E,
Manikonda Jagir Village,
Rajendra Nagar Mandal, R R Dist
37. **Medchal**
Ground Floor, Survey No.80/1,
Medchal Village, Medchal Mandal,
R R Dist
38. **Miyapur**
Ground Floor, Sry No.44/1,50 & 51,
Shop No.2/A, 2/B, 2/C & 2/D, Miyapur,
Serilingampally Mandal, R R Dist
39. **Moti Nagar**
Ground Floor, Plot no.32,
Sy.No.19 & 20, Babbuguda Village,
Moosapet Gram Panchayat,
Kukatpally, Municipality, R R Dist
40. **Nagole**
1 To 6 Survey No 128
Part and 129/2, Nagole Village,
LB Nagar Muncipality, Hyderabad
41. **Nallakunta**
Ground Floor, Sy.No.12
(Old Sy.No.74 & 75)
Bagh Lingampally, Nallakunta,
Himayat Nagar Mandal, Hyderabad
42. **Nanakramguda**
Ground Floor, Sy. No. 142,
Nanakramguda Village,
Serilingampally Mandal, R R Dist,
43. **Nizampet Village**
Ground Floor, Shop No.G1/A, G1/B, G2, G3/A & G3/B, Plot No.34,35,36 & 37, Balaji Nagar, Nizampet Village,
Hyderabad
44. **Padmarao Nagar**
Ground Floor, Plot No.6-1-289/7,
Padmarao Nagar, Secunderabad
45. **Pragati Nagar**
Plot No.159,160,161,178,179 & 180
Pragati Nagar, Opp: JNTU,
Kukatpally, Quthbullapur,
Hyderabad
46. **Rajeev Nagar**
Madhura Heights, Ground Floor
H.No.8-3-167/M/20/6/3/A & B/G-1,
Rajeev Nagar, Yousufguda,
Sy No.128/3, Ward No.8, Block no.3,
Hyderabad
47. **Red Hills**
11-6-872/1 to 6,
872/A&B, 872/A/1,
Lakdikapool, Hyderabad
48. **Sainikpuri**
Ground Floor, Plot No.833,
Sy.No.218/1, Defence Colony,
Malkajgiri Circle, R R Dist
49. **Santhosh Nagar**
Gilbert Plaza, 12-1-210/4,
Near 1S-7, Hyderabad

50. **Shanti Nagar**
Ground Floor, Premises No.10-2-289/115, Flat no.101,102 & 103, Shanthi Nagar, Masab Tank, Hyderabad

51. **Sindhi Colony**
H-No 1-8-142&143, Prendergasth Road, Secunderabad

52. **Srinagar Colony**
Door No.8-3-986 & 986/1
Plot No.124, Srinagar Colony, Hyderabad

53. **Tarnaka**
Plot No.17, Sy.No.179 (New)
Stree No.19, Tarnaka (Lalaguda Village) Secunderabad

54. **Tirumalagiri**
Survey No.104, Situated at Pedda Kamala, Near Hasmathpet, Tirumalagiri, Hyderabad

55. **Uppal Depot**
Ground Floor, Municipal No.9-68
Plot No.28 & 29, Sy.No.147,
East Hanuman Nagar, Boduppal, Gatkesar Mandal, R R Dist

56. **Vanasthalipuram**
Plot No 1 & 2, Sy.No 53 & 54,
Saheb Nagar Khund Vanasthalipuram, R R Dist

57. **Vengalrao Nagar**
Plot No 63/A, Mucipal No 8-3-191/67
Vengalrao Nagar Colony, Hyderabad

58. **Vivekananada Nagar Colony**
Plot no.2, Sy.No.116/A/P, MCK Block No.22, Leading Road to Allwyn cly, Kukatpally Village
Balanagar Mandal, R R Dist

59. **West Marredpally(New)**
Sree Rama Bgavanamu
Premises No: 10-2-238/ G/ 4 to G/13, Plot No.176, (Mega City No.182),
Road No.5, West Marredpally, Secunderabad

60. **Yousafguda**
Ground Floor,
H.No.8-3-224/4 & 8-3-224/4/1,
Plot No.4, Yellaredyguda, Hyderabad

Distribution Centers

Survey No.171, Opp: M/S Coca Cola, Ameenpur, Sanga Reddy, Taluq,

Regional Office

Municipal No: 6-3-542, S.B.H.Lane, Farhath Manzil, Panjagutta, Hyderabad

RETAIL STORES AT CHENNAI, TAMIL NADU STATES

1. **Adambakkam**
New No.17, Old No.16A, Secretariat Colony Main Road, Adambakkam, Chennai

2. **Adambakkam Mart**
Ground Floor, Plot no.194, Madavakkam Main Road, Adambakkam, Chennai

3. **Adayar**
Ground floor, Old no.6/1,
New No.17/1, Indira Nagar,
1st Avenue, Adyar, Chennai

4. **Alwarpet (TTK Road)**
No.26, TT Krishnamachari Road,
Alwarpet, Chennai

5. **Ayanavaram**
No.9/5, VP Colony South Street,
Ayanavaram, Chennai

6. **Choolaimedu**
Greata peral Apartments,
No.174, Choolaimedu High Road, Chennai

7. **Chromepet**
Ground Floor, Plot No. 322,
Old Sy No.489/1,
New Survey No.489/1A3,
GST Road, Chromepet, Chennai

8. **Gopalapuram**
No.17 & 19, Conran Smit Road, Gopalapuram, Chennai

9. **Hastinapuram**
Ground Floor, Door No.15, Rajendra Prasad Road, Hastinapuram, Chennai

10. **Iyappan Thangal**
Flat No.A & A1,
Plot No.36,37,38 & 51,
New Patta No. 529, New Sy no's 108/2B & 114/1A2, Subbaiah Nagar, 1st Main Road, Iyyappanthangal, Sriperumbudur Taluq, Kancheerapuram Dist, Chennai

11. **KB Dasan Road**
New Door No.32, (Old -43),
Kavingnar Bharathi Dasan Road,
Teynampet, Chennai

12. **Kotturpuram**
No.1, 3rd Main Road, Kottur Gardens, Kotturpuram, Chennai

13. **Madanadhapuram**
Ground Floor, No.3/568,
Kundrathur Main Road,
Madanandapuram, Chennai

14. **Madipakkam**
"Baggyam Ceilo" Plot no.1 &2,
Bazar Road, Baliah Garden,
Madipakkam Village, Chennai

15. **Maduravoyil**
Ground Floor, Door No.38,
Mount Poonamallee Road,
Old Survey No.51/1,
New Sy No.51/1A2, Porur Village,
Ambattur Taluq, Thiruvallur Dist,
Chennai

16. **Mogappair West**
PC-1, 80 feet Road,
Mogappair west, Chennai

17. **Mylapore**
"Rabiya Building", New No.238,
Old No.187, Royapettah High Road,
Mylapore, Chennai

18. **Nandanam**
Ground Floor, Plot No.132,
Chamiers Road,
Nandanam, Chennai

19. **New Madipakkam**
No.9, Madipakkam Main Road,
Balaiah Garden,
Madipakkam, Chennai

20. **New Nanganallur**
Old No.37, New NO.23,
First Main Road, Nanganallur,
Chennai

21. **Padur**
Survey No.520/2B, Grnd Floor,
Door No.1/362, OMR, 43,
Padur Village, Kanchipuram Dist
Chennai

22. **Pallikaranai**
Natwest Venkatramana Apartments,
Plot No.36, Kamakoti Nagar Main Rd,
Pallikaranai, Chennai

23. **Pammal**
Door No.1, Brindavan Colony,
Pammal Main Road, Krishna Nagar,
Pammal, Chennai

24. **Perumbakkam**
Ground Floor, Plot No.1 & 2,
Survey No.429/2C (Part), No.139,
Perumbakkam Village,
Tambaram Taluk,
Kancheepuram Dist, Chennai

25. **Perungudi**
Plot No.60, 2nd Main Road,
Thirumalai Nagar, Annexe,
Perungudi, Chennai

26. **Porur**
Ground Floor, Door No.38,
Mount Poonamallee Road,
Old Survey No.51/1,
New Sy No.51/1A2, Porur illage,
Ambattur Taluq, Thiruvallur Dist
27. **Secretariate Colony**
Ground Floor, No.72/A,
Secretariat Colony,
Medavakkam Tank Road,
Kellys, Chennai
28. **Shenoy Nagar**
Door no.1/2, 7th Cross Street,
Pulla Reddy Avenue,
Shenoy Nagar West, Chennai
29. **T.Nagar**
19/3, Bazullah Road, T.Nagar, Chennai
30. **T.Nagar-2**
Ground Floor,
"ARSHIYA CHAMBERS",
House New No.40 (Old no.22),
Thanikachalam Road,
T Nagar, Chennai
31. **Tambaram East**
D.No.457/152,
Velachery Main Road, East
Tambaram, Chennai
32. **Tambaram west**
New No.2, Venkatesan Street,
West Tambaram, Chennai
33. **Valasaravakkam**
"Green's Riviera", Door No.75,
Dr. Radhakrishnan Road,
Valasaravakkam, Chennai
34. **Venkatnarayana Road**
16/5, Venkatnarayana Road,
T.Nagar, Chennai

Distribution Centers
Survey No.16/4, Parivakkam Road,
Sennurkupam Village,
Poonamalli Taluq, Chennai

Regional Office
No. 26., 1st Floor, TTK Road,
Opp:Raj Park Hotel, Alwerpet, Chennai

RETAIL STORES AT BENGALURU KARNATAKA STATE

1. **Amruthahalli**
Dheeraj Lake Front, No.7/59/1,
Dasara Halli Amruthahalli Road,
K.R.Puram, Hobli, Bengaluru East
Taluk, Bengaluru
2. **Banashankari 2nd Stage**
Corporation No.1036, 14th C Main,
BSK Iind Stage, Bengaluru
3. **Bapusapallya**
Ground Floor, No.2,
GNR Diamond Park,
Agara Main Road, Babusabpalya,
Kalyan Nagar Post, Bengaluru
4. **Basaveshwara Nagar**
Chamundi Towers, Coporation
No.104, LIC Colony, WOC Road,
Sri Siddiah Puranik Marg,
Bhimajyothi Co-operative
Housing Society
Basaveshwara Nagar, Bengaluru
5. **Bhoopasandra**
Ground Floor, Plot No.25,
Boopasandra Main Road, Bengaluru
6. **Bommanahalli,**
Ground Floor, Plot No.50,
Vijayashree Layout,
Kodichikkanahalli Main Road,
Bommanahalli, Bengaluru
7. **BTM Layout**
37/-1, 16th main Road,
Opposite to lake,
Nayanappasetty pallya,
BTM lay out, Bengaluru
8. **Coffee Board Layout**
Ground floor, Site No.3,
Village Khata No.650, Sy.No 10/1,12/1,
Kempapura Village, Yelahanka Hobli,
Coffee Board Layout, Bengaluru
9. **Indira Nagar**
Sai Shakti , Municipal No.2207,
HAL III Stage, Ward No.74,
80 Feet Road, Kodihalli,
Bengaluru
10. **Jayanagar 5th Block**
Ground Floor, BBMP Khatha No.68
(Old No.301/B, Previously No.35),
Ward No.58, 10th Main Road,
36th Cross, 5th Block,
Jayanagar, Bengaluru
11. **Koramangala**
Ground Floor on 383, T.V.R Pride,
16th Main Road, 3rd Block,
Koramangala Extension, Bengaluru
12. **Mahalakshmipuram**
Ground Floor, No.106,
6th Main Road, Mahalakshmipuram,
Next to Nandini Theatre, Bengaluru
13. **Malleshwaram**
Corporation No.92, 3rd Main Road,
Margosa Road, Bengaluru
14. **Rammurthy Nagar**
No.7, Khata No.81/89/1, Kowdenahalli,
Rammurthynagar Hobli,
Bengaluru south Taluk, Bengaluru
15. **Vijaya Bank Colony**
Site No.441,
Vijaya Bank Employees Housing
Co-Operative Society Limited
Layout Situated at Bilekahali,
Begur Hobli, Bengaluru South Taluk,
Bengaluru
16. **Yellahanka**
Corporation No.325, HIG 1st Stage,
Sector A, Yelahanka, Bengaluru

Distribution Centers
Survey no: 178/2, Hullahally, C K Palya,
Sakalavasa Post, B.G. Road, Bengaluru

Regional Office
3rd Floor, BTM Layout 37/1, 16th Main Rd,
opposite to lake, Narayanappasetty
Pallaya, BTM Layout Bengaluru

(C) Agri Division

Integrated Pack Houses:

1. **Mulugu**
Masjid Adavi Village, Mulugu Mandal,
Medak Dist., Telangana
2. **Mattam**
Mattam Village, Shanthipuram,
Chittoor Dist,A P

(D) Bakery Division

Uppal (Bakery)
C- 0, IDA, Uppal,
Hyderabad, Telangana

(E) 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 and the Cash Flow Statements for the financial year ended March 31, 2016 and based on our knowledge and belief, we state that:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.

c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated, based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee

   i. Significant changes, if any, in the internal controls over financial reporting during the year;

   ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For **Heritage Foods Limited**

	N Bhuvaneswari	**A Prabhakara Naidu**
Place : Hyderabad	Vice Chairperson & Managing Director	Chief Financial Officer
Date : May 23, 2016	DIN: 00003741	M No: FCA 200974

AUDITORS'CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
HERITAGE FOODS LIMITED
(Formerly known as Heritage Foods (India) Limited)
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by **HERITAGE FOODS LIMITED** for the year ended on March 31, 2016 as stipulated in clause 49 of the listing agreement/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 Clause 49 of the Listing agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that in respect of investor grievances received during the year ended March 31, 2016, 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

I Dileep Kumar
Partner
M No. 223943

Place : Hyderabad
Date : May 23, 2016

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 2016, 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 Statement

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 2016 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 March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
M.No: 223943

Date : May 23, 2016
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 March 31, 2016.

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 account. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of the assets

c) 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 not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

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 to76 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 31.3.2016.

b) According to the information and explanations given to us, following are the disputed dues relating to sales tax, which have not been deposited as at 31st march, 2016:

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 onpurchase 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	2.49	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 given 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 him. 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

I Dileep Kumar
Partner
M.No: 223943

Date : May 23, 2016
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 2016 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 2016, 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

I Dileep Kumar
Partner
M.No: 223943

Date : May 23, 2016
Place : Hyderabad

Balance Sheet

As at March 31, 2016

₹ in lakhs

Particulars	Notes No.	As at March 31, 2016	As at March 31, 2015
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	**2319.90**	2319.90
b. Reserves and Surplus	3	**21679.38**	16981.26
Sub-Total Shareholders' funds		**23999.28**	19301.16
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	**6584.71**	5574.10
b. Deferred tax liabilities (Net)	5	**1867.72**	1881.06
c. Other Long term liabilities	6	**1045.32**	999.78
d. Long term provisions	7	**551.54**	156.51
Sub-Total Non-Current Liabilities		**10049.29**	8611.45
3. CURRENT LIABILITIES			
a. Short-term borrowings	8	**3925.16**	8673.49
b. Trade payables :	9		
(i) Total outstanding dues of micro enterprises and small enterprises		**474.03**	159.83
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**7992.90**	7592.87
c. Other current liabilities	10	**9469.71**	6776.82
d. Short-term provisions	11	**1582.15**	1466.27
Sub-Total Current Liabilities		**23443.95**	24669.28
TOTAL EQUITY AND LIABILITIES		**57492.52**	52581.89
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	12	**31038.44**	27817.91
ii) Intangible assets	12	**164.12**	247.52
iii) Capital work-in-progress	12	**958.79**	899.68
Total - a		**32161.35**	28965.11
b. Non-current investments	13	**96.19**	96.49
c. Long term loans and advances	14	**2371.52**	2085.17
d. Other non-current assets	15	**68.37**	73.29
Sub-Total Non-Current Assets		**34697.43**	31220.06
2. CURRENT ASSETS			
a. Current Investments	13	**1.65**	1.10
b. Inventories	17	**14491.11**	13936.88
c. Trade receivables	18	**2878.60**	2423.58
d. Cash and Bank balances	19	**4522.71**	4067.86
e. Short-term loans and advances	14	**680.88**	775.79
f. Other current assets	16	**220.14**	156.62
Sub-Total Current Assets		**22795.09**	21361.83
TOTAL ASSETS		**57492.52**	52581.89
Significant Accounting Policies	1		
Notes on Accounts	(2 to 47)		

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943
Date : May 23, 2016
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, 2016

₹ in lakhs

Particulars	Notes No.	Year Ended March 31, 2016	Year Ended March 31, 2015
1. Revenue from operations (Gross)	20	**238162.13**	207402.61
Less : Excise Duty		**103.80**	105.96
Revenue from operations (Net)		**238058.33**	207296.65
2. Other Income	21	**654.96**	702.66
3. TOTAL REVENUE (1 +2)		**238713.29**	207999.31
4. EXPENSES:			
a. Cost of materials consumed	22	**141378.79**	131393.51
b. Purchase of Stock-in-Trade	23	**49296.66**	42184.17
c. Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	24	**(2808.46)**	(5079.25)
d. Power and fuel		**2943.24**	2766.16
e. Employee benefits expense	25	**13999.11**	11072.42
f. Finance costs	26	**1545.89**	1593.01
g. Depreciation and amortization expense	27	**3451.21**	3399.03
h. Other expenses	28	**20171.65**	16756.35
TOTAL EXPENSES		**229978.09**	204085.40
5. Profit before exceptional and extraordinary items and tax (3-4)		**8735.20**	3913.91
6. Exceptional Items	29	**136.95**	-
7. Profit before extraordinary items and tax (5 -6)		**8598.25**	3913.91
8. Extraordinary Items		**-**	-
9. Profit before tax (7 - 8)		**8598.25**	3913.91
10. Tax expense:			
a. Current tax		**3086.50**	1169.36
b. Prior period tax		**(18.06)**	(0.45)
c. Deferred tax		**(13.34)**	(76.02)
11. Profit for the year (9-10)		**5543.15**	2821.02
12. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		**23.89**	12.16
ii. Diluted		**23.89**	12.16
b. After Extraordinary items			
i. Basic		**23.89**	12.16
ii. Diluted		**23.89**	12.16
Significant Accounting Policies	1		
Notes on Accounts	(2 to 47)		

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943
Date : May 23, 2016
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, 2016

₹ in lakhs

PARTICULARS	Year Ended March 31, 2016	Year Ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax and extra-ordinary items	**8598.25**	3913.91
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	**3451.21**	3399.03
Loss on Impairment of Assets	**51.56**	15.58
Diminution in value of Investments	**-**	1.24
Interest expense	**1460.35**	1495.05
Foreign exchange (gain)/loss , net	**1.99**	-
Subsidy transferred to P&L	**(7.38)**	(8.23)
Interest income	**(61.01)**	(37.41)
Provision for Wealth Tax	**-**	0.91
Provision for Interest on income tax	**37.85**	15.50
Provisions no longer required and Credit balances written back	**(214.42)**	(359.55)
Provision for Unavailed Leave	**404.85**	159.26
Bad Debts / Advances written off	**55.95**	22.58
Provision for doubtful debts/ advances	**125.74**	78.61
Dividend received	**(3.06)**	(0.04)
Operating cash flow before Working Capital Changes	**13901.88**	8696.44
Movements in working capital :		
Increase / (decrease) in trade payables	**928.66**	1214.60
Increase / (decrease) in other current liabilities	**2054.66**	(417.21)
Increase / (decrease) in other long term liabilities	**45.55**	65.39
Decrease/ (increase) in trade receivables	**(576.48)**	(833.85)
Decrease/ (increase) in inventories	**(554.23)**	(3081.49)
Decrease / (increase) in long term loans and advances	**(321.52)**	(179.76)
Decrease / (increase) in short term loans and advances	**34.68**	688.67
Decrease / (increase) in other current assets	**(63.52)**	(16.43)
Decrease / (increase) in other non-current assets	**1.42**	3.38
Cash Generated from /(used in) operations	**15451.09**	6139.74
Direct taxes paid (net of refunds)	**(2962.39)**	(979.06)
Net Cash flow from/(used) in Operating activities before extra-ordinary items	**12488.70**	5160.68
Less: Extra-ordinary items	**-**	-
Net Cash flow from /(used) in Operating activities (A)	**12488.70**	5160.68

Cash Flow Statement

For the year ended March 31, 2016

₹ in lakhs

PARTICULARS	Year Ended March 31, 2016	Year Ended March 31, 2015
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets, including intangible assets,	**(6837.72)**	(5116.39)
cwip and capital advances		
Proceeds from sale of Fixed Assets	**180.71**	321.50
Purchase of Current / non-current investments	**(0.25)**	(0.25)
(Investment) in / redemption of bank deposits having original		
maturity more than three months	**6.78**	9.94
Interest received	**61.01**	37.41
Dividend received	**3.06**	0.04
Net Cash used in Investing Activities (B)	**(6586.41)**	(4747.75)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**3171.75**	3150.00
Repayment of long-term borrowings	**(1560.96)**	(1411.63)
Short-term borrowings (net)	**(4748.33)**	(151.70)
Interest paid	**(1466.97)**	(1549.73)
Change in Unclaimed dividend	**(11.65)**	(10.72)
Dividend paid (including dividend tax)	**(837.65)**	(814.25)
Net Cash flow from /(Used) in Financing Activities (C)	**(5453.81)**	(788.03)
Net increase /(decrease) in cash and cash equivalents (A+B+C)	**448.48**	(375.10)
Cash and Cash equivalents at the beginning of the year	**3993.70**	4368.80
Effect of foreign exchange gain /(loss)	**(1.99)**	-
Cash and Cash equivalents at the end of the year	**4440.19**	3993.70
Components of cash and cash equivalents		
Cash on hand	**265.45**	275.05
Cheques / drafts on hand	**-**	31.95
Balances with banks in current accounts	**4174.74**	3686.70
Total cash and cash equivalents	**4440.19**	3993.70
Significant accounting policies (1)		
Notes on accounts (2 to 48)		

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943
Date : May 23, 2016
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 Polices and Notes on Account

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 Compa nies Act,2013 read with rule 7 of Companies (Accounts) Rules 2014. 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 recognised as and when accrued.

1.5 Fixed Assets

Tangible Assets: Tangible Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price(net of discounts and rebates), borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Intangible Assets: Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Capital Work-in-Progress: Capital work-in-progress is recognized at cost. It comprises of fixed assets that are not yet ready for their intended use at the reporting date and capital stores issued

Gain or loss arising from de-recognition of fixed assets (tangible and intangible) are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.6 Depreciation and Amortization

Depreciation on Tangible Assets: Depreciation on tangible assets is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule 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 a t 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 principle 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 Consum-ables	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 and Renewable Energy businesses which are identified as reportable segments as per the Accounting Standard (AS-17) –"Segment Reporting ". The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company accounts for inter-segment sales and transfers at cost plus appropriate margins. Allocation of common allocable costs allocated to each segment according to the relative contribution of each segment to the total common costs.

1.20 Provisions

Provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to the ir 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, 2016	As at March 31, 2015
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, 2016		March 31, 2015	
	Number of Shares	**Amount (₹ in lakhs)**	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	**23199000**	**2319.90**	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**	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.

70,000 Equity Shares have been allotted as fully paid up Sweat Equity Shares for consideration other than cash to an employee of the Company during the financial year ended March 31, 2013 with a lock in period of 3 years from the date of allotment and 70,000 Equity Shares have been issued as bonus Shares during the year ended March 31, 2014.

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, 2016 No.of Shares held	March 31, 2016 % of holding	March 31, 2015 No.of Shares held	March 31, 2015 % 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	**1191182**	**5.13**	1271000	5.48

f) Aggregate number of shares alloted for consideration other than cash during the period of five years immediately preceeding the reporting date :

Particulars	March 31, 2016 No.of Shares	March 31, 2015 No.of Shares	March 31, 2014 No.of Shares	March 31, 2013 No.of Shares	March 31, 2012 No.of Shares
Equity Shares alloted as fully paid up as Sweat Equity	**70000**	70000	70000	70000	-
shares for consideration other than cash					
Equity Shares alloted as fully paid-up as Bonus shares for consideration other than cash	**11599500**	11599500	11599500	-	-

Note 3: Reserves and Surplus

(₹ in lakhs)

	Particulars	As at March 31, 2016	As at March 31, 2015
a)	**Capital Reserve (Deferred Government Grants)**		
	Opening Balance	**59.51**	67.74
	Add: Subsidy Received during the year	**-**	-
	Less: Transfer to Statement of Profit and Loss	**7.38**	8.23
	Closing Balance	**52.13**	59.51
b)	**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
c)	**Securities Premium Reserve**		
	Opening Balance	**3784.14**	3784.14
	Add: Securities premium credited	**-**	-
	Less: Security Premium utilized	**-**	-
	Closing Balance	**3784.14**	3784.14
d)	**Warrants Money Appropriated**		
	Opening Balance	**318.69**	318.69
	Add: Current year transfer	**-**	-
	Less: Written back in current year	**-**	-
	Closing Balance	**318.69**	318.69

Particulars		As at March 31, 2016	As at March 31, 2015
e)	**General Reserve**		
	Opening Balance	**6427.39**	6000.71
	Add: Transferred from Surplus	**1000.00**	1000.00
		7427.39	7000.71
	Less: (Previous year depreciation and amortisation for the period prior to April 1, 2014)*	**-**	573.32
	Closing Balance	**7427.39**	6427.39
	* The Company has revised its estimated useful life of Tangible and Intangible assets, wherever appropriate, with effect from April 1, 2014 based on the internal and external technical evaluation as per Schedule II of the Companies Act, 2013. The straight line method is being used to depreciate the assets. The carrying amount as on April 1, 2014 is depreciated over the remaining useful life. As a result of these changes, the effect for those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (net of deferred tax asset of ₹ 295.22 lakhs) is adjusted in the General Reserve		
f)	**Surplus / (Deficit)**		
	Opening Balance	**6310.53**	5327.16
	Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	**5543.15**	2821.02
	Amount available for appropriations	**11853.68**	8148.18
	Appropriations :		
	Transferred to General Reserve	**1000.00**	1000.00
	Proposed Dividend amount per share ₹ 3.00 (Previous Year :₹ 3.00 per share)	**695.97**	695.97
	Tax on Proposed Dividend	**141.68**	141.68
	Closing Balance	**10016.03**	6310.53
	Total	**21679.38**	16981.26

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars		Non-Current		Current Maturities	
		As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
a)	**Term Loans**				
	i) From banks (secured)				
	- Indian rupee loans	**5604.45**	4686.25	**2038.49**	1431.25
	- Foreign currency loans	**-**	-	**-**	-
	ii) From others (secured)	**-**	-	**-**	36.32
	Total (a)	**5604.45**	4686.25	**2038.49**	1467.57
b)	**Deferred Payment liabilities**				
	Sales tax deferrement (secured)	**864.98**	887.85	**22.88**	25.23
c)	**Loans and Advances from related parties**				
	Loan (unsecured)	**-**	-	**-**	-
d)	**Finance lease obligations**	**115.28**	-	**31.61**	-
	Total (a+b+c+d)	**6584.71**	5574.10	**2092.98**	1492.80

Installments falling due in respect of the above loans upto March 31, 2017 is ₹ 2092.98 lakhs (Installments falling due in respect of loans upto March 31, 2016: (Prv year ₹ 1492.80 lakhs plus ₹ 68.17 lakhs paid during the year 2015-16 out of Term loan drawn during the year 2015-16) 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		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
			31.03.2016	31.03.2015				
a.	**Indian Rupee Loans from Banks**							
1.	Rupee Term Loan	ICICI Bank	**-**	25.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly installments commencing from August 2012
2.	Rupee Term Loan	ICICI Bank	**270.83**	487.50	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
3.	Rupee Term Loan	ICICI Bank	**750.00**	1375.00	2500.00	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	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
4.	Rupee Term Loan	ICICI Bank	**840.00**	1080.00	1200.00	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + 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

(₹ In lakhs)

Type of Loan		Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
			31.03.2016	31.03.2015				
5.	Rupee Term Loan	ICICI Bank	**1,432.47**	-	1432.47	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year:Nil)	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
6.	Rupee Term Loan	Bank of Baroda	**766.67**	350.00	800.00	@base rate plus 0.75% (Previous year :'@base rate plus 1.75%)	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
7.	Rupee Term Loan	Andhra Bank	**1,275.00**	1,500.00	1500.00	@base rate plus 0.25% (Previous year :'@base rate plus spread 2% plus term premium 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
8.	Rupee Term Loan	Yes Bank	**937.50**	1,000.00	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
9.	Rupee Term Loan	Yes Bank	**649.87**	300.00	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
10.	Rupee Term Loan	HDFC Bank	**720.60**	-	720.60	0.15% over the banks base rate (Previous year : Nil)	Hypothecation of movable assets wrt the Wind Power project being part funded by the bank	Repayable in 24 quarterly installments commencing from May, 2017
	Total rupee loans from banks		**7,642.94**	6,117.50				
b)	**Term loans from others (secured) includes :**							
1.	Retail Finance (Auto- Loan)	BMW Financial Services	**-**	36.32	94.75	(Previous Year :Interest at the rate of 9.89% per annum)	Hypothecation of Vehicle	Repayable in 30 monthly installments commencing from August, 2013
	Total Rupee Term Loans (a+b)		**7,642.94**	6,153.82				

Deferred Payment Liabilities

Deferred Payment Liabilities represent sales tax collected under deferrment scheme which shall we repaid by 2014 in case of Gokul plant and by 2023 in case of Bayyavaram plant.

Finance lease obligations : Finance lease represent Data Processing Equipment obtained on finance lease. The lease obligations payable w.e.f Jul'2015 for a period of 5 years.

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
a) Deferred Tax Liability :		
Opening Deferred Tax Liability	**2132.61**	2444.99
Add: Deferred Tax Liability during the year on account of :		
Depreciation	**238.52**	(312.38)
(Previous year :Net of deferred tax asset of ₹ 295.22 lakhs on account of depreciation - Ref Note 3)		
Closing Deferred Tax Liability	**2371.13**	2132.61
b) Deferred Tax Asset :		
Opening Deferred Tax Asset	**251.55**	192.69
Add: Deferred Tax Asset during the year on account of :		
Provision for unavailed leave & Bonus	**251.86**	58.86
Closing Deferred Tax Asset	**503.41**	251.55
Net Deferred Tax Liability there on	**1867.72**	1881.06
Major components of deffered tax arising on account of timing differences are:		
a) Deferred Tax liabilities:		
Depreciation	**2371.13**	2132.61
b) Deferred Tax Asset:		
Provision for unavailed leave & Bonus	**503.41**	251.55

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Others :		
Security Deposits	**1045.32**	999.78
Total	**1045.32**	999.78

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits				
Unavailed Leave	**551.54**	156.51	**559.95**	569.64
Gratuity	**-**	-	**19.52**	-
Other Provisions				
Proposed Dividend	**-**	-	**695.97**	695.97
Provision for tax on dividend	**-**	-	**141.68**	141.68
Provision for Income Tax (Net of advance tax)	**-**	-	**165.03**	58.98
Total	**551.54**	156.51	**1582.15**	1466.27

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

Particulars		As at March 31, 2016	As at March 31, 2015
Loan Repayable on demand:			
a)	Working Capital Loan from banks (secured)	**3925.16**	6185.62
b)	Short -Term Loans from banks (secured)	**-**	2487.87
	Total	**3925.16**	8673.49

a) Working Capital Loans from Banks:

(₹ In lakhs)

			Loan Outstanding As on				
	Name of the Bank	**Type of Loan Facility**	**31.03.2016**	**31.03.2015**	**Working Capital Loan Limit**	**Rate of Interest**	**Security / Guarantee**
i)	Bank of Baroda	Cash Credit	**885.82**	2,713.03	₹ 4000 lakhs with sublimit of ₹ 800 lakhs for Agri Division (Preivious year : ₹ 4000 lakhs)	Base rate plus 0.75% (Previous Year: Base rate plus 2.25%)	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
ii)	Andhra Bank	Open Cash Credit	**2,268.53**	1,455.17	₹ 2500 lakhs (Preivious year : ₹ 2500 lakhs)	Base rate plus 0.25% (Previous Year: Base rate plus 2.25%)	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	**770.81**	2,017.42	₹ 3500 lakhs with sublimit of WCDL-Rupee (Previous Year: ₹ 3500 lakhs (with sublimit of WCDL- Rupee)	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. (Previous Year: IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.50% 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)		**3,925.16**	6,185.62	10000.00		

b) Short Term Loans from Banks (₹ in lakhs)

			Loan Outstanding As on					
	Name of the Bank	**Type of Loan Facility**	**31.03.2016**	31.03.2015	**Short Term Loan Limit**	**Rate of Interest**	**Security / Guarantee**	**Repayment Terms**
i.	Kotak Mahindra Bank	Short Term Loan	-	1,422.12	Nil (Previous Year : ₹ 1500 lakhs)	Nil (Previous year :@11.5%)	Secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable in three installments on 25th day of 4th,5th and 6th months respectively (Maximum 180 days from the date of disbursement)
ii.	HDFC Bank	Short Term Loan	-	1,000.00	Nil (Previous Year : ₹ 1000 lakhs)	Nil (Previous year :'@ base rate plus 0.75%)	Unsecured	Repayable in six months from the date of disbursement
iii.	Kotak Mahindra Bank	Over Draft	-	65.75	Nil (Previous Year : ₹ 100 lakhs)	Nil (Previous year :12.50%)	Secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable within one year
	Total (i+ii+iii)		-	2,487.87				
	Total Short Term Borrowings (a+b)		**3,925.16**	8,673.49				

(₹ in ulakhs)

c) Aggregate amount of loan repayable on demand guaranteed by :	**As at March 31, 2016**	As at March 31, 2015
Executive Director of the Company :		
Loans outstanding amount	**-**	1487.87
Loans guaranteed	**-**	1600.00

Note 9 Trade Payables

(₹ in lakhs)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Trade Payables :		
(i) Total outstanding dues of micro enterprises and small enterprises	**474.03**	159.83
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**7992.90**	7592.87
Total	**8466.93**	7752.70

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 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, 2016	**58.26**	**1.17**	**Nil**	**1.17**	**1.17**	**1.17**
March 31, 2015	8.78	1.55	Nil	1.55	1.55	1.55

Note 10 Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of long-term borrowings (Ref Note 4):		
Term Loans	**2038.49**	1467.57
Finance Lease Obligations	**31.61**	-
Deferred payment liabilities	**22.88**	25.23
Total	**2092.98**	1492.80
Interest Accrued but not due on borrowings	**25.47**	38.77
Interest accrued and due on borrowings	**-**	-
Unpaid Dividends (Ref Note. 31)	**64.44**	52.80
Other Payables :		
Employee Related payables	**2164.29**	1158.51
Advance from Customers	**798.89**	607.22
Capital Creditors	**878.72**	404.14
Statutory Payables	**516.93**	515.32
Security Deposits	**328.87**	336.48
Freight Payables	**645.77**	574.35
Other payables	**1953.35**	1596.43
Total	**9469.71**	6776.82

Note 11: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits :		
Unavailed Leave	**559.95**	569.64
Gratuity	**19.52**	-
Other Provisions :		
Proposed Dividend	**695.97**	695.97
Provision for tax on proposed dividend	**141.68**	141.68
Provision for Income Tax (Net of advance tax)	**165.03**	58.98
Total	**1582.15**	1466.27

NON-CURRENT ASSSETS
Note.12 Fixed Assets

Particulars	Gross Block				Accumulated Depreciation / Amortization						Net Block	
	Balance as at 01.04.2015	*Additions / other adjustments during the year	Deductions / Retirement during the year	**Balance as at 31.03.2016**	Balance as at 01.04.2015	Depreciation charge for the year	Deductions / adjust-ments during the year	# Impair-ment loss for the year	** General Reserve	**Balance as at 31.03.2016**	**Balance as at 31.03.2016**	Balance as at 01.04.2015
a. Tangible Assets												
i. Owned Assets :												
Land	1894.99	119.11	-	**2014.10**	-	-	-	-	-	**-**	**2014.10**	1894.99
Buildings	10309.46	762.21	1.14	**11070.53**	3013.73	348.94	0.26	-	-	**3362.41**	**7708.12**	7295.72
Improvements to lease-hold property	1692.36	87.01	27.36	**1752.01**	920.49	214.18	18.10	-	-	**1116.57**	**635.45**	771.87
Plant and Machinery	25549.22	5162.65	1017.42	**29694.45**	10051.48	2317.35	892.77	49.24	-	**11525.30**	**18169.15**	15497.74
Furniture and Fixtures	2159.22	87.60	42.94	**2203.88**	833.73	147.63	30.30	0.09	-	**951.15**	**1252.73**	1325.49
Office Equipment (Owned)	2733.78	359.74	88.89	**3004.63**	1935.28	253.97	80.87	2.22	-	**2110.60**	**894.03**	798.50
Vehicles	405.73	12.92	15.95	**402.70**	172.13	51.68	14.38	0.01	-	**209.44**	**193.26**	233.60
Total - Owned Assets	44744.76	6591.24	1193.70	**50142.30**	16926.84	3333.75	1036.68	51.56	-	**19275.46**	**30866.83**	27817.91
ii. Leasehold Assets :												
Office Equipment (under finance lease)	-	192.17	-	**192.17**	-	20.56	-	-		**20.56**	**171.61**	-
Total - Leased Assets	-	192.17	-	**192.17**	-	20.56	-	-	-	**20.56**	**171.61**	-
Total - Tangible Assets	44744.76	6783.41	1193.70	**50334.47**	16926.84	3354.31	1036.68	51.56	-	**19296.03**	**31038.44**	27817.91
b. Intangible Assets (Owned)												
Computer Software	1489.21	13.50	-	**1502.71**	1241.69	96.90	-	-		**1338.59**	**164.12**	247.52
Total -b	1489.21	13.50	-	**1502.71**	1241.69	96.90	-	-	-	**1338.59**	**164.12**	247.52
Total (a+b)	46233.96	6796.92	1193.70	**51837.18**	18168.53	3451.21	1036.68	51.56	-	**20634.62**	**31202.56**	28065.43
Previous year	41963.25	5521.95	1251.23	**46233.96**	14815.13	3399.03	929.73	15.58	868.54	**18168.54**	**28065.43**	
c. Capital Work-in-prog ress	899.68	6856.03	6796.92	**958.79**							**958.79**	899.68
Previous year	1111.81	5309.82	5521.95	**899.68**								

* As per Accounting Standard AS-16, during the year, borrowing cost of ₹ 30.25 lakhs (Previous year :₹ 55.31 lakhs) has been capitalized to Plant & Machinery, ₹ 9.22 lakhs (Previous year: ₹ 32.03 lakhs) to Buildings and ₹ 0.11 lakhs (Previous year : ₹ Nil) to Office Equipment. It is included in other adjustments.

**(Previous Year: General Reserve : As per Schedule II of the Companies Act, 2013 the carrying value of those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (Net of Deferred Tax Asset of ₹ 295.22 lakhs) is adjusted in the General Reserve).

Details of impairment losses :

Dairy

(₹ in lakhs)

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Balance as at the beginning of the year	**52.48**	36.90	5.87	5.53	0.42
# Impairment loss during the year	**51.56**	15.58	32.49	0.34	5.11
Reversal of accumulated impairment loss	**0.00**	-	1.46	-	-
Balance as at the end of the year	**104.04**	52.48	36.90	5.87	5.53

Note 13 : Investments

(₹ in lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
A. Trade Investments:				
Other non-current investments	**1.13**	1.13		
B. Other Investments (Non-Traded):				
I. Investment in Equity Instruments				
a) Subsidiaries	**24.10**	24.10	**-**	-
Less: Provision for diminution in the value of investments	**16.41**	16.41	**-**	-
	7.69	7.69	**-**	-
b) Associates	**65.00**	65.00	**-**	-
II. Investment in Government securities	**2.37**	2.67	**1.65**	1.10
III. Other non-current investments	**20.00**	20.00	**-**	-
Total (B)	**95.06**	95.36	**1.65**	1.10
Total (A+B)	**96.19**	96.49	**1.65**	1.10

(₹ in lakhs)

Particulars	Book Value		Market value	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Aggregate of quoted investments	**1.13**	1.13	**2.75**	3.13
Aggregate of un-quoted investments	**96.71**	96.46		
Total	**97.84**	97.59		

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	**As at March 31, 2016**	As at March 31, 2015
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
B. Details of Other Investments (Non-Traded)			
I a. Investment in Subsidiaries:			
i) Heritage Foods Retail Limited 165000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 165000 Equity Shares of ₹ 10/- each fully paid up)	Unquoted	**16.50**	16.50
Less: Provision for diminuition in value of investments		**13.80**	13.80
Net Investment value		**2.70**	2.70
ii) Heritage Conpro Limited 76000 Equity Shares of ₹ 10/- each fully paid up (Previous year: 76000 Equity Shares of ₹ 10/- each fully paid up)	Unquoted	**7.60**	7.60
Less: Provision for diminuition in value of investments		**2.61**	2.61
Net Investment value		**4.99**	4.99
Total investments in Subsidiaries (a+b)		**7.69**	7.69

	Name of the Body Corporate	Quoted / Unquoted	As at March 31, 2016	As at March 31, 2015
I b.	**Investment in Associates :**			
	Skil Raigam Power (India) Limited 650000 Equity Shares of ₹ 10/-each fully paid up (Previous year: 650000 Equity Shares of ₹ 10/- each fully paid up)	Unquoted	**65.00**	65.00
	Total		**65.00**	65.00
II.	**Investment in Government securities**			
	National Savings Certificates	Unquoted	**4.02**	3.77
	Total		**4.02**	3.77
III.	**Other investments in :**			
	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
	Total Other investments (Non-traded)		**96.71**	96.46

Note: 14 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
a) Capital Advances				
Unsecured , considered good	**44.40**	79.57	**-**	-
Doubtful	**10.23**	-	**-**	-
	54.63	79.57	**-**	-
Less: Provision for doubtful advances	**10.23**	-		
Total	**44.40**	79.57	**-**	-
b) Security Deposits				
Unsecured , considered good	**2194.16**	1856.22	**309.68**	373.47
Doubtful	**-**	-	**81.89**	43.54
	2194.16	1856.22	**391.57**	417.00
Less: Provision for doubtful security deposit	**-**	-	**81.89**	43.54
Total	**2194.16**	1856.22	**309.68**	373.47
c) Advances recoverable in cash or kind				
Unsecured , considered good	**-**	-	**341.47**	338.09
Doubtful	**-**	-	**17.05**	31.41
	-	-	**358.52**	369.50
Less: Provision for doubtful advances	**-**	-	**17.05**	31.41
Total	**-**	-	**341.47**	338.09
d) Loans and Advances to related parties	**-**	-	**-**	-
e) Other loans and advances				
Unsecured , considered good :				
Loans and advances to employees	**5.90**	22.32	**26.94**	61.57
Balances with Statutory / Government Authorities	**127.06**	127.06	**2.79**	2.66
Advances to subsidiaries	**-**	-	**-**	-
Total	**132.97**	149.38	**29.73**	64.23
Total (a+b+c+d+e)	**2371.52**	2085.17	**680.88**	775.79

Loans and advances due by directors or other officers etc.

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Loans and advances due by directors	**-**	-	**-**	-
Loans and advances to employees include dues from				
Other officers of the Company	**4.69**	16.47	**11.77**	20.92

Note: 15 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2016	As at March 31, 2015
Others :		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 19)	**50.82**	55.11
Interest accrued on margin money and other deposits (Ref Note 19)	**12.26**	11.47
Prepaid expenses	**5.29**	6.71
Total	**68.37**	73.29

Note: 16 Other current assets

(₹ in lakhs)

Particulars	**As at March 31, 2016**	As at March 31, 2015
Unsecured, considered good unless stated otherwise		
Prepaid expenses	**214.47**	151.71
Interest accrued on margin money and other deposits	**5.67**	4.91
Total	**220.14**	156.62

Note 17 : Inventories

(₹ in lakhs)

Particulars	**As at March 31, 2016**	As at March 31, 2015
(Valued at lower of cost or net realisable value except Packing Material & stores and spares)		
Raw Materials [(Includes in-transit of ₹ Nil) (Previous year : ₹ 155.54 lakhs)]	**124.94**	2339.16
Work-in-Progress	**42.77**	24.51
Finished Goods	**8706.02**	6330.19
Stock-in-Trade	**4742.28**	4327.93
Packing Material (Valued at cost) (Includes in-transit of ₹ 51.24 lakhs) (Previous year: Nil)	**672.05**	731.47
Stores and spares (valued at cost) (Includes in-transit of ₹ 27.08 lakhs) (Previous year: Nil)	**203.05**	183.62
Total	**14491.11**	13936.88

Details of Inventory

(₹ in lakhs)

Particulars	**As at March 31, 2016**	As at March 31, 2015
A. Inventory : Raw Materials		
a) Dairy		
Milk	**3.06**	-
Skimmed milk powder	**34.43**	2220.98
Other materials	**72.29**	103.49
Total	**109.78**	2324.47
b) Bakery		
Bakery raw materials	**15.16**	14.69
Total	**15.16**	14.69
Total (a + b)	**124.94**	2339.16

Particulars	As at March 31, 2016	As at March 31, 2015
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	**42.52**	24.37
b) Bakery-in-process material	**0.25**	0.14
Total	**42.77**	24.51
C. Inventory: Finished Goods		
a) Dairy		
Milk	**950.94**	1024.09
Value Added Products	**571.53**	479.55
Fat Products	**1280.36**	2575.92
Skimmed milk powder	**5876.98**	2166.36
Total	**8679.81**	6245.92
b) Agri		
Fruits and vegetables	**22.71**	81.17
Total	**22.71**	81.17
c) Bakery		
Bakery products	**3.20**	3.10
Total	**3.20**	3.10
d) Renewable Energy	**0.30**	
Total (a + b + c + d)	**8706.02**	6330.19
D. Inventory: Stock-in-Trade		
a) Dairy		
Tradable goods	**51.36**	74.51
Total	**51.36**	74.51
b) Retail		
FMCG - Food	**2424.57**	1995.78
FMCG - Non-food	**2201.84**	2214.23
Fruits and vegetables	**61.56**	38.04
Total	**4687.97**	4248.05
c) Agri		
Fruits	**-**	-
Others	**2.95**	5.37
Total	**2.95**	5.37
d) Bakery		
FMCG - Food	**-**	-
Total	**-**	-
Total (a + b + c + d)	**4742.28**	4327.93

Note: 18 Trade Receivables

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2016	As at March 31, 2015
A. Trade receivables outstanding for a period exceeding six months		
from the date they are due for payment		
a) Unsecured, considered good	**218.63**	50.40
b) Unsecured, considered doubtful	**90.84**	70.96
Total (a+b)	**309.47**	121.36
Less : Provision for bad and doubtful receivables	**90.84**	70.96
Total - A	**218.63**	50.40
B. Other trade receivables		
a) Unsecured, considered good	**2659.97**	2373.18
b) Unsecured, considered doubtful	**8.83**	0.39
Total (a+b)	**2668.80**	2373.57
Less : Provision for bad and doubtful receivables	**8.83**	0.39
Total - B	**2659.97**	2373.18
Grand total (A+B)	**2878.60**	2423.58
Debts due by directors	**-**	-

Note: 19 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
i) Cash and Cash Equivalents :				
a) Balances with banks:				
In current accounts			**4174.74**	3686.70
Deposits with original maturity of less than three months			**-**	-
b) Cheques, drafts on hand			**-**	31.95
c) Cash on hand			**265.45**	275.05
Total Cash and Cash Equivalents			**4440.19**	3993.70
ii) Other Bank Balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	**-**	-	**64.44**	52.80
- Other deposits	**16.09**	12.60	**1.77**	-
b) Margin money deposit	**46.99**	53.98	**16.31**	21.36
c) Deposits with original maturity for more than 12 months	**-**	-	**-**	-
Total Other Bank Balances	**63.08**	66.58	**82.52**	74.16
Total Cash and Bank Balances	**63.08**	66.58	**4522.71**	4067.86

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, 2016	Year Ended March 31, 2015
Revenue from operations :		
A) Sale of Products		
i) Finished goods		
Domestic Sales	**172053.78**	151786.34
Export Sales	**544.46**	356.57
Total (i)	**172598.24**	152142.91
ii) Traded goods		
Domestic Sales	**59092.99**	50589.64
Export Sales	**918.50**	88.23
Total (ii)	**60011.49**	50677.87
Total		
Domestic Sales	**231146.77**	202375.98
Export Sales	**1462.96**	444.80
Total - A (i+ii)	**232609.73**	202820.78
B) Sale of services		
Job work	**389.39**	633.31
C) Other operating revenues		
Scrap Sales	**75.29**	97.03
Others :		
i) Display & Visibility Income	**327.51**	314.57
ii) Promotional Income	**4462.72**	3322.87
iii) Concessionary income	**237.99**	203.93
iv) REC Credits	**59.50**	10.12
Total - C	**5163.01**	3948.52
Revenue from operations (gross) (A+B+C)	**238162.13**	207402.61
Less: Excise duty	**103.80**	105.96
Revenue from operations (net)	**238058.33**	207296.65
A. Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	**108961.64**	107672.56
Value Added Produts	**37183.70**	30670.00
Fat Products	**23544.85**	11602.63
Skimmed milk powder	**660.27**	76.41
Total	**170350.46**	150021.60
b) Agri		
Fruits and Vegetables	**1701.85**	1797.81
c) Bakery		
Bakery products	**545.93**	323.50
Total (a+b+c)	**172598.24**	152142.91
ii) Traded goods sold		
a) Dairy		
Tradable goods	**3639.20**	2757.93
Total	**3639.20**	2757.93

	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
	b) Retail		
	FMCG - Food	**33144.37**	27558.37
	FMCG - Non-Food	**12487.75**	11209.53
	Fruits and Vegetables	**7334.71**	6584.88
	Total	**52966.83**	45352.78
	c) Agri		
	Fruits and Vegetables	**-**	-
	Other Tradable goods	**3336.33**	2507.43
	Total	**3336.33**	2507.43
	d) Bakery		
	Tradable goods	**69.13**	59.74
		69.13	59.74
	Total (a+b+c+d)	**60011.49**	50677.87
B)	**Details of sale of services**		
	a) Dairy	**349.81**	607.38
	b) Agri	**39.58**	25.93
	Total (a+b)	**389.39**	633.31
C)	**Details of other operating revenues**		
	a) Dairy	**27.13**	60.58
	b) Retail	**5074.69**	3875.96
	c) Agri	**0.74**	0.82
	d) Bakery	**0.95**	1.04
	e) Renewable Energy	**59.50**	10.12
	Total (a+b+c+d+e)	**5163.01**	3948.52

Note: 21 Other Income

(₹ in lakhs)

	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
a)	**Interest Income on :**		
	Bank and other deposits	**29.62**	29.12
	Others	**31.39**	8.29
b)	**Dividend Income on :**		
	Long-term investments	**3.06**	0.04
c)	Subsidy transferred from Deferred Govt.grants	**7.38**	8.23
d)	Lease rental income	**161.13**	154.11
e)	Provisions no longer required/Credit Balances written back	**214.42**	359.55
f)	Incentives (Includes Export Incentives)	**67.65**	-
g)	Profit on Sale of Assets (Net)	**23.69**	57.67
h)	Other non-operating income	**116.62**	85.65
		654.96	702.66

Note : 22 Cost of materials consumed

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
a) Raw material :		
Inventory at the beginning of the year	**2339.16**	4287.74
Add: Purchases	**133384.40**	123823.30
	135723.56	128111.04
Less: Inventory at the end of the year	**124.93**	2339.16
Raw Material consumed (a)	**135598.63**	125771.88
b) Packing material :		
Inventory at the beginning of the year	**731.47**	790.69
Add: Purchases	**5720.74**	5562.42
	6452.21	6353.10
Less: Inventory at the end of the year	**672.05**	731.47
Packing Material Consumed (b)	**5780.16**	5621.63
Cost of materials consumed (a+b)	**141378.79**	131393.51
Details of Raw materials consumed		
a) Dairy		
Raw Milk	**127539.95**	111783.37
Skimmed Milk Powder	**3493.50**	8906.87
Other Raw materials	**1135.80**	1696.47
Total	**132169.25**	122386.71
b) Agri		
Fruits and Vegetables	**3170.69**	3201.70
Total	**3170.69**	3201.70
c) Bakery		
Bakery raw materials	**258.69**	183.47
Total	**258.69**	183.47
Total (a + b + c)	**135598.63**	125771.88

Note : 23 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
FMCG - Food	**28194.95**	21902.47
FMCG - Non-Food	**10877.84**	10231.32
Fruits and Vegetables	**3736.67**	4975.30
Others	**6487.20**	5075.08
Total	**49296.66**	42184.17
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	**1017.00**	617.93
b) Retail		
FMCG - Food	**28194.95**	21902.47
FMCG - Non-Food	**10877.84**	10231.32
Fruits and Vegetables	**3736.67**	4975.30
Other Tradable goods	**-**	-
Total	**42809.46**	37109.09

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
c) Agri		
Fruits and Vegetables	-	-
Other Tradable goods	5376.14	4381.03
Total	**5376.14**	4381.03
d) Bakery		
Tradable goods	94.06	76.12
Total	**94.06**	76.12
Total (a + b + c+d)	**49296.66**	42184.17

Note : 24 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
A) Inventory at the end of the year :		
Work-in-progress	42.77	24.51
Finished goods	8706.02	6330.18
Stock-in-Trade	4742.29	4327.93
Total - A	**13491.08**	10682.62
B) Inventory at the beginning of the year :		
Work-in-progress	24.51	65.59
Finished goods	6330.18	2600.76
Stock-in-Trade	4327.93	2937.02
Total - B	**10682.62**	5603.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade (B-A)	**(2808.46)**	(5079.25)

Note : 25 Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Salaries, wages, bonus and allowances (Refer Note 32)	12803.25	10081.81
Provident and other funds	610.43	542.80
Gratuity (Refer Note 32)	155.79	134.17
Staff Welfare Expenses	429.64	313.64
Total	**13999.11**	11072.42

Note: 26 Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Interest Expense	1460.35	1495.05
Other borrowing cost	47.69	82.46
Applicable loss on foreign currency transactions and translation	-	-
Interest on income tax	37.85	15.50
Total	**1545.89**	1593.01

Note: 27 Depreciaiton and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Depreciation on tangible assets	**3354.37**	3279.19
Amortization of Intangible assets	**96.84**	119.84
Total	**3451.21**	3399.03

Note: 28 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Consumption of Stores ,spares and consumables	**1365.68**	1124.15
Rent (Refer Note 35)	**3162.88**	2764.27
Bank Charges	**156.85**	165.23
Insurance	**96.33**	92.30
Travelling and conveyance	**433.57**	383.51
Communication cost	**268.87**	234.73
Safety and Security	**720.10**	539.38
Printing and Stationery	**142.63**	117.67
Office Maintenance	**74.92**	59.13
House Keeping Expenses	**189.60**	152.78
Books and periodicals	**0.87**	0.92
Electricity Charges	**1158.11**	871.39
Rates and taxes	**277.66**	205.29
Repairs and maintenance		
Buildings	**69.82**	63.12
Machinery	**214.48**	174.81
Others	**514.11**	508.77
Wheeling Charges	**51.46**	66.89
Operation & Maintenance Charges	**22.46**	21.20
Legal and Professional Charges	**571.40**	501.86
Payment to Auditors :		
As Auditor:		
Audit Fee	**16.03**	15.73
Tax Audit fee	**8.02**	7.87
Limited Review	**3.43**	3.37
Corporate Governance	**1.15**	1.12
In other capacity :		
Taxation matters	**9.06**	3.89
Certification fee	**3.21**	4.28
Reimbursement of expenses	**5.09**	2.95
Advertisement expenses	**487.95**	264.55
Selling and Distribution expenses	**1699.54**	1248.68
Warehouse and logistics	**293.06**	280.84
Freight outwards	**7562.15**	6522.58
Directors' sitting fees	**13.89**	11.87
Provision for bad and doubtful advances	**47.11**	17.09
Bad Debts written off	**42.82**	9.81
Bad and doubtful advances written off	**13.13**	12.77
Provision for doubtful debts	**78.63**	61.52
Impairment loss on fixed assets	**51.56**	15.58

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Recruitment and Training expenses	**60.11**	27.52
Contribution to Heritage Farmers Welfare Trust	**160.16**	103.04
Exchange differences (net) (other than considered as finance cost)	**3.75**	1.17
Prior Period items (net) *	**(11.58)**	1.33
Corporate Social Responsibility expenditure (Ref Note.44)	**99.16**	69.63
Miscellaneous expenses	**32.42**	20.52
Diminution in value of investments	**0.00**	1.24
Total	**20171.65**	16756.35
*Prior period items (net):		
Debits relating to earlier years	**6.51**	1.33
Credits relating to earlier years	**18.09**	-
Total	**(11.58)**	1.33

Note : 29 Exceptional item :

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Exceptional items related to additional provision for bonus for the year 2014-15 as per the Payment of Bonus (Amendment Act),2015. (Previous year : Nil)	**136.95**	-

Note: 30 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
A. Contingent Liabilities		
i. Claims against the company not aknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	**332.32**	475.68
Sales Tax	**166.38**	166.38
The Andhra Pradesh VAT Act	**128.86**	201.89
Excise duty	**13.26**	-
b) Others	**16.20**	16.20
ii. Guarantees	**230.24**	373.99
iii. Other money for which the company is contingently liable :		
a) 'C' forms under collection	**694.63**	379.30
(Against all the above ₹ 138.77 lakhs (Previous year : 171.21 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)	**84.72**	780.82
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	**3725.44**	4280.49

Note: 31 Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Unclaimed Dividend		
Opening Balance	**52.80**	42.07
Less Claims during the year	**1.10**	0.64
Less: Transfer to IEPF	**5.30**	7.01
Add: Current year's unclaimed dividend	**18.04**	18.37
Closing Balance (Refer Note 10)	**64.44**	52.80
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, 2016	Year Ended March 31, 2015
Employers Contribution to Provident Fund	**494.19**	438.56

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated 19.04.2016

(₹ in lakhs)

	Particulars	As at 31-Mar-2016	As at 31-Mar-2015
1.	**Assumption**		
	Discount Rate	**7.90%**	7.80%
	Salary Escalation	**5.00%**	5.00%
	Rate of Return on Plan Assets	**9.00%**	9.00%
	Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs
2.	**Table showing change in present value of obligations**		
	Present value of obligations as at beginning of year	**540.33**	405.76
	Acquisition adjustments	**-**	-
	Interest cost	**42.15**	36.52
	Current Service Cost	**107.00**	95.56
	Curtailment Cost / (Credit)	**-**	-
	Settlement Cost / (Credit)	**-**	-
	Benefits paid	**(87.59)**	(40.86)
	Acturial (gain)/ loss on obligations	**12.34**	43.35
	Present value of obligations as at end of year	**614.22**	540.33
3.	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	**550.80**	486.84
	Opening balance adjustment	**2.00**	(12.63)
	Acquisition adjustments	**-**	-
	Expected return on plan assets	**3.70**	41.26
	Contributions	**125.80**	76.18
	Benefits paid	**(87.59)**	(40.86)
	Acturial gain / (loss) on plan assets	**-**	-
	Fair value of plan assets at end of year	**594.70**	550.80

	Particulars	As at 31-Mar-2016	As at 31-Mar-2015
4.	**Table showing fair value of plan assets**		
	Fair value of plan assets at beginning of year	**550.80**	486.84
	Opening balance adjustments	**2.00**	(12.63)
	Acquisition adjustments	**-**	-
	Actual return on plan assets	**3.70**	41.26
	Contributions	**125.80**	76.18
	Benefits paid	**(87.59)**	(40.86)
	Fair value of plan assets at the end of year	**594.70**	550.80
	Funded Status	**(19.52)**	10.47
	Excess of Actual over estimated return on plan assets	**-**	-
5.	**Acturial Gain / Loss recognised**		
	Acturial (gain)/ loss on obligations	**(12.34)**	(43.35)
	Acturial (gain)/ loss for the year -plan assets	**-**	-
	Total (gain) / loss for the year	**12.34**	43.35
	Acturial (gain)/ loss recognised in the year	**12.34**	43.35
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	**614.22**	540.33
	Fair value of plan assets as at the end of the year	**594.70**	550.80
	Funded Status	**(19.52)**	10.47
	Net asset/ (liability) recognised in balance sheet	**(19.52)**	10.47
7.	**Expenses Recognised in the statement of profit and loss**		
	Current Service Cost	**107.00**	95.56
	Opening balance adjustment	**(2.00)**	-
	Past Service Cost	**-**	-
	Interest cost	**42.15**	36.52
	Expected return on plan assets	**(3.70)**	(41.26)
	Curtailment Cost / (Credit)	**-**	-
	Settlement Cost / (Credit)	**-**	-
	Net Acturial (gain) / loss recognised in the year	**12.34**	43.35
	Expenses recognised in statement of profit and loss (Refer Note 25)	**155.79**	134.17

Amounts for the current and previous four financial years (for Gratuity)

Particulars	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012
Present value of defined benefit obligations	**614.22**	540.33	405.76	369.92	271.00
Fair value of plan assets	**594.70**	550.80	486.84	382.06	280.21
Deficit /(Surplus) in the plan assets	**19.52**	(10.47)	(81.08)	(12.14)	(9.21)

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 :

Earned Leave & Sick Leave(Unfunded): As per Acturial Report dated 26.04.2016

(₹ in lakhs)

1	Assumptions	Earned Leave		Sick Leave	
	Particulars	**As at 31-Mar-2016**	As at 31-Mar-2015	**As at 31-Mar-2016**	As at 31-Mar-2015
	Discount Rate	**7.90%**	7.80%	**7.90%**	7.80%
	Rate of increase in Compensation levels	**5% p.a.**	5% p.a.	**5% p.a.**	5% p.a.
	Rate of Return on Plan Assets	**-**	-	**-**	-
	Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs	**24 Yrs**	25 Yrs
2.	**Reconciliation of Defined benefit obligation**				
	Present Value of Obligation as at the beginning of the year	**614.89**	472.47	**111.26**	94.42
	Acquisition adjustment	**-**	-	**-**	-
	Interest Cost	**47.96**	42.52	**8.68**	8.50
	Past Service Cost	**-**	-	**-**	-
	Current Service Cost	**309.40**	142.42	**75.93**	16.84
	Curtailment Cost / (Credit)	**-**	-	**-**	-
	Settlement Cost / (Credit)	**-**	-	**-**	-
	Benefits paid	**(189.30)**	(124.67)	**(22.56)**	(19.49)
	Actuarial (gain)/ loss on obligations	**141.34**	82.14	**13.88**	10.99
	Present Value of Obligation as at the end of the year	**924.29**	614.89	**187.19**	111.26
3.	**Acturial Gain / Loss Recognised**				
	Actuarial (gain)/loss for the year – Obligation	**(141.34)**	(82.14)	**(13.88)**	(10.99)
	Actuarial gain/(loss) for the year - Plan Assets	**-**	-	**-**	-
	Total (gain) / loss for the year	**141.34**	82.14	**13.88**	10.99
	Actuarial (gain) / loss recognized in the year	**141.34**	82.14	**13.88**	10.99
	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	**924.29**	614.89	**187.19**	111.26
	Value of Plan Provisions as at the end of the year	**-**	-	**-**	-
	Funded Status	**(924.29)**	(614.89)	**(187.19)**	(111.26)
	Unrecognized Actuarial (gains) / losses	**-**	-	**-**	-
	Net Asset / (Liability) Recognized in Balance Sheet	**(924.29)**	(614.89)	**(187.19)**	(111.26)
5.	**Expenses Recognized in the statement of Profit & Loss**				
	Current Service Cost	**309.40**	142.42	**75.93**	16.84
	Past Service Cost	**-**	-	**-**	-
	Interest Cost	**47.96**	42.52	**8.68**	8.50
	Expected Return on Plan Assets	**-**	-	**-**	-
	Curtailment Cost / (Credit)	**-**	-	**-**	-
	Settlement Cost / (Credit)	**-**	-	**-**	-
	Net actuarial (gain)/ loss recognized in the year	**141.34**	82.14	**13.88**	10.99
	Expenses Recognized in the statement of Profit & Loss (Refer Note 25 - included in Salaries, wages ,bonus and allowances)	**498.70**	267.08	**98.49**	36.33

Amounts for the current and previous four financial years (for Earned Leave) (₹ in lakhs)

Particulars	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012
Present value of defined benefit obligations	**924.29**	614.89	472.47	429.55	381.06
Deficit in the plan assets	**(924.29)**	(614.89)	(472.47)	(429.55)	(381.06)

Amounts for the current and previous four financial years (for Sick Leave) (₹ in lakhs)

Particulars	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012
Present value of defined benefit obligations	**187.19**	111.26	94.42	84.43	62.44
Deficit in the plan assets	**(187.19)**	(111.26)	(94.42)	(84.43)	(62.44)

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, 2016

As per the Accounting Standard (AS- 17), the Company has identified Dairy, Retail, Agri, Bakery and Renewable Energy 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 Vegtables, Tradable goods and job works. 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	As at March 31, 2016			As at March 31, 2015		
	External Revenue	**Inter-segment Revenue**	**Total**	External Revenue	Inter-segment Revenue	Total
1. Segment Revenue:						
a. Dairy	**174276.95**	**2603.18**	**176880.13**	153354.44	2231.27	155585.71
b. Retail	**58041.54**	**244.95**	**58286.49**	49228.74	168.26	49397.00
c. Agri	**5078.50**	**4489.22**	**9567.72**	4331.99	4068.17	8400.16
d. Bakery	**601.84**	**210.19**	**812.03**	371.37	217.56	588.92
e. Renewable Energy	**59.50**	**244.80**	**304.30**	10.12	246.92	257.04
Total	**238058.33**	**7792.34**	**245850.67**	207296.65	6932.18	214228.83
Inter-segment-eliminations	**-**	**7792.34**	**7792.34**	-	6932.18	6932.18
Net Sales / Income from Operations	**238058.33**	**-**	**238058.33**	207296.65	-	207296.65

		As at March 31, 2016	As at March 31, 2015
2.	**Segment Results**		
	Profit / (Loss) before finance costs and tax		
	a. Dairy	**11532.19**	6717.47
	b. Retail	**(1380.99)**	(1107.36)
	c. Agri	**(135.78)**	(125.47)
	d. Bakery	**(61.52)**	(84.46)
	e. Renewable Energy	**126.17**	70.53
	Total Segment Results	**10080.07**	5470.72
	Less: Finance costs	**1545.89**	1593.01
	Add: Interest income	**61.01**	37.41
	Add: Net Unallocable Income / (Expenditure)	**3.06**	(1.20)
	Profit / (Loss) before Extra-ordinary items and Tax	**8598.25**	3913.91
	Less: Extra-ordinary items	**-**	-
	Profit / (Loss) before Tax	**8598.25**	3913.91
	Less:		
	a. Current tax	**3086.50**	1169.36
	b. Prior peiod tax	**(18.06)**	(0.45)
	c. Deferred tax	**(13.34)**	(76.02)
	Net Profit / (Loss)	**5543.15**	2821.03
3.	**Total Capital Employed**		
	(Segment Assets - Segment Liabilities)		
	a. Dairy	**19573.68**	18687.40
	b. Retail	**8632.26**	8877.41
	c. Agri	**3211.28**	3135.91
	d. Bakery	**1064.32**	1075.13
	e. Renewable Energy	**2609.15**	1588.95
	Total Segment Capital Employed	**35090.69**	33364.81
	Add: Unallocated Assets	**1321.59**	1272.23
	Less: Unallocated Liabilities	**1623.39**	1049.83
	Total Capital Employed	**34788.90**	33587.21
4.	**Capital Expenditure incurred during the year**		
	a. Dairy	**3869.29**	3865.69
	b. Retail	**1337.02**	1588.94
	c. Agri	**38.55**	36.35
	d. Bakery	**100.31**	8.29
	e. Renewable Energy	**1402.39**	-
	Total Segment Capital Expenditure	**6747.56**	5499.27
	Add: Unallocated Capital Expenditure	**49.36**	22.69
	Total Capital Expenditure	**6796.92**	5521.96
5.	**Depreciation and Amortisation for the year**		
	Segment Depreciation		
	a. Dairy	**2021.84**	1987.76
	b. Retail	**922.91**	888.50
	c. Agri	**229.00**	228.19
	d. Bakery	**80.90**	82.08
	e. Renewable Energy	**81.92**	81.05
	Total Segment Depreciation and Amortisation	**3336.57**	3267.59
	Add: Unallocated Depreciation	**114.64**	131.44
	Total Depreciation and Amortisation	**3451.21**	3399.03
6.	**Significant Non Cash Expenditure (excluding depreciation and amortisation)**	**830.43**	398.82

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) K Durga Prasada Rao
  Whole-time Director
- d) A Prabhakara Naidu
  Chief Financial Officer
- e) 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
- c) Sunkara Vasavi

B) where no transactions have taken place
- a) Nirvana Holdings Private Limited

Name of the related party ==> / Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Key Manage-ment Personnel (Executive Director)	Relative of Key Manage-ment Personnel (Non-Executive Director)	Key Manage-ment Personnel (Whole-time Director) (part of the year)	Key Manage-ment Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Subsi-diary	Subsidiary	Associate	Key Manage-ment Personnel (CFO)	Key Manage-ment Personnel (CS)	Key Manage-ment 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	Relative of Key Manage-ment Personnel of Heritage Foods Ltd
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Sitting Fee	Managerial Services	a) Invest-ment b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted sub-sequently to Heritage Finlease Ltd	Inves-tment	Investment	Inves-tment	Service	Service	CSR Activity	Contributions made by the Company	Contributions made by the Company	Lease Rentals

Name of the related party ==> Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remuneration of ₹ 102.00 lakhs (Previous year: ₹ 120 lakhs) b) PF contribution of ₹ 7.34 lakhs (Previous year:₹ 8.64 lakhs) c) Perks ₹ 10.54 lakhs (Previous year: ₹ 10.68 lakhs) d) Leave Encashment of ₹ Nil (Previous year: ₹ Nil) e) Commission: ₹ 365.59 lakhs (Previous year : ₹ 88.77 lakhs) f) Office rent of ₹ 52.60 lakhs paid by Company (Previous year: ₹ 49.40 lakhs)	a) Managerial Remuneration of ₹ 57.83 lakhs (Previous year:₹ 60 lakhs) b) PF contribution of ₹ 4.16 lakhs (Previous year:4.32 lakhs) c) Perks : 5 lakhs (Previous Year: 6.95 lakhs) d) Commission: ₹ 319.68 lakhs (Previous year: 108.61 lakhs)	Sitting Fee of ₹ 1.90 lakhs (Previous year: ₹ 1.50 lakhs)	a) Managerial Remuneration of ₹ 21 lakhs (Previous year:₹ 24 lakhs) b) PF contribution of ₹ 1.51 lakhs (Previous year: 1.73 lakhs) c) Perks : 6.75lakhs (Previous year: ₹ Nil)	a) Share Capital ₹ 20 lakhs (Previous year:₹ 20 lakhs) b) Dividend Received ₹ 3.0 lakhs (Previous year:₹ Nil) c) Cattle loans of ₹ 6606 lakhs (Previous year: ₹ 5769.47 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subsequently to Heritage Finlease Ltd	a) Share Capital ₹ 16.50 lakhs (Previous year: ₹ 16.50 lakhs)	a) Share Capital ₹ 7.60 lakhs (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	a) Salary :39.05 lakhs (Previsou Year :₹ 34.85 lakhs) b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs) c) PF Contribution of ₹ 2.11 lakhs (Previous Year: ₹ 1.89 lakhs)	a) Salary :19.32 lakhs (Previous year : ₹ 17.24 lakhs) b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs) c) PF Contribution of ₹ 1.05 lakhs (Previous Year: ₹ 0.94 lakhs)	Contributions by the Company during the year: ₹ 99.16 lakhs (Previous year: 69.63 lakhs)	Contributions by the Company during the year: ₹ 160.16 lakhs (Previous year: 103.04 lakhs)	Contributions by the Company during the year: ₹ 69.09 lakhs (Previous year: 48.69 lakhs)	Rent ₹ 3.14 lakhs (Previous Year: ₹ 2.88 lakhs)

Name of the related party ==> Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
Any other elements of the related party transactions in the financial statements Guarantees and collaterals	Managerial Remuneration was approved by Shareholders	Managerial Remuneration was approved by Shareholders 1.Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director. The loan was repaid during the year, guarantee was discharged and security was released. (Previous year : The above securities was given for ₹ 100 lakhs).		Managerial Remune-ration was approved by Shareholders	NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL	NIL	NIL

Name of the related party ==> / Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
		2.Given personal guarantee for the short term loan facility of ₹ 1500 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director. The loan was repaid during the year, guarantee was discharged and security was released. (Previous year : The above securities was given for ₹ 1500 lakhs).												

Name of the related party ==> Particulars	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 347.79 lakhs (Previous year: ₹ 76.62 lakhs)	₹ 321.23 lakhs (Previous year : ₹ 111.83 lakhs)	NIL	₹ Nil (Previous year :₹ 1.88 lakhs)	₹ 201.82 lakhs is out-standing to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has been remitted subs-equently (Previous year: ₹ 199.93 lakhs)	NIL	NIL	NIL	Nil (Previous year: ₹ 2.07 lakhs)	Nil (Previous year: ₹ 1.21 lakhs)	Nil	Contribution amount outstanding: ₹ 20.87 lakhs the same has been remitted subsequently (Previous year : ₹ 15.94 lakhs)	Contribution amount outstanding: ₹ 19.81 lakhs the same has been remitted subsequently (Previous year : ₹ 8.82 lakhs)	₹ 0.30 lakhs (Previous Year: ₹ 0.30 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL				NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	Nil (Previous Year: ₹ 13.80 lakhs)	Nil (Previous Year: ₹ 2.61 lakhs)	NIL				NIL	NIL	NIL

Note: 35 Lease

(₹ in lakhs)

Particulars		As at March 31, 2016	As at March 31, 2015
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**	44.65
	ii) for a period later than one year and not later than five years	**-**	23.23
	iii) for a period later than five years	**-**	-
	Total operating lease expenses debited to statement of profit and loss is ₹ 3162.88 lakhs (Previous year : ₹ 2764.27 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, 2016 and as at March 31, 2015 are as follows.		

Particualrs		Total Minimum Lease Payments Outstanding		Future Interest on outstanding Lease Payments		Present Value of minimum lease payments	
		as at March 31, 2016	as at March 31, 2015	**as at March 31, 2016**	as at March 31, 2015	**as at March 31, 2016**	as at March 31, 2015
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**	-	**19.26**	-	**115.28**	-
iii)	Later than five years		-	**-**	-	**-**	-
	Total	**179.39**		**32.50**	**-**	**146.89**	**-**

Note: 36 Earning per share (EPS)

		Year Ended March 31, 2016	Year Ended March 31, 2015
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	**8598.25**	3913.91
c)	Net Profit / (Loss) after tax before extraordinary items	**5543.15**	2821.02
d)	Net Profit / (Loss) after tax and extraordinary items	**5543.15**	2821.02
e)	Basic and diluted Earnings per share (Before Extraodrdinary items) of ₹ 10 each (₹)	**23.89**	12.16
f)	Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	**23.89**	12.16

Note: 37 Value of Imports calculated on CIF basis in respect of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Capital Goods	**6.87**	-
Total	**6.87**	**-**

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

a)	Interest	-	-
b)	Foreign travel	**0.81**	2.32
c)	Commission	**4.43**	-
	Total	**5.24**	**2.32**

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

Export of goods calculated on FOB basis *	**1416.46**	312.20
Total	**1416.46**	312.20

* Exports to Nepal in INR during the year 2015-16 ₹ 46.50 lakhs (Prev.year ₹ 132.60 lakhs) is not included in Earnings in Foreign Currency

Note: 40 Consumption of Materials:

(₹ in lakhs)

		%	2015 - 16	%	2014 - 15
a)	Raw Materials (Refere Note 22)				
	i) Indigenous	100.00	**141378.79**	100.00	131393.51
	ii) Imported		**-**		-
b)	Stores, spares and consumables (Refer Note 28)				
	i) Indigenous	100.00	**1365.68**	100.00	1124.15
	ii) Imported		**-**		-

Note: 41 Remittance in Foreign Currency on account of dividends :

(₹ in lakhs)

		2015 - 16	2014 - 15
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, 2016		March 31, 2015	
	USD	INR	USD	INR
i) Forward :	-	-	-	-
ii) Option :	-	-	-	-
iii) Swap :	-	-	-	-

b) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2016		March 31, 2015	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Trade receivables	**$ 1.62 lakhs**	**107.45**	$ 2.14 lakhs	133.87

Note: 43 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: 44 Details of Corporate Social Responsibility (CSR) expenditure :

a) Gross amount required to be spent by the company during the year : ₹ 99.16 lakhs (Previous year : ₹ 69.63 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*	₹ 99.16 lakhs	Nil	₹ **99.16 lakhs**

* Contribution made to a Registered Trust named NTR Memorial Trust of ₹ 99.16 lakhs during the Financial Year 2015-16 (Previous year : ₹ 69.63 lakhs).

Note: 45 The financial statements for the year ended March 31, 2016 are presented as per Schedule III of the Companies Act, 2013 as near as thereto.

Note: 46 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 47 The amounts in the financial statements are presented in Indian Rupees in lakhs.

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943

Date : May 23, 2016
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 Report

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 2016, 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. While conducting the 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 2016;

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

1. 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary companies incorporated in India.

For **Raju and Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
M. No. 223943

Date : 23.05.2016
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 2016, 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 2016, 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

I Dileep Kumar
Partner
M. No. 223943

Date : 23.05.2016
Place : Hyderabad

Consolidated Balance Sheet

As at March 31, 2016

₹ in lakhs

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	2	**2319.90**	2319.90
b. Reserves and Surplus	3	**21670.36**	16972.70
Sub-Total Shareholders' funds		**23990.26**	19292.60
2. MINORITY INTEREST		**1.57**	1.61
3. NON-CURRENT LIABILITIES			
a. Long-term borrowings	4	**6584.71**	5574.10
b. Deferred tax liabilities (Net)	5	**1867.72**	1881.06
c. Other Long term liabilities	6	**1045.32**	999.78
d. Long term provisions	7	**551.54**	156.51
Sub-Total Non-Current Liabilities		**10049.29**	8611.45
4. CURRENT LIABILITIES			
a. Short-term borrowings	8	**3925.16**	8673.49
b. Trade payables :	9		
(i) Total outstanding dues of micro enterprises and small enterprises		**474.03**	159.83
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**7992.90**	7592.87
c. Other current liabilities	10	**9470.59**	6777.75
d. Short-term provisions	11	**1582.15**	1466.27
Sub-Total Current Liabilities		**23444.83**	24670.21
TOTAL EQUITY AND LIABILITIES		**57485.95**	52575.87
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i) Tangible assets	12	**31038.44**	27817.91
ii) Intangible assets	12	**164.12**	247.52
iii) Capital work-in-progress	12	**958.79**	899.68
Total - a		**32161.35**	28965.11
b. Non-current investments	13	**79.85**	80.24
c. Long term loans and advances	14	**2371.52**	2085.17
d. Other non-current assets	15	**68.37**	73.29
Sub-Total Non-Current Assets		**34681.09**	31203.81
2. CURRENT ASSETS			
a. Current Investments	13	**1.65**	1.10
b. Inventories	17	**14491.11**	13936.88
c. Trade receivables	18	**2878.60**	2423.58
d. Cash and Bank balances	19	**4532.48**	4078.09
e. Short-term loans and advances	14	**680.88**	775.79
f. Other current assets	16	**220.14**	156.62
Sub-Total Current Assets		**22804.86**	21372.06
TOTAL ASSETS		**57485.95**	52575.87
Significant Accounting Policies	1		
Notes on Accounts	(2 to 48)		

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943

Date : May 23, 2016
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, 2016

₹ in lakhs

Particulars	Notes No.	Year Ended March 31, 2016	Year Ended March 31, 2015
1. Revenue from operations (Gross)	20	**238162.13**	207402.61
Less : Excise Duty		**103.80**	105.96
Revenue from operations (Net)		**238058.33**	207296.65
2. Other Income	21	**654.96**	717.83
3. TOTAL REVENUE (1 +2)		**238713.29**	208014.48
4. EXPENSES:			
a. Cost of materials consumed	22	**141378.79**	131393.51
b. Purchase of Stock-in-Trade	23	**49296.66**	42184.17
c. Changes in inventories of finished goods, work-in- progress and Stock-in-Trade	24	**(2808.46)**	(5079.25)
d. Power and fuel		**2943.24**	2766.16
e. Employee benefits expense	25	**13999.11**	11072.42
f. Finance costs	26	**1545.89**	1593.01
g. Depreciation and amortization expense	27	**3451.21**	3399.03
h. Other expenses	28	**20172.06**	16756.51
TOTAL EXPENSES		**229978.50**	204085.56
5. Profit before exceptional and extraordinary items and tax (3-4)		**8734.79**	3928.92
6. Exceptional Items	29	**136.95**	-
7. Profit before extraordinary items and tax (5 -6)		**8597.84**	3928.92
8. Extraordinary Items		**-**	-
9. Profit before tax (7 - 8)		**8597.84**	3928.92
10. Tax expense:			
a. Current tax		**3086.50**	1169.36
b. Prior period tax		**(18.06)**	(0.45)
c. Deferred tax		**(13.34)**	(76.02)
11. Profit for the year (9-10) before minority interest and share of profit/(loss) of associates		**5542.74**	2836.03
Less: Minority interest		**(0.04)**	(0.16)
Add: Share of profit / (loss) of associates		**(0.09)**	(0.28)
Profit for the year (9-10) after minority interest and share of profit/(loss) of associates		**5542.69**	2835.92
12. Earning per equity share of ₹ 10/-each:			
a. Before Extraordinary items			
i. Basic		**23.89**	12.22
ii. Diluted		**23.89**	12.22
b. After Extraordinary items			
i. Basic		**23.89**	12.22
ii. Diluted		**23.89**	12.22
Significant Accounting Policies	1		
Notes on Accounts	(2 to 48)		

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943
Date : May 23, 2016
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, 2016

₹ in lakhs

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit /(Loss) before tax and extra-ordinary items	**8,597.84**		3928.92	
Non-cash adjustment to reconcile profit before tax to net cash flows				
Depreciation / amortization	**3,451.21**		3399.03	
Loss on Impairment of Assets	**51.56**		15.58	
Diminution in value of Investments	**-**		(15.17)	
Interest expense	**1,460.35**		1495.05	
Foreign exchange (gain)/loss , net	**1.99**		0.00	
Subsidy transferred to P&L	**(7.38)**		(8.23)	
Interest income	**(61.01)**		(37.41)	
Provision for Wealth Tax	**-**		0.91	
Provision for Interest on income tax	**37.85**		15.50	
Provisions no longer required and Credit balances written back	**(214.42)**		(359.55)	
Provision for Unavailed Leave	**404.85**		159.26	
Bad Debts / Advances written off	**55.95**		22.58	
Provision for doubtful debts/ advances	**125.74**		78.61	
Dividend received	**(3.06)**		(0.04)	
Operating cash flow before Working Capital Changes	**13,901.47**		8695.04	
Movements in working capital :				
Increase / (decrease) in trade payables	**928.66**		1214.60	
Increase / (decrease) in other current liabilities	**2,054.60**		(417.06)	
Increase / (decrease) in other long term liabilities	**45.55**		65.39	
Decrease/ (increase) in trade receivables	**(576.48)**		(833.85)	
Decrease/ (increase) in inventories	**(554.23)**		(3081.49)	
Decrease / (increase) in long term loans and advances	**(321.52)**		(179.76)	
Decrease / (increase) in short term loans and advances	**34.68**		688.67	
Decrease / (increase) in other current assets	**(63.52)**		(16.43)	
Decrease / (increase) in other non-current assets	**1.42**		3.38	
Cash Generated from /(used in) operations	**15,450.63**		6138.49	
Direct taxes paid (net of refunds)	**(2,962.39)**		(979.06)	
Net Cash flow from/(used) in Operating activities before extra-ordinary items	**12,488.24**		5159.43	
Less: Extra-ordinary items	**-**		-	
Net Cash flow from /(used) in Operating activities (A)		**12,488.24**		5159.43

Consolidated Cash Flow Statement

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets, including intangible assets, cwip and capital advances	**(6,837.72)**		(5116.39)	
Proceeds from sale of Fixed Assets	**180.71**		321.50	
Purchase of Current / non-current investments	**(0.25)**		(0.25)	
(Investment) in / redemption of Bank Deposits have original				
maturity more than three months	**6.78**		9.94	
Interest received	**61.01**		37.41	
Dividend received	**3.06**		0.04	
Net Cash used in Investing Activities (B)		**(6,586.41)**		(4747.75)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	**3,171.75**		3150.00	
Repayment of long-term borrowings	**(1,560.96)**		(1411.63)	
Short-term borrowings (net)	**(4,748.33)**		(151.70)	
Interest paid	**(1,466.97)**		(1549.73)	
Change in Unclaimed dividend	**(11.65)**		(10.72)	
Dividend paid (including dividend tax)	**(837.65)**		(814.25)	
Net Cash flow from /(Used) in Financing Activities (C)		**(5,453.81)**		(788.03)
Net increase /(decrease) in cash and cash equivalents (A+B+C)		**448.02**		(376.35)
Cash and Cash equivalents at the beginning of the year		**4,003.93**		4380.28
Effect of foreign exchange gain /(loss)		**(1.99)**		-
Cash and Cash equivalents at the end of the year		**4449.96**		4003.93
Components of cash and cash equivalents				
Cash on hand		**265.58**		275.17
Cheques / drafts on hand		**-**		31.95
Balances with banks in current accounts		**4184.38**		3696.81
Total cash and cash equivalents		**4449.96**		4003.93
Significant accounting policies (1)				
Notes on accounts (2 to 48)				

As per our report attached

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943

Date : May 23, 2016
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 read with rule 7 of Companies (Accounts) Rules 2014. 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 as on March 31,2016 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, 2016	Ownership interest / % voting power held as at Mach 31, 2015
i) Subsidiary:			
a) Heritage Foods Retail Limited	India	99.64%	99.64%
b) Heritage Conpro Limited	India	75.70%	75.70%
ii) Associate:			
a) SKIL Raigam Power (India) Limited	India	44.83%	44.83%

1.3 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 recognised as and when accrued.

1.6 Fixed Assets

Tangible Assets: Tangible Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future economic benefits from the existing assets beyond its previously assessed standard of performance.

Intangible Assets: Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Capital Work-in-Progress : Capital work-in-progress is recognized at cost. It comprises of fixed assets that are not yet ready for their intended use at the reporting date and capital stores issued.

Gain or loss arising from de-recognition of fixed assets (tangible and intangible) are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.7 Depreciation and Amortization

Depreciation on Tangible Assets: Depreciation on tangible assets is provided on the basis of straight line method at the rates and in the manner prescribed in Schedule 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 and Renewable Energy businesses which are identified as reportable segments as per the Accounting Standard (AS-17) –"Segment Reporting". The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company accounts for inter-segment sales and transfers at cost plus appropriate margins. Allocation of common allocable costs allocated to each segment according to the relative contribution of each segment to the total common costs.

1.21 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, 2016	As at March 31, 2015
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, 2016		March 31, 2015	
	Number of Shares	Amount (₹ in lakhs)	Number of Shares	Amount (₹ in lakhs)
Shares Outstanding at the beginning of the year	**23199000**	**2319.90**	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**	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.

70,000 Equity Shares have been allotted as fully paid up Sweat Equity Shares for consideration other than cash to an employee of the Company during the financial year ended March 31, 2013 with a lock in period of 3 years from the date of allotment and 70,000 Equity Shares have been issued as bonus Shares during the year ended March 31, 2014.

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, 2016		March 31, 2015	
	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	**1191182**	**5.13**	1271000	5.48

f) Aggregate number of shares alloted for consideration other than cash during the period of five years immediately preceeding the reporting date :

Particulars	March 31, 2016 No.of Shares	March 31, 2015 No.of Shares	March 31, 2014 No.of Shares	March 31, 2013 No.of Shares	March 31, 2012 No.of Shares
Equity Shares alloted as fully paid up as Sweat Equity	**70000**	70000	70000	70000	-
shares for consideration other than cash Equity Shares alloted as fully paid-up as Bonus shares for consideration other than cash	**11599500**	11599500	11599500	-	-

Note 3: Reserves and Surplus

(₹ in lakhs)

	Particulars	As at March 31, 2016	As at March 31, 2015
a)	**Capital Reserve (Deferred Government Grants)**		
	Opening Balance	**59.51**	67.74
	Add: Subsidy Received during the year	**-**	-
	Less: Transfer to Statement of Profit and Loss	**7.38**	8.23
	Closing Balance	**52.13**	59.51
b)	**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
c)	**Securities Premium Reserve**		
	Opening Balance	**3784.14**	3784.14
	Add: Securities premium credited	**-**	-
	Less: Security Premium utilized	**-**	-
	Closing Balance	**3784.14**	3784.14
d)	**Warrants Money Appropriated**		
	Opening Balance	**318.69**	318.69
	Add: Current year transfer	**-**	-
	Less: Written back in current year	**-**	-
	Closing Balance	**318.69**	318.69
e)	**General Reserve**		
	Opening Balance	**6427.39**	6000.71
	Add: Transferred from Surplus	**1000.00**	1000.00
		7427.39	7000.71
	Less: Depreciation and amortisation for the period prior to April 1, 2014 *	**-**	573.32
	Closing Balance	**7427.39**	6427.39

* The Company has revised its estimated useful life of Tangible and Intangible assets, wherever appropriate, with effect from April 1, 2014 based on the internal and external technical evaluation as per Schedule II of the Companies Act, 2013. The straight line method is being used to depreciate the assets. The carrying amount as on April 1, 2014 is depreciated over the remaining useful life. As a result of these changes, the effect for those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (net of deferred tax asset of ₹ 295.22 lakhs) is adjusted in the General Reserve.

f)	**Surplus / (Deficit)**		
	Opening Balance	**6301.97**	5303.70
	Add: Net Profit / (Net Loss) after tax transferred from Statement of Profit and Loss	**5542.69**	2835.92
	Amount available for appropriations	**11844.66**	8139.62
	Appropriations :		
	Transferred to General Reserve	**1000.00**	1000.00
	Proposed Dividend amount per share ₹ 3.00 (Previous Year :₹ 3.00 per share)	**695.97**	695.97
	Tax on Proposed Dividend	**141.68**	141.68
	Closing Balance	**10007.01**	6301.97
	Total	**21670.36**	16972.70

NON-CURRENT LIABILITIES :

Note 4: Long-Term Borrowings

(₹ in lakhs)

Particulars		Non-Current		Current Maturities	
		As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
a)	**Term Loans**				
	i) From banks (secured)				
	- Indian rupee loans	**5604.45**	4686.25	**2038.49**	1431.25
	- Foreign currency loans	**-**	-	**-**	-
	ii) From others (secured)	**-**	-	**-**	36.32
	Total (a)	**5604.45**	4686.25	**2038.49**	1467.57
b)	**Deferred Payment liabilities**				
	Sales tax deferrement (secured)	**864.98**	887.85	**22.88**	25.23
c)	**Loans and Advances from related parties**				
	Loan (unsecured)	**-**	-	**-**	-
d)	**Long term maturities of finance lease obligations**	**115.28**	-	**31.61**	-
	Total (a+b+c+d)	**6584.71**	5574.10	**2092.98**	1492.80

Installments falling due in respect of the above loans upto March 31, 2017 is ₹ 2092.98 lakhs (Installments falling due in respect of loans upto March 31, 2016: (Prv year ₹ 1492.80 lakhs plus ₹ 68.17 lakhs paid during the year 2015-16 out of Term loan drawn during the year 2015-16) 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		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
			31.03.2016	31.03.2015				
a.	**Indian Rupee Loans from Banks**							
1.	Rupee Term Loan	ICICI Bank	**-**	25.00	300.00	Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any (Previous year :Sum of I Base and "spread" per annum plus applicable interest tax or other statutory levy, if any)	First charge on fixed assets both immovable and movable excluding entire stocks of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean both present and future of the Company	Repayable in 12 quarterly installments commencing from August 2012
2.	Rupee Term Loan	ICICI Bank	**270.83**	487.50	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
3.	Rupee Term Loan	ICICI Bank	**750.00**	1,375.00	2500.00	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: a) IBASE and spread per annum plus applicable interest tax or other statutory levy if any b) For sub-limit of FCNR(B) the rate of interest 8.80% plus six months USD LIBOR)	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
4	Rupee Term Loan	ICICI Bank	**840.00**	1,080.00	1,200.00	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year: IBASE and spread per annum sujected to minimum rate of IBASE + 3.75% per annum + 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

Term Loan from Banks (Secured) includes :								(₹ In lakhs)
Type of Loan		Name of the Bank	Loan Outstanding As on		Loan Drawn	Rate of Interest	Security / Guarantee	Repayment Terms
			31.03.2016	31.03.2015				
5.	Rupee Term Loan	ICICI Bank	**1,432.47**	-	1432.47	IBASE and spread per annum plus applicable interest tax or other statutory levy if any (Previous year:Nil)	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
6.	Rupee Term Loan	Bank of Baroda	**766.67**	350.00	800.00	@base rate plus 0.75% (Previous year :'@base rate plus 1.75%)	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
7.	Rupee Term Loan	Andhra Bank	**1,275.00**	1,500.00	1500.00	'@base rate plus 0.25% (Previous year :'@base rate plus spread 2% plus term premium 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
8.	Rupee Term Loan	Yes Bank	**937.50**	1,000.00	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
9.	Rupee Term Loan	Yes Bank	**649.87**	300.00	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
10.	Rupee Term Loan	HDFC Bank	**720.60**	-	720.60	0.15% over the banks base rate (Previous year : Nil)	Hypothecation of movable assets wrt the Wind Power project being part funded by the bank	Repayable in 24 quarterly installments commencing from May, 2017
	Total rupee loans from banks		**7,642.94**	6,117.50				
b)	**Term loans from others(secured) includes :**							
1.	Retail Finance (Auto- Loan)	BMW Financial Services	**-**	36.32	94.75	Current year: Nil (Previous Year :Interest at the rate of 9.89% per annum)	Hypothecation of Vehicle	Repayable in 30 monthly installments commencing from August, 2013
	Total Rupee Term Loans (a+b)		**7,642.94**	6,153.82				

Deferred Payment Liabilities
Deferred Payment Liabilities represent sales tax collected under deferrment scheme which shall we repaid by 2014 in case of Gokul plant and by 2023 in case of Bayyavaram plant.
Finance lease obligations : Finance lease represent Data Processing Equipment obtained on finance lease. The lease obligations payable w.e.f Jul'2015 for a period of 5 years.

Note 5: Deferred Tax Liability (Net)

(₹ in lakhs)

Particulars		As at March 31, 2016	As at March 31, 2015
a)	**Deferred Tax Liability :**		
	Opening Deferred Tax Liability	**2132.61**	2444.99
	Add: Deferred Tax Liability during the year on account of :		
	Depreciation	**238.52**	(312.38)
	(Previous year Net of deferred tax asset of ₹ 295.22 lakhs on account of depreciation - Ref Note 3)		
	Closing Deferred Tax Liability	**2371.13**	2132.61
b)	**Deferred Tax Asset :**		
	Opening Deferred Tax Asset	**251.55**	192.69
	Add: Deferred Tax Asset during the year on account of :		
	Provision for unavailed leave & Bonus	**251.86**	58.86
	Closing Deferred Tax Asset	**503.41**	251.55
	Net Deferred Tax Liability there on	**1867.72**	1881.06
	Major components of deffered tax arising on account of timing differences are:		
	a) Deferred Tax liabilities:		
	Depreciation	**2371.13**	2132.61
	b) Deferred Tax Asset:		
	Provision for unavailed leave & Bonus	**503.41**	251.55

Note 6: Other Long-Term Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Others :		
Security Deposits	**1045.32**	999.78
Total	**1045.32**	999.78

Note 7: Long-Term Provisions

(₹ in lakhs)

Particulars	Long - Term		Short Term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits				
Unavailed Leave	**551.54**	156.51	**559.95**	569.64
Gratuity	**-**	-	**19.52**	-
Other Provisions				
Proposed Dividend	**-**	-	**695.97**	695.97
Provision for tax on dividend	**-**	-	**141.68**	141.68
Provision for Income Tax (Net of advance tax)	**-**	-	**165.03**	58.98
Total	**551.54**	156.51	**1582.15**	1466.27

CURRENT LIABILITIES :

Note 8: Short-Term Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Loan Repayable on demand:		
a) Working Capital Loan from banks (secured)	**3925.16**	6185.62
b) Short -Term Loans from banks (secured)	**-**	2487.87
Total	**3925.16**	8673.49

a) Working Capital Loans from Banks: (₹ In lakhs)

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2016	Loan Outstanding As on 31.03.2015	Working Capital Loan Limit	Rate of Interest	Security / Guarantee
i)	Bank of Baroda	Cash Credit	**885.82**	2,713.03	₹ 4000 lakhs with sublimit of ₹ 800 lakhs for Agri Division (Preivious year : ₹ 4000 lakhs)	Base rate plus 0.75% (Previous Year: Base rate plus 2.25%)	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
ii)	Andhra Bank	Open Cash Credit	**2,268.53**	1,455.17	₹ 2500 lakhs (Preivious year : ₹ 2500 lakhs)	Base rate plus 0.25% (Previous Year: Base rate plus 2.25%)	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	**770.81**	2,017.42	₹ 3500 lakhs with sublimit of WCDL-Rupee (Previous Year: ₹ 3500 lakhs (with sublimit of WCDL- Rupee)	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. (Previous Year: IBASE plus "spread" per annum subject to minimum rate of I Base plus 2.50% 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)		**3,925.16**	6,185.62	10000.00		

b) Short Term Loans from Banks (₹ In lakhs)

	Name of the Bank	Type of Loan Facility	Loan Outstanding As on 31.03.2016	Loan Outstanding As on 31.03.2015	Short Term Loan Limit	Rate of Interest	Security / Guarantee	Repayment Terms
i.	Kotak Mahindra Bank	Short Term Loan	-	1,422.12	Nil (Previous Year : ₹ 1500 lakhs)	Nil (Previous year :@11.5%)	Secured by second charge by way of extension of equitable mortgage on the property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable in three installments on 25th day of 4th,5th and 6th months respectively (Maximum 180 days from the date of disbursement)
ii.	HDFC Bank	Short Term Loan	-	1,000.00	Nil (Previous Year : ₹ 1000 lakhs)	Nil (Previous year :'@ base rate plus 0.75%)	Unsecured	Repayable in six months from the date of disbursement
iii.	Kotak Mahindra Bank	Over Draft	-	65.75	Nil (Previous Year : ₹ 100 lakhs)	Nil (Previous year :12.50%)	Secured by exclusive mortgage of property belonging to Executive Director of the Company and personal guarantees of Executive Director	Repayable within one year
	Total (i+ii+iii)		-	2,487.87				
	Total Short Term Borrowings (a+b)		**3,925.16**	8,673.49				

c) Aggregate amount of loan repayable on demand guaranteed by : (₹ in lakhs)

Executive Director of the Company :	As at March 31, 2016	As at March 31, 2015
Loans outstanding amount	-	1487.87
Loans guaranteed	-	1600.00

Note 9 Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payables :		
(i) Total outstanding dues of micro enterprises and small enterprises	**474.03**	159.83
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**7992.90**	7592.87
Total	**8466.93**	7752.70

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 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, 2016	**58.26**	**1.17**	**Nil**	**1.17**	**1.17**	**1.17**
March 31, 2015	8.78	1.55	Nil	1.55	1.55	1.55

Note 10 Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of long-term borrowings (Ref Note 4):		
Term Loans	**2038.49**	1467.57
Finance Lease Obligations	**31.61**	-
Deferred payment liabilities	**22.88**	25.23
Total	**2092.98**	1492.80
Interest Accrued but not due on borrowings	**25.47**	38.77
Interest accrued and due on borrowings	**-**	-
Unpaid Dividends (Ref Note. 31)	**64.44**	52.80
Other Payables :		
Employee Related payables	**2164.29**	1158.51
Advance from Customers	**798.89**	607.22
Capital Creditors	**878.72**	404.14
Statutory Payables	**516.94**	515.32
Security Deposits	**328.87**	336.48
Freight Payables	**645.77**	574.35
Other payables	**1954.22**	1597.36
Total	**9470.59**	6777.75

Note 11: Short Term Provisions

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits :		
Unavailed Leave	**559.95**	569.64
Gratuity	**19.52**	0.00
Other Provisions :		
Proposed Dividend	**695.97**	695.97
Provision for tax on proposed dividend	**141.68**	141.68
Provision for Income Tax (Net of advance tax)	**165.03**	58.98
Total	**1582.15**	1466.27

NON-CURRENT ASSSETS
Note.12 Fixed Assets

Particulars	Gross Block				Accumulated Depreciation / Amortization						Net Block	
	Balance as at 01.04.2015	*Additions / other adjustments during the year	Deductions / Retirement during the year	**Balance as at 31.03.2016**	Balance as at 01.04.2015	Depreciation charge for the year	Deductions / adjust-ments during the year	# Impair-ment loss for the year	** General Reserve	**Balance as at 31.03.2016**	**Balance as at 31.03.2016**	Balance as at 01.04.2015
a. Tangible Assets												
i. Owned Assets :												
Land	1894.99	119.11	-	**2014.10**	-	-	-	-	-	**-**	**2014.10**	1894.99
Buildings	10309.46	762.21	1.14	**11070.53**	3013.73	348.94	0.26	-	-	**3362.41**	**7708.12**	7295.72
Improvements to lease-hold property	1692.36	87.01	27.36	**1752.01**	920.49	214.18	18.10	-	-	**1116.57**	**635.45**	771.87
Plant and Machinery	25549.22	5162.65	1017.42	**29694.45**	10051.48	2317.35	892.77	49.24	-	**11525.30**	**18169.15**	15497.74
Furniture and Fixtures	2159.22	87.60	42.94	**2203.88**	833.73	147.63	30.30	0.09	-	**951.15**	**1252.73**	1325.49
Office Equipment	2733.78	359.74	88.89	**3004.63**	1935.28	253.97	80.87	2.22	-	**2110.60**	**894.03**	798.50
Vehicles	405.73	12.92	15.95	**402.70**	172.13	51.68	14.38	0.01	-	**209.44**	**193.26**	233.60
Total - a	44744.76	6591.24	1193.70	**50142.30**	16926.84	3333.75	1036.68	51.56	**-**	**19275.47**	**30866.83**	27817.91
ii. Leasehold Assets :												
Office Equipment (leasehold	-	192.17	-	**192.17**	-	20.56	-	-		**20.56**	**171.61**	-
Total - Leased Assets	-	192.17	-	**192.17**	-	20.56	-	-	-	**20.56**	**171.61**	-
Total - Tangible Assets	44744.76	6783.41	1193.70	**50334.47**	16926.84	3354.31	1036.68	51.56	-	**19296.03**	**31038.44**	27817.91
b. Intangible Assets												
Computer Software	1489.21	13.50	-	**1502.71**	1241.69	96.90	-	-		**1338.59**	**164.12**	247.52
Total -b	1489.21	13.50	-	**1502.71**	1241.69	96.90	-	-	-	**1338.59**	**164.12**	247.52
Total (a+b)	46233.96	6796.92	1193.70	**51837.18**	18168.53	3451.21	1036.68	51.56	-	**20634.62**	**31202.56**	28065.43
Previous year	41963.25	5521.95	1251.23	**46233.96**	14815.13	3399.03	929.73	15.58	868.54	**18168.54**	**28065.43**	
c. Capital Work-in-prog-ress	899.68	6856.03	6796.92	**958.79**							**958.79**	899.68
Previous year	1111.81	5309.82	5521.95	**899.68**								

* As per Accounting Standard AS-16, during the year, borrowing cost of ₹ 30.25 lakhs (Previous year :₹ 55.31 lakhs) has been capitalized to Plant & Machinery, ₹ 9.22 lakhs (Previous year: ₹ 32.03 lakhs) to Buildings and ₹ 0.11 lakhs (Previous year : ₹ Nil) to Office Equipment. It is included in other adjustments.

**(Previous Year: General Reserve : As per Schedule II of the Companies Act, 2013 the carrying value of those assets whose useful life had completed prior to April 1, 2014 is ₹ 573.32 lakhs (Net of Deferred Tax Asset of ₹ 295.22 lakhs) is adjusted in the General Reserve).

Details of impairment losses :

Dairy (₹ in lakhs)

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Balance as at the beginning of the year	**52.48**	36.90	5.87	5.53	0.42
# Impairment loss during the year	**51.56**	15.58	32.49	0.34	5.11
Reversal of accumulated impairment loss	**-**	-	1.46	-	-
Balance as at the end of the year	**104.04**	52.48	36.90	5.87	5.53

Note 13 : Investments

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
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	**56.44**	56.72	**-**	-
Less: Diminuition in value of investments	**-**	-	**-**	-
Cost of investment in Associate	**56.44**	56.72	**-**	-
Less: Share of Loss	**0.09**	0.28	**-**	-
Total -i (b)	**56.35**	56.44	**-**	-
II. Investment in Government securities	**2.37**	2.67	**1.65**	1.10
III. Other non-current investments	**20.00**	20.00	**-**	-
Total (B)	**78.72**	79.11	**1.65**	1.10
Total (A+B)	**79.85**	80.24	**1.65**	1.10

(₹ in lakhs)

Particulars	Book Value		Market value	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Aggregate of quoted investments	**1.13**	1.13	**2.75**	3.13
Aggregate of un-quoted investments	**80.37**	80.21		
Total	**81.49**	81.34		

(₹ in lakhs)

Name of the Body Corporate	Quoted / Unquoted	**As at March 31, 2016**	As at March 31, 2015
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

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
B. Details of Other Investments (Non-Traded):				
Ib. 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			**1.58**	1.30
			56.44	56.72
Less : Share of current loss			**0.09**	0.28
Carrying Value			**56.35**	56.44
* 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				
II. Investment in Government securities				
National Savings Certificates		Unquoted	**4.02**	3.77
Total			**4.02**	3.77
III. Other investments in :				
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
Total Other investments (Non-traded)			**80.37**	80.21

Note: 14 Loans and Advances

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
a) Capital Advances				
Unsecured , considered good	**44.40**	79.57		
Doubtful	**10.23**	-		
	54.63	79.57		
Less: Provision for doubtful advances	**10.23**	-		
Total	**44.40**	79.57		
b) Security Deposits				
Unsecured , considered good	**2194.16**	1856.22	**309.68**	373.47
Doubtful	**-**	-	**81.89**	43.54
	2194.16	1856.22	**391.57**	417.00
Less: Provision for doubtful security deposit	**-**	-	**81.89**	43.54
Total	**2194.16**	1856.22	**309.68**	373.47
c) Advances recoverable in cash or kind				
Unsecured , considered good	**-**	-	**341.47**	338.09
Doubtful	**-**	-	**17.05**	31.41
	-	-	**358.52**	369.50
Less: Provision for doubtful advances	**-**	-	**17.05**	31.41
Total	**-**	-	**341.47**	338.09

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
d) Advances to related parties	-	-	-	-
e) Other loans and advances				
Unsecured , considered good				
Loans and advances to employees	**5.90**	22.32	**26.94**	61.57
Balances with Statutory / Government Authorities	**127.06**	127.06	**2.79**	2.66
Advances to subsidiaries	-	-	-	-
Total	**132.96**	149.38	**29.73**	64.23
Total (a+b+c+d+e)	**2371.52**	2085.17	**680.88**	775.79

Loans and advances due by directors or other officers etc.

(₹ in lakhs)

Particulars	Non - Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Loans and advances due by directors	-	-	-	-
Loans and advances to employees include dues from Other officers of the Company	**4.69**	16.47	**11.77**	20.92

Note: 15 Other non-current assets

(₹ in lakhs)

Particulars	Non - Current	
	As at March 31, 2016	As at March 31, 2015
Others :		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Ref Note 19)	**50.82**	55.11
Interest accrued on margin money and other deposits (Ref Note 19)	**12.26**	11.47
Prepaid expenses	**5.29**	6.71
Total	**68.37**	73.29

Note: 16 Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good unless stated otherwise		
Prepaid expenses	**214.47**	151.71
Interest accrued on margin money and other deposits	**5.67**	4.91
Total	**220.14**	156.62

Note 17 : Inventories

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
(Valued at lower of cost or net realisable value except Packing Material & stores and spares)		
Raw Materials [(Includes in-transit of ₹ Nil) (Previous year :₹ 155.54 lakhs)]	**124.94**	2339.16
Work-in-Progress	**42.77**	24.51
Finished Goods	**8706.02**	6330.19
Stock-in-Trade	**4742.28**	4327.93
Packing Material (Valued at cost) (Includes in-transit of ₹ 51.24 lakhs) (Previous year: Nil)	**672.05**	731.47
Stores and spares (valued at cost) (Includes in-transit of ₹ 27.08 lakhs) (Previous year: Nil)	**203.05**	183.62
Total	**14491.11**	13936.88

Details of Inventory

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
A. Inventory : Raw Materials		
a) Dairy		
Milk	**3.06**	-
Skimmed milk powder	**34.43**	2220.98
Other materials	**72.29**	103.49
Total	**109.78**	2324.47
b) Bakery		
Bakery raw materials	**15.16**	14.69
Total	**15.16**	14.69
Total (a + b)	**124.94**	2339.16
B. Inventory: Work-in-Progress		
a) Dairy-in-process material	**42.52**	24.37
b) Bakery-in-process material	**0.25**	0.14
Total	**42.77**	24.51
C. Inventory: Finished Goods		
a) Dairy		
Milk	**950.94**	1024.09
Value Added Products	**571.53**	479.55
Fat Products	**1280.36**	2575.92
Skimmed milk powder	**5876.98**	2166.36
Total	**8679.81**	6245.92
b) Agri		
Fruits and vegetables	**22.71**	81.17
Total	**22.71**	81.17
c) Bakery		
Bakery products	**3.20**	3.10
Total	**3.20**	3.10
d) Renewable Energy	**0.30**	0.00
Total (a +b+c+d)	**8706.02**	6330.19

Particulars		As at March 31, 2016	As at March 31, 2015
D.	**Inventory: Stock-in-Trade**		
	a) Dairy		
	Tradable goods	**51.36**	74.51
	Total	**51.36**	74.51
	b) Retail		
	FMCG - Food	**2424.57**	1995.78
	FMCG - Non-food	**2201.84**	2214.23
	Fruits and vegetables	**61.56**	38.04
	Total	**4687.97**	4248.05
	c) Agri		
	Fruits	**-**	-
	Others	**2.95**	5.37
	Total	**2.95**	5.37
	d) Bakery		
	FMCG - Food	**-**	-
	Total	**-**	-
	Total (a + b + c + d)	**4742.28**	4327.93

Note: 18 Trade Receivables

(₹ in lakhs)

Particulars		Current	
		As at March 31, 2016	As at March 31, 2015
A.	**Trade receivables outstanding for a period exceeding six months**		
	from the date they are due for payment		
	a) Unsecured, considered good	**218.63**	50.40
	b) Unsecured, considered doubtful	**90.84**	70.96
	Total (a+b)	**309.47**	121.36
	Less : Provision for bad and doubtful receivables	**90.84**	70.96
	Total - A	**218.63**	50.40
B.	**Other trade receivables**		
	a) Unsecured, considered good	**2659.97**	2373.18
	b) Unsecured, considered doubtful	**8.83**	0.39
	Total (a+b)	**2668.80**	2373.57
	Less : Provision for bad and doubtful receivables	**8.83**	0.39
	Total - B	**2659.97**	2373.18
	Grand total (A+B)	**2878.60**	2423.58

Note: 19 Cash and Bank Balances

(₹ in lakhs)

Particulars	Non - Current As at March 31, 2016	As at March 31, 2015	Current As at March 31, 2016	As at March 31, 2015
i) Cash and Cash Equivalents :				
a) Balances with banks:				
On current accounts			**4184.38**	3696.81
Deposits with original maturity of less than three months			**-**	-
b) Cheques, drafts on hand			**-**	31.95
c) Cash on hand			**265.58**	275.17
Total Cash and Cash Equivalents			**4449.96**	4003.93
ii) Other Bank balances :				
a) Earmarked balance with bank:				
- Unpaid dividend	**-**	-	**64.44**	52.80
- Other deposits	**16.09**	12.60	**1.77**	-
b) Margin money deposit	**46.99**	53.98	**16.31**	21.36
c) Deposits with original maturity for more than 12 months	**-**	-	**-**	-
Total Other Bank balances	**63.08**	66.58	**82.52**	74.16
Total Cash and Bank Balances	**63.08**	66.58	**4532.48**	4078.09

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, 2016	Year Ended March 31, 2015
Revenue from operations :		
A) Sale of Products		
i) Finished goods		
Domestic Sales	**172053.78**	151786.34
Export Sales	**544.46**	356.57
Total (i)	**172598.24**	152142.91
ii) Traded goods		
Domestic Sales	**59092.99**	50589.64
Export Sales	**918.50**	88.23
Total (ii)	**60011.49**	50677.87
Total		
Domestic Sales	**231146.77**	202375.98
Export Sales	**1462.96**	444.80
Total - A (i+ii)	**232609.73**	202820.78
B) Sale of services		
Job work	**389.39**	633.31

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
C) Other operating revenues		
Scrap Sales	**75.29**	97.03
Others :		
i) Display & Visibility Income	**327.51**	314.57
ii) Promotional Income	**4462.72**	3322.87
iii) Concessionary income	**237.99**	203.93
iv) REC Credits	**59.50**	10.12
Total -c	**5163.01**	3948.52
Revenue from operations (gross) (A+B+C)	**238162.13**	207402.61
Less: Excise duty	**103.80**	105.96
Revenue from operations (net)	**238058.33**	207296.65
A) Details of products sold		
i) Finished goods sold		
a) Dairy		
Milk	**108961.64**	107672.56
Value Added Produts	**37183.70**	30670.00
Fat Products	**23544.85**	11602.63
Skimmed milk powder	**660.27**	76.41
Total	**170350.46**	150021.60
b) Agri		
Fruits and Vegetables	**1701.85**	1797.81
c) Bakery		
Bakery products	**545.93**	323.50
Total (a+b+c)	**172598.24**	152142.91
ii) Traded goods sold		
a) Dairy		
Tradable goods	**3639.20**	2757.93
Total	**3639.20**	2757.93
b) Retail		
FMCG - Food	**33144.37**	27558.37
FMCG - Non-Food	**12487.75**	11209.53
Fruits and Vegetables	**7334.71**	6584.88
Total	**52966.83**	45352.78
c) Agri		
Fruits and Vegetables	**-**	-
Other Tradable goods	**3336.33**	2507.43
Total	**3336.33**	2507.43
d) Bakery		
Tradable goods	**69.13**	59.74
	69.13	59.74
Total (a+b+c+d)	**60011.49**	50677.87
B) Details of sale of services		
a) Dairy	**349.81**	607.38
b) Agri	**39.58**	25.93
Total (a+b)	**389.39**	633.31

	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
C)	**Details of other operating revenues**		
	a) Dairy	**27.13**	60.58
	b) Retail	**5074.69**	3875.96
	c) Agri	**0.74**	0.82
	d) Bakery	**0.95**	1.04
	e) Renewable Energy	**59.50**	10.12
	Total (a+b+c+d+e)	**5163.01**	3948.52

Note: 21 Other Income

(₹ in lakhs)

	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
a)	Interest Income on :		
	Bank and other deposits	**29.62**	29.12
	Others	**31.39**	8.29
b)	Dividend Income on :		
	Long-term investments	**3.06**	0.04
c)	Subsidy transferred from Deferred Govt.grants	**7.38**	8.23
d)	Lease rental income	**161.13**	154.11
e)	Provisions no longer required/Credit Balances written back	**214.42**	374.72
f)	Incentives (Includes Export Incentives)	**67.65**	-
g)	Profit on Sale of Assets (Net)	**23.69**	57.67
h)	Other non-operating income	**116.62**	85.65
	Total	**654.96**	717.83

Note : 22 Cost of materials consumed

(₹ in lakhs)

	Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
a)	**Raw material :**		
	Inventory at the beginning of the year	**2339.16**	4287.74
	Add: Purchases	**133384.40**	123823.30
		135723.56	128111.04
	Less: Inventory at the end of the year	**124.93**	2339.16
	Raw Material consumed (a)	**135598.63**	125771.88
b)	**Packing material :**		
	Inventory at the beginning of the year	**731.47**	790.69
	Add: Purchases	**5720.74**	5562.42
		6452.21	6353.10
	Less: Inventory at the end of the year	**672.05**	731.47
	Packing Material Consumed (b)	**5780.16**	5621.63
	Cost of materials consumed (a+b)	**141378.79**	131393.51
	Details of Raw materials consumed		
	a) Dairy		
	Raw Milk	**127539.95**	111783.37
	Skimmed Milk Powder	**3493.50**	8906.87
	Other Raw materials	**1135.80**	1696.47
	Total	**132169.25**	122386.71

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
b) Agri		
Fruits and Vegetables	**3170.69**	3201.70
Total	**3170.69**	3201.70
c) Bakery		
Bakery raw materials	**258.69**	183.47
Total	**258.69**	183.47
Total (a + b + c)	**135598.63**	125771.88

Note : 23 Purchase of Stock-in-Trade

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
FMCG - Food	**28,194.95**	21,902.47
FMCG - Non-Food	**10,877.84**	10,231.32
Fruits and Vegetables	**3,736.67**	4,975.30
Others	**6487.20**	5075.08
Total	**49296.66**	42184.17
Details of purchase of Stock-in-Trade		
a) Dairy		
Tradable Goods	**1017.00**	617.93
Total	**1017.00**	617.93
b) Retail		
FMCG - Food	**28194.95**	21902.47
FMCG - Non-Food	**10877.84**	10231.32
Fruits and Vegetables	**3736.67**	4975.30
Other Tradable goods	**-**	-
Total	**42809.46**	37109.09
c) Agri		
Fruits and Vegetables	**-**	-
Other Tradable goods	**5376.14**	4381.03
Total	**5376.14**	4381.03
d) Bakery		
Tradable Goods	**94.06**	76.12
Total		
Total (a + b + c+d)	**49296.66**	42184.17

Note : 24 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ in lakhs)

Particulars	Period Ended March 31, 2016	Period Ended March 31, 2015
A) Inventory at the end of the year :		
Work-in-progress	**42.77**	24.51
Finished goods	**8706.02**	6330.18
Stock-in-Trade	**4742.29**	4327.93
Total - A	**13491.08**	10682.62
B) Inventory at the beginning of the year :		
Work-in-progress	**24.51**	65.59
Finished goods	**6330.18**	2600.76
Stock-in-Trade	**4327.93**	2937.02
Total - B	**10682.62**	5603.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade (B-A)	**(2808.46)**	(5079.25)

Note : 25 Employee benefit expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Salaries, wages, bonus and allowances (Refer Note 32)	**12803.25**	10081.81
Contribution to Provident and other funds	**610.43**	542.80
Contribution to gratuity fund (Refer Note 32)	**155.79**	134.17
Staff Welfare Expenses	**429.64**	313.64
Total	**13999.11**	11072.42

Note: 26 Finance costs

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Interest Expense	**1460.35**	1495.05
Other borrowing cost	**47.69**	82.46
Applicable loss on foreign currency transaction and translation	**-**	-
Interest on income tax	**37.85**	15.50
Total	**1545.89**	1593.01

Note: 27 Depreciaiton and amortization expense

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Depreciation on tangible assets	**3354.37**	3279.19
Amortization of Intangible assets	**96.84**	119.84
Total	**3451.21**	3399.03

Note: 28 Other expenses

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Consumption of Stores ,spares and consumables	**1365.68**	1124.15
Rent (Refer Note 35)	**3162.88**	2764.27
Bank Charges	**156.85**	165.23
Insurance	**96.33**	92.30
Travelling and conveyance	**433.57**	383.51
Communication cost	**268.87**	234.73
Safety and Security	**720.10**	539.38
Printing and Stationery	**142.63**	117.94
Office Maintenance	**74.92**	59.13
House Keeping Expenses	**189.60**	152.78
Books and periodicals	**0.87**	0.92
Electricity Charges	**1158.11**	871.39
Rates and taxes	**277.66**	205.41
Repairs and maintenance		
Buildings	**69.82**	63.12
Machinery	**214.48**	174.81
Others	**514.11**	508.77
Wheeling Charges	**51.46**	66.89
Operation & Maintenance Charges	**22.46**	21.20
Legal and Professional Charges	**571.63**	502.70
Payment to Auditors :		

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
As Auditor:		
Audit Fee	**16.21**	15.90
Tax Audit fee	**8.02**	7.87
Limited Review	**3.43**	3.37
Corporate Governance	**1.15**	1.12
In other capacity :		
Taxation matters	**9.06**	3.89
Certification fee	**3.21**	4.28
Reimbursement of expenses	**5.09**	2.95
Advertisement expenses	**487.95**	264.55
Selling and Distribution expenses	**1699.54**	1248.68
Warehouse and logistics	**293.06**	280.84
Freight outwards	**7562.15**	6522.58
Directors' sitting fees	**13.89**	11.87
Provision for bad and doubtful advances	**47.11**	17.09
Bad Debts written off	**42.82**	9.81
Bad and doubtful advances written off	**13.13**	12.77
Provision for doubtful debts	**78.63**	61.52
Impairment loss on fixed assets	**51.56**	15.58
Recruitment and Training expenses	**60.11**	27.52
Contribution to Heritage Farmers Welfare Trust	**160.16**	103.04
Exchange differences (net)	**3.75**	1.17
Prior Period items *	**(11.58)**	1.33
Corporate Social Responsibility expenditure (Ref Note.45)	**99.16**	69.63
Miscellaneous expenses	**32.42**	20.52
Total	**20172.06**	16756.51
*Prior period items:		
Debits relating to earlier years	**6.51**	1.33
Credits relating to earlier years	**18.09**	-
Total	**(11.58)**	1.33

Note : 29 Exceptional item :

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Exceptional items related to additional provision for bonus for the year 2014-15 as per the Payment of Bonus (Amendment Act),2015. (Previous year : Nil)	**136.95**	-

Note: 30 Contingent liabilities and commitments (to the extent not provided for)

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
A. Contingent Liabilities		
i. Claims against the company not aknowledged as debt :		
a) Tax matters in appeal :		
Income Tax	**332.32**	475.68
Sales Tax	**166.38**	166.38
The Andhra Pradesh VAT Act *	**128.86**	201.89
Excise duty	**13.26**	-
b) Others	**16.20**	16.20
ii. Guarantees	**230.24**	373.99
iii. Other money for which the company is contingently liable :		
a) 'C' forms under collection		
(Against all the above ₹ 138.77 lakhs (Previous year : 171.21 lakhs)was paid under protest)	**694.63**	379.30
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)	**84.72**	780.82
ii. Other commitments :		
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	**3725.44**	4280.49

Note: 31 Investor Education and Protection Fund

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Unclaimed Dividend		
Opening Balance	**52.80**	42.07
Less Claims during the year	**1.10**	0.64
Less: Transfer to IEPF	**5.30**	7.01
Add: Current year's unclaimed dividend	**18.04**	18.37
Closing Balance (Refer Note 10)	**64.44**	52.80
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, 2016	Year Ended March 31, 2015
Employers Contribution to Provident Fund	**494.19**	438.56

Defined Benefit Plan :

Gratuity (Funded) : As per Acturial Report dated 19.04.2016

(₹ in lakhs)

	Particulars	As at 31-Mar-2016	As at 31-Mar-2015
1.	**Assumption**		
	Discount Rate	**7.90%**	7.80%
	Salary Escalation	**5.00%**	5.00%
	Rate of Return on Plan Assets	**9.00%**	9.00%
	Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs
2.	**Table showing change in present value of obligations**		
	Present value of obligations as at beginning of year	**540.33**	405.76
	Acquisition adjustments	**-**	-
	Interest cost	**42.15**	36.52
	Current Service Cost	**107.00**	95.56
	Curtailment Cost / (Credit)	**-**	-
	Settlement Cost / (Credit)	**-**	-
	Benefit Paid	**(87.59)**	(40.86)
	Acturial (gain)/ loss on obligations	**12.34**	43.35
	Present value of obligations as at end of year	**614.22**	540.33
3.	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	**550.80**	486.84
	Opening balance adjustment	**2.00**	(12.63)
	Acquisition adjustments	**-**	-
	Expected return on plan assets	**3.70**	41.26
	Contributions	**125.80**	76.18
	Benefits paid	**(87.59)**	(40.86)
	Acturial gain / (loss) on plan assets	**-**	-
	Fair value of plan assets at end of year	**594.70**	550.80
4.	**Table showing fair value of plan assets**		
	Fair value of plan assets at beginning of year	**550.80**	486.84
	Opening balance adjustment	**2.00**	(12.63)
	Acquisition adjustments	**-**	-
	Actual return on plan assets	**3.70**	41.26
	Contributions	**125.80**	76.18
	Benefits paid	**(87.59)**	(40.86)
	Fair value of plan assets at the end of year	**594.70**	550.80
	Funded Status	**(19.52)**	10.47
	Excess of Actual over estimated return on plan assets	**-**	-
5.	**Acturial Gain / Loss recognised**		
	Acturial (gain)/ loss on obligations	**(12.34)**	(43.35)
	Acturial (gain)/ loss for the year -plan assets	**-**	-
	Total (gain) / loss for the year	**12.34**	43.35
	Acturial (gain)/ loss recognised in the year	**12.34**	43.35

	Particulars	As at 31-Mar-2016	As at 31-Mar-2015
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	**614.22**	540.33
	Fair value of plan assets as at the end of the year	**594.70**	550.80
	Funded Status	**(19.52)**	10.47
	Net asset/ (liability) recognised in balance sheet	**(19.52)**	10.47
7.	**Expenses Recognised in the statement of profit and loss**		
	Current Service Cost	**107.00**	95.56
	Opening balance adjustment	**(2.00)**	-
	Past Service Cost	**-**	-
	Interest cost	**42.15**	36.52
	Expected return on plan assets	**(3.70)**	(41.26)
	Curtailment Cost / (Credit)	**-**	-
	Settlement Cost / (Credit)	**-**	-
	Net Acturial (gain) / loss recognised in the year	**12.34**	43.35
	Expenses recognised in statement of profit and loss (Refer Note 25)	**155.79**	134.17

Amounts for the current and previous four financial years (for Gratuity)

Particulars	As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012
Present value of defined benefit obligations	**614.22**	540.33	405.76	369.92	271.00
Fair value of plan assets	**594.70**	550.80	486.84	382.06	280.21
Deficit /(Surplus) in the plan assets	**19.52**	(10.47)	(81.08)	(12.14)	(9.21)

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 :

Earned Leave & Sick Leave(Unfunded): As per Acturial Report dated 26.04.2016

(₹ in lakhs)

	Particulars	Earned Leave		Sick Leave	
		As at 31-Mar-2016	As at 31-Mar-2015	As at 31-Mar-2016	As at 31-Mar-2015
1	**Assumptions**				
	Discount Rate	**7.90%**	7.80%	**7.90%**	7.80%
	Rate of increase in Compensation levels	**5% p.a.**	5% p.a.	**5% p.a.**	5% p.a.
	Rate of Return on Plan Assets	**-**	-	**-**	-
	Expected Average remaining working lives of employees (years)	**29 yrs**	29 yrs	**24 Yrs**	25 Yrs
2.	**Reconciliation of Defined benefit obligation**				
	Present Value of Obligation as at the beginning of the year	**614.89**	472.47	**111.26**	94.42
	Acquisition adjustment	**-**	-	**-**	-
	Interest Cost	**47.96**	42.52	**8.68**	8.50
	Past Service Cost	**-**	-	**-**	-
	Current Service Cost	**309.40**	142.42	**75.93**	16.84
	Curtailment Cost / (Credit)	**-**	-	**-**	-
	Settlement Cost / (Credit)	**-**	-	**-**	-
	Benefits paid	**(189.30)**	(124.67)	**(22.56)**	(19.49)
	Actuarial (gain)/ loss on obligations	**141.34**	82.14	**13.88**	10.99
	Present Value of Obligation as at the end of the year	**924.29**	614.89	**187.19**	111.26

Particulars	Earned Leave		Sick Leave	
	As at 31-Mar-2016	As at 31-Mar-2015	**As at 31-Mar-2016**	As at 31-Mar-2015
3. Acturial Gain / Loss Recognised				
Actuarial (gain)/loss for the year – Obligation	**(141.34)**	(82.14)	**(13.88)**	(10.99)
Actuarial gain/(loss) for the year - Plan Assets	**-**	-	**-**	-
Total (gain) / loss for the year	**141.34**	82.14	**13.88**	10.99
Actuarial (gain) / loss recognized in the year	**141.34**	82.14	**13.88**	10.99
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	**924.29**	614.89	**187.19**	111.26
Value of Plan Provisions as at the end of the year	**-**	-	**-**	-
Funded Status	**(924.29)**	(614.89)	**(187.19)**	(111.26)
Unrecognized Actuarial (gains) / losses	**-**	-	**-**	-
Net Asset / (Liability) Recognized in Balance Sheet	**(924.29)**	(614.89)	**(187.19)**	(111.26)
5. Expenses Recognized in the statement of Profit & Loss				
Current Service Cost	**309.40**	142.42	**75.93**	16.84
Past Service Cost	**-**	-	**-**	-
Interest Cost	**47.96**	42.52	**8.68**	8.50
Expected Return on Plan Assets	**-**	-	**-**	-
Curtailment Cost / (Credit)	**-**	-	**-**	-
Settlement Cost / (Credit)	**-**	-	**-**	-
Net actuarial (gain)/ loss recognized in the year	**141.34**	82.14	**13.88**	10.99
Expenses Recognized in the statement of Profit & Loss (Refer Note 25 - included in Salaries, wages ,bonus and allowances)	**498.70**	267.08	**98.49**	36.33

Amounts for the current and previous four financial years (for Earned Leave)

Particulars	**As at 31-Mar-2016**	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012
Present value of defined benefit obligations	**924.29**	614.89	472.47	429.55	381.06
Deficit in the plan assets	**(924.29)**	(614.89)	(472.47)	(429.55)	(381.06)

Amounts for the current and previous four financial years (for Sick Leave)

Particulars	**As at 31-Mar-2016**	As at 31-Mar-2015	As at 31-Mar-2014	As at 31-Mar-2013	As at 31-Mar-2012
Present value of defined benefit obligations	**187.19**	111.26	94.42	84.43	62.44
Deficit in the plan assets	**(187.19)**	(111.26)	(94.42)	(84.43)	(62.44)

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, 2016

As per the Accounting Standard (AS- 17), the Company has identified Dairy, Retail, Agri, Bakery and Renewable Energy 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 Vegtables, Tradable goods and job works. 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	As at March 31, 2016			As at March 31, 2015		
	External Revenue	**Inter-segment Revenue**	**Total**	External Revenue	Inter-segment Revenue	Total
1. Segment Revenue						
i. Heritage Foods Ltd:						
a. Dairy	**174276.95**	**2603.18**	**176880.13**	153354.44	2231.27	155585.71
b. Retail	**58041.54**	**244.95**	**58286.49**	49228.74	168.26	49397.00
c. Agri	**5078.50**	**4489.22**	**9567.72**	4331.99	4068.17	8400.16
d. Bakery	**601.84**	**210.19**	**812.03**	371.37	217.56	588.92
e. Renewable Energy	**59.50**	**244.80**	**304.30**	10.12	246.92	257.04
ii. Heritage Foods Retail Limited	**-**	**-**	**-**	-	-	-
iii. Heritage Conrpo Limited	**-**	**-**	**-**	-	-	-
Total Segment Revenue	**238058.33**	**7792.34**	**245850.67**	207296.65	6932.18	214228.83
Inter-segment-eliminations		**7792.34**	**7792.34**		6932.18	6932.18
Net Sales / Income from Operations		**-**	**238058.33**		-	207296.65
2. Segment Results						
Profit / (Loss) before finance costs and tax						
i. Heritage Foods Limited						
a. Dairy			**11532.19**			6717.47
b. Retail			**(1380.99)**			(1107.36)
c. Agri			**(135.78)**			(125.47)
d. Bakery			**(61.52)**			(84.46)
e. Renewable Energy			**126.17**			70.53
ii. Heritage Foods Retail Limited			**(0.24)**			(0.76)
iii. Heritage Conrpo Limited			**(0.17)**			(0.63)
Total Segment Results			**10079.66**			5469.32
Less: i. Finance costs			**1545.89**			1593.01
Add: Interest income			**61.01**			37.41
Add/ (Less): Net Unallocable Income / (Expenditure)			**3.06**			15.21
Profit / (Loss) before Extra-ordinary items and Tax			**8597.84**			3928.92
Less: Extra-ordinary items			**-**			-
Profit / (Loss) before Tax			**8597.84**			3928.92
Less:						
a. Current tax			**3086.50**			1169.36
b. Prior peiod tax			**(18.06)**			(0.45)
c. Deferred tax			**(13.34)**			(76.02)
Net Profit / (Loss)			**5542.74**			2836.03

Particulars	As at March 31, 2016 External Revenue	As at March 31, 2016 Inter-segment Revenue	As at March 31, 2016 Total	As at March 31, 2015 External Revenue	As at March 31, 2015 Inter-segment Revenue	As at March 31, 2015 Total
3. Total Capital Employed						
(Segment Assets - Segment Liabilities)						
i. Heritage Foods Limited						
a. Dairy			**19573.68**			18687.40
b. Retail			**8632.26**			8877.41
c. Agri			**3211.28**			3135.91
d. Bakery			**1064.32**			1075.13
e. Renewable Energy			**2609.15**			1588.95
ii. Heritage Foods Retail Limited			**(0.47)**			(0.52)
iii. Heritage Conrpo Limited			**(0.40)**			(0.41)
Total Segment Capital Employed			**35089.82**			33363.88
Add: Unallocated Assets			**1321.59**			1272.23
Less: Unallocated Liabilities			**1623.39**			1049.83
Total Capital Employed			**34788.02**			33586.29
4. Capital Expenditure incurred during the year						
i. Heritage Foods Limited						
a. Dairy			**3869.29**			3865.69
b. Retail			**1337.02**			1588.94
c. Agri			**38.55**			36.35
d. Bakery			**100.31**			8.29
e. Renewable Energy			**1402.39**			-
ii. Heritage Foods Retail Limited			**-**			-
iii. Heritage Conrpo Limited			**-**			-
Total Segment Capital Expenditure			**6747.56**			5499.27
Add: Unallocated Capital Expenditure			**49.36**			22.69
Total Capital Expenditure			**6796.92**			5521.96
5. Depreciation and Amortisation for the year						
Segment Depreciation						
i. Heritage Foods Limited						
a. Dairy			**2021.84**			1987.76
b. Retail			**922.91**			888.50
c. Agri			**229.00**			228.19
d. Bakery			**80.90**			82.08
e. Renewable Energy			**81.92**			81.05
ii. Heritage Foods Retail Limited			**-**			-
iii. Heritage Conpro Limited			**-**			-
Total Segment Depreciation and Amortisation						3267.59
Add: Unallocated Depreciation			**114.64**			131.44
Total Depreciation and Amortisation			**3451.21**			3399.03
6. Significant Non Cash Expenditure (excluding depreciation, amortisation and impairment)			**830.43**			398.82

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) K Durga Prasada Rao
Whole-time Director
d) A Prabhakara Naidu
Chief Financial Officer
e) 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
c) Sunkara Vasavi
B) where no transactions have taken place
a) Nirvana Holdings Private Limited

Name of the related party ==>	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
Particulars														
Description of the Relationship between the parties	Key Management Personnel (Vice Chairperson & Managing Director)	Key Manage-ment Personnel (Executive Director)	Relative of Key Manage-ment Personnel (Non-Executive Director)	Key Manage-ment Personnel (Whole-time Director) (part of the year)	Key Manage-ment Personnel of Heritage Foods Ltd are Directors of Heritage Finlease Ltd	Subsi-diary	Subsidiary	Associate	Key Manage-ment Personnel (CFO)	Key Manage-ment Personnel (CS)	Key Manage-ment 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	Relative of Key Manage-ment Personnel of Heritage Foods Ltd
Description of the nature of transactions	a) Managerial Services b) Rental agreement	Managerial Services	Sitting Fee	Mana-gerial Services	a) Invest-ment b) Cattle loans given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted sub-sequently to Heritage Finlease Ltd	Inves-tment	Investment	Inves-tment	Service	Service	CSR Activity	Contributions made by the Company	Contributions made by the Company	Lease Rentals

Name of the related party ==>	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
Volume of the transactions either as an amount or as appropriate proportion	a) Managerial Remune-ration of ₹ 102.00 lakhs (Previous year: ₹ 120 lakhs) b) PF contribution of ₹ 7.34 lakhs (Previous year:₹ 8.64 lakhs) c) Perks ₹ 10.54 lakhs (Previous year: ₹ 10.68 lakhs) d) Leave Encashment of ₹ Nil (Previous year: ₹ Nil) e) Commission: ₹ 365.59 lakhs (Previous year : ₹ 88.77 lakhs) f) Office rent of ₹ 52.60 lakhs paid by Com-pany (Previous year: ₹ 49.40 lakhs)	a) Managerial Remu-neration of ₹ 57.83 lakhs (Previous year:₹ 60 lakhs) b) PF contribution of ₹ 4.16 lakhs (Previous year:4.32 lakhs) c) Perks : 5 lakhs (Previous Year: 6.95 lakhs) d) Commission: ₹ 319.68 lakhs (Previous year: 108.61 lakhs)	Sitting Fee of ₹ 1.90 lakhs (Previous year: ₹ 1.50 lakhs)	a) Manage-rial Remune-ration of ₹ 21 lakhs (Previous year:₹ 24 lakhs) b) PF contribution of ₹ 1.51 lakhs (Previous year: 1.73 lakhs) c) Perks : 6.75lakhs (Previous year: ₹ Nil)	a) Share Capital ₹ 20 lakhs (Previous year:₹ 20 lakhs) b) Dividend Received ₹ 3.0 lakhs (Previous year:₹ Nil) c) Cattle loans of ₹ 6606 lakhs (Previous year: ₹ 5769.47 lakhs) given by Heritage Finlease Limited to the milk producers are recovered by the Company and remitted subs-equently to Heritage Finlease Ltd	a) Share Capital ₹ 16.50 lakhs (Previous year: ₹ 16.50 lakhs)	a) Share Capital ₹ 7.60 lakhs (Previous year: ₹ 7.60 lakhs)	a) Share Capital ₹ 65 lakhs (Previous year: ₹ 65 lakhs)	a) Salary :39.05 lakhs (Previsou Year :₹ 34.85 lakhs) b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs) c) PF Contribution of ₹ 2.11 lakhs (Previous Year: ₹ 1.89 lakhs)	a) Salary :19.32 lakhs (Previous year : ₹ 17.24 lakhs) b) Perks: ₹ 0.15 lakhs (Previous year : ₹ 0.15 lakhs) c) PF Contri-bution of ₹ 1.05 lakhs (Previous Year: ₹ 0.94 lakhs)	Contributions by the Company during the year: ₹ 99.16 lakhs (Previous year: 69.63 lakhs)	Contributions by the Company during the year: ₹ 160.16 lakhs (Previous year: 103.04 lakhs)	Contributions by the Company during the year: ₹ 69.09 lakhs (Previous year: 48.69 lakhs)	Rent ₹ 3.14 lakhs (Previous Year: ₹ 2.88 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		Managerial Remune-ration was approved by Shareholders	NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL	NIL	NIL

Name of the related party ==>	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
Guarantees and collaterals		1.Given personal guarantee for the overdraft facility of ₹ 100 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by exclusive mortgage of property belonging to Executive Director. The loan was repaid during the year, guarantee was discharged and security was released. (Previous year : The above securities was given for ₹ 100 lakhs).												

Name of the related party ==>	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
		2.Given personal guarantee for the short term loan facility of ₹ 1500 lakhs availed by the Company from Kotak Mahindra Bank and the loan is also secured by extension of mortgage of property belonging to Executive Director. The loan was repaid during the year, guarantee was discharged and security was released. (Previous year : The above securities was given for ₹ 1500 lakhs).												

Name of the related party ==>	N Bhuvaneswari	N Brahmani	N Lokesh	K Durga Prasada Rao	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	Sunkara Vasavi
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	₹ 347.79 lakhs (Previous year: ₹ 76.62 lakhs)	₹ 321.23 lakhs (Previous year : ₹ 111.83 lakhs)	NIL	₹ Nil (Previous year :₹ 1.88 lakhs)	₹ 201.82 lakhs is out-standing to Heritage Finlease Ltd., towards cattle loans amount recovered from the milk producers and the same has been remitted subs-equently (Previous year: ₹ 199.93 lakhs)	NIL	NIL	NIL	Nil (Previous year: ₹ 2.07 lakhs)	Nil (Previous year: ₹ 1.21 lakhs)	Nil	Contribution amount outstanding: ₹ 20.87 lakhs the same has been remitted subsequently (Previous year : ₹ 15.94 lakhs)	Contribution amount outstanding: ₹ 19.81 lakhs the same has been remitted subsequently (Previous year : ₹ 8.82 lakhs)	₹ 0.30 lakhs (Previous Year: ₹ 0.30 lakhs)
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 35 Lease

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
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**	44.65
ii) for a period later than one year and not later than five years	**-**	23.23
iii) for a period later than five years	**-**	-
Total operating lease expenses debited to statement of profit and loss is ₹ 3162.88 lakhs (Previous year : ₹ 2764.27 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, 2016 and as at March 31, 2015 are as follows.

(₹ in lakhs)

Particualrs	Total Minimum Lease Payments Outstanding		Future Interest on outstanding Lease payments		Present Value of minimum lease payments	
	as at March 31, 2016	as at March 31, 2015	**as at March 31, 2016**	as at March 31, 2015	**as at March 31, 2016**	as at March 31, 2015
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**	-	**19.26**	-	**115.28**	-
iii) Later than five years	**-**	-	**-**	-	**-**	-
Total	**179.39**		**32.50**	-	**146.89**	-

Note: 36 Earning per share (EPS)

(₹ in lakhs)

		Year Ended March 31, 2016	Year Ended March 31, 2015
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	**8597.84**	3928.92
c)	Net Profit / (Loss) after tax before extraordinary items	**5542.69**	2836.03
d)	Net Profit / (Loss) after tax and extraordinary items	**5542.69**	2835.92
e)	Basic and diluted Earnings per share (Before Extraodrdinary items) of ₹ 10 each (₹)	**23.89**	12.22
f)	Basic and diluted Earnings per share (After Extraodrdinary items) of ₹ 10 each (₹)	**23.89**	12.22

Note: 37 Value of Imports calculated on CIF basis in respect of :

(₹ in lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Capital Goods	**6.87**	-
Total	**6.87**	-

Note: 38 Expenditure in Foreign Currency on account of :

(₹ in lakhs)

a)	Interest	**-**	-
b)	Foreign travel	**0.81**	2.32
	Total	**0.81**	2.32

Note: 39 Earnings in Foreign Currency :

(₹ in lakhs)

Export of goods calculated on FOB basis	**1416.46**	312.20
Total	**1416.46**	312.20

* Exports to Nepal in INR during the year 2015-16 ₹ 46.50 lakhs (Prev.year ₹ 132.60 lakhs) is not included in Earnings in Foreign Currency

Note: 40 Consumption of Materials:

(₹ in lakhs)

		%	2015 - 16	%	2014 - 15
a)	Raw Materials (Refere Note 22)				
	i) Indigenous	**100.00**	**141378.79**	**100.00**	131393.51
	ii) Imported		**-**		-
b)	Stores, spares and consumables (Refer Note 28)				
	i) Indigenous	**100.00**	**1365.68**	**100.00**	1124.15
	ii) Imported		-		-

Note: 41 Remittance in Foreign Currency on account of dividends :

(₹ in lakhs)

		2015 - 16	2014 - 15
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, 2016		March 31, 2015	
	USD	INR	USD	INR
i) Forward :	**-**	**-**	-	-
ii) Option :	**-**	**-**	-	-
iii) Swap :	**-**	**-**	-	-

b) Foreign currency exposures that are not hedged by derivatives :

Particulars	March 31, 2016		March 31, 2015	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Trade receivables	**$ 1.62 lakhs**	**107.45**	$ 2.14 lakhs	133.87

43. Disclosures mandated by Schedule III of the Companies Act'2013, by way of additional inormation.

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 net assets	Amount (₹ In Lakhs)
Parent:				
Heritage Foods Limited	**100.03%**	**23999.28**	**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%	**24008.17**	**1.00**	**5542.74**
Inter-company elimination & consolidation adjustments	**(0.07%)**	**(16.34)**		**0.00**
Grand total	**100.00%**	**23991.83**		**5542.74**
Minority interest in subsidiaries		**1.57**		**(0.04)**
Share in profit /(loss) of associates				(0.09)

Name of the Entities	2014 - 15			
	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 net assets	Amount (₹ In Lakhs)
Parent:				
Heritage Foods Limited	100.04%	19301.16	99.47%	2821.02
Subsidiary:				
Heritage Foods Retail Limited	0.01%	2.71	(0.03%)	(0.76)
Heritage Conpro Limited	0.03%	6.59	(0.02%)	(0.63)
	100.08%	19310.47	99.42%	2819.63
Inter-company elimination & consolidation adjustments	(0.08%)	(16.26)	0.58%	16.41
Grand total	**100.00%**	**19294.21**	**100.00%**	**2836.04**
Minority interest in subsidiaries		1.61		(0.16)
Share in profit /(loss) of associates				(0.28)

Note: 44 Confirmation of balances for Trade Receivables / Payables, Loans and advances and others have been received from many parties. Wherever conformation of balances have not been received, they are subject to adjustment and reconciliation, if any.

Note: 45 Details of Corporate Social Responsibility (CSR) expenditure :

a) Gross amount required to be spent by the company during the year : ₹ 99.16 lakhs (Previous year : 69.63 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*	₹ 99.16 lakhs	Nil	₹ 99.16 lakhs

* Contribution made to a Registered Trust named NTR Memorial Trust of ₹ 99.16 lakhs during the Financial Year 2015-16 (Previous year : ₹ 69.63 lakhs).

Note: 46 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: 47 Previous year figures are regrouped / reclassified, wherever necessary.

Note: 48 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				As at				For the year ended						
Sl. No	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last day of the relevant financial year in the case of foreign subsidiaries	Share cpaital	Reserves & Surpluses	Total Assets	Total Liabilities	Investments	Turn over	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of share holding
1	Heritge Foods Retail Limited (Subsidiary):													
	As at /Year ended :													
	31.03.2016			**16.56**	**(14.09)**	**2.94**	**0.47**	**-**	**-**	**(0.24)**	**-**	**(0.24)**	**-**	**99.64**
	31.03.2015			16.56	(13.85)	3.23	0.52	-	-	(0.76)	-	(0.76)	-	99.64
2	Heritage Conpro Limited (Subsidiary):													
	As at /Year ended :													
	31.03.2016			**10.04**	**(3.62)**	**6.82**	**0.40**	**-**	**-**	**(0.17)**	**-**	**(0.17)**	**-**	**75.70**
	31.03.2015			10.04	(3.45)	7.00	0.41	-	-	(0.63)	-	(0.63)	-	75.70

Part "B" : Associates and Joint ventures

Statement persuant to Sec 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No	Name of the Associates/Joint Ventures	1. Latest audited Balance sheet Date	2. Shares of Associates/Joint Ventures held by the company on the year end			3. Description of how there is signigicant influence	4. Reason why the associate/ Joint venture is not consolidated.	5. Net worth attributable to share holding as per latest audited Balance sheet.	6. Proft/ (Loss) for the year	
			No.	Amount of Investment in Associates/Joint Venture (₹ In lakhs)	Extent of Holding %				i. Considered in consolidation	ii. Not considered in Consolidation
1	Skill Raigam Power (India) Limited (Associate)	**31.03.2016**	**650000**	**65.00**	**44.83**	**N.A**	**N.A**	**56.35**	**(0.09)**	**(0.11)**
		31.03.2015	650000	65.00	44.83	N.A	N.A	56.44	(0.28)	(0.35)

As per our report attached

For and on behalf of the Board

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

I Dileep Kumar
Partner
Membership No.223943

Date : May 23, 2016
Place : Hyderabad

N Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

A Prabhakara Naidu
Chief Financial Officer
M.No.FCA 200974

N Brahmani
Executive Director
DIN: 02338940

Umakanta Barik
Company Secretary
M.No.FCS 6317

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 24th Annual General Meeting of the Company to be held at National Institute for Micro, Small and Medium Enterprises, Yousufguda, and Hyderabad - 500045 on Friday, the August 19, 2016 at 10.30 a.m.

....

Signature of the Shareholder /Authorized Representative/Proxy **

* Applicable for investors holding shares in electronic form

** **Strike out whichever is not applicable**

PROXY FORM

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-30685458
E-mail: hfl@heritagefoods.in website: www.heritagefoods.in

[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 24th Annual General Meeting of the Company to be held on Friday, the August 19, 2016 at 10.30 a.m. at National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolutions	Vote (Optional see Notes) (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, 2016, 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, 2016			
2.	To declare a dividend of ₹ 3.00/- per equity share (30%) on Equity Shares of ₹ 10/- each for the Financial Year Ended on March 31, 2016			
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 ratify the appointment of auditors of the Company, and to fix their remuneration.			
Special Business:				
5.	To Appoint Mr.Rajesh Thakur Ahuja (DIN: 00371406) Director as Non Executive Independent Director for a Period upto March 22, 2021.			
6.	To approve the Service of Notice etc., as per the Section 20 of the Companies Act, 2013			

Signed this_____day of_____2016

Affix Revenue Stamp

Signature of Shareholder

Signature of Proxy holder(s)

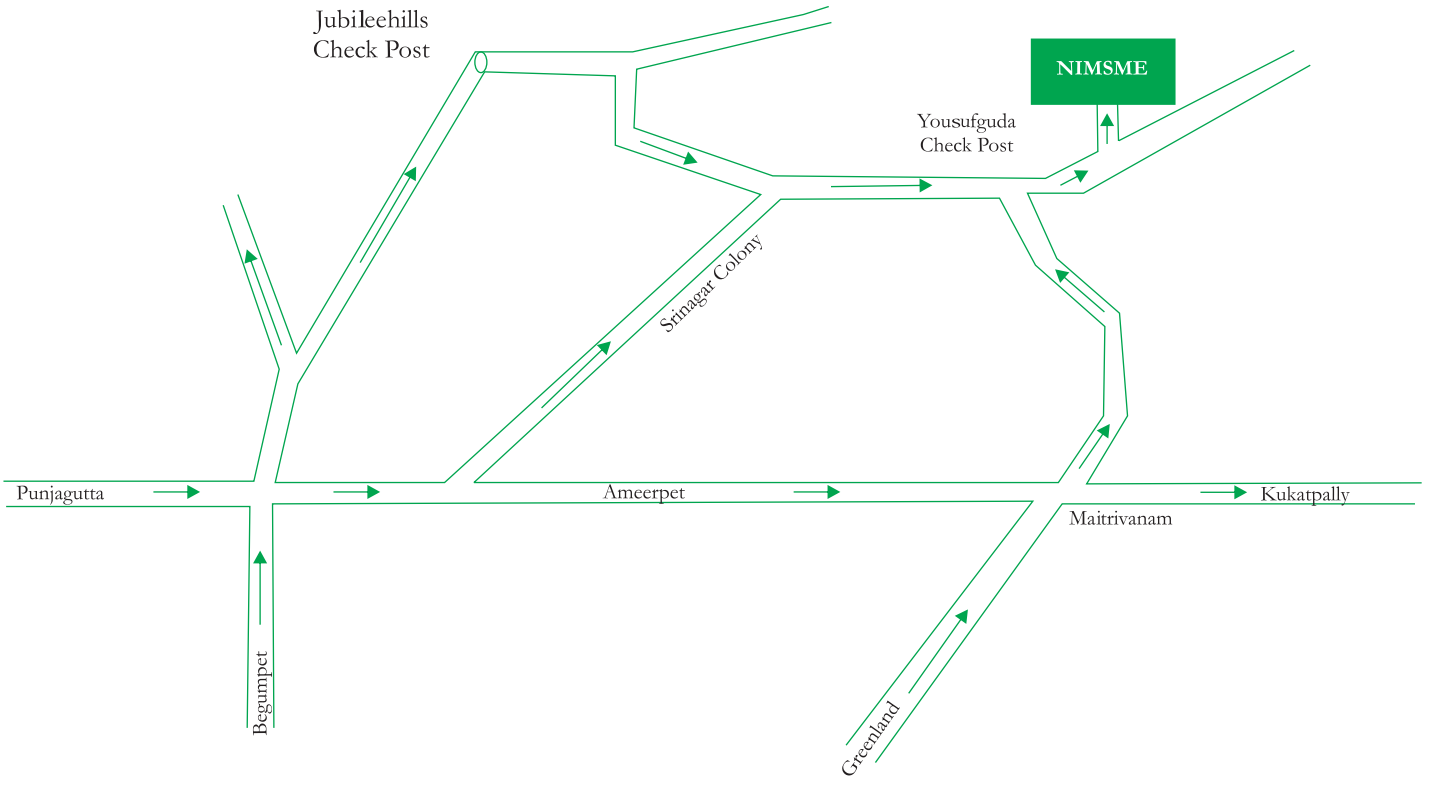
Notes:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. **A 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', 'Against', or 'Abstain' 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

Route Map of the Venue of the AGM



concept, content and design at AICL [info@aicl.in]

Heritage Foods Limited
[Formerly known as Heritage Foods (India) Limited]
CIN: L15209TG1992PLC014332
#6-3-541/C, Panjagutta
Hyderabad-500082, Telangana
Fax: 040-30685458
Phone: 040-23391221/2
Email: hfl@heritagefoods.in
Website: www.heritagefoods.in

6th Annual Report 2013-14

Heritage Foods Retail Limited

Certified True Copy
For Future Retail Limited
Dy. Company Secretary

Board of Directors

1. Sri D. Seetharamaiah
2. Smt N. Bhuvaneswari
3. Sri Nara Lokesh
4. Dr M. Sambasiva Rao

Registered Office

6-3-541/C, Panjagutta, Hyderabad – 500082

Statutory Auditors

M/s. Raju & Prasad, Chartered Accountants
401, "DIAMOND HOUSE" Adj. Amrutha Hills,
Panjagutta, Hyderabad – 500 082.

Bankers

HDFC Bank Limited,
Lakadikapool Branch,
Hyderabad, Andhra Pradesh.

Certified True Copy
For Future Retail Limited
Company Secretary

FUTURE RETAIL LIMITED

NOTICE

Members of Heritage Foods Retail Limited are hereby given notice for the 6th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	:	Wednesday, 10th September, 2014.
Time	:	10.30 a.m.
Venue	:	Registered Office: 6-3-541/C, Panjagutta, Hyderabad – 500 082

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Dr.M.Sambasiva Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

   "RESOLVED THAT M/s. Raju & Prasad, Chartered Accountants, Hyderabad, be and are hereby appointed as Auditors of the Company for a period of 5 years to hold office from the conclusion of Sixth Annual General Meeting until the conclusion of the 11th Annual General Meeting of the Company to be held in the year 2019, as per the provisions of section 139 of the Companies Act 2013 (Subject to the retification of their appointment at every Annual General Meeting) at a remuneration to be fixed by the Board of Directors of the Company."

Registered Office:
6-3-541/C, Panjagutta,
Hyderabad - 500 082
CIN: U15400TG2008PLC062054

By Order of the Board
For HERITAGE FOODS RETAIL LIMITED

Date: 11th July 2014

Dr. M. Sambasiva Rao
Director

FUTURE RETAIL LIMITED

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be altered by replacing all the existing regulations with the new regulations, the regulations contained in the Articles of Association placed before the meeting be and are hereby approved and adopted in substitution of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

Notes:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.*
2. *MEMBERS / PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.*

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

Item Nos.4

The Articles of Association ("AoA") of the Company is presently in force since its incorporations of the Company i.e 2008. The existing Articles of Association are based on the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Act.

The New Act is now largely in force. However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

The new Articles of Association to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

None of the Directors and their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 4 of the Notice.

The Board commends the Special Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Registered Office:
6-3-541/C, Panjagutta,
Hyderabad - 500 082
CIN: U15400TG2008PLC062054

Date: 11th July 2014

By Order of the Board
For HERITAGE FOODS RETAIL LIMITED

Dr. M. Sambasiva Rao
Director

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 6th Annual Report of the Company together with the Audited Accounts of the company for the financial year ended March 31, 2014.

Financial Results

The Company earned an income of ` NIL during the year and expenses are ` 27736/-(Twenty Seven Thousand Seven Hundred and Thirty Six only). The Profit/(Loss) after tax was `. (27,736)/-

Directors

In accordance with Articles of Association of the Company and provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, DR.M.Sambasiva Rao, Director of the Company who retire by rotation and being eligible, offers himself for re-appointment.

Alteration of Articles of Assocation

The Articles of Association ("AoA") of the Company is presently in force since its incorporations of the Company i.e 2008. The existing Articles of Association are based on the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Act. The New Act is now largely in force. With the coming into force of the Act several regulations of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles. Therefore Board of Directors of your company has recommended to alter the articles of Association of the Company.

Auditors

M/s. Raju & Prasad, Chartered Accountants, Hyderabad, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

As per the Section 139 of the Companies Act 2013 M/s. Raju & Prasad, Chartered Accountants, Hyderabad Statutory Auditors of the Company will be appointed for a period of 5 years from the conclusion of this annual General Meeting till the conclusion of the Eleventh Annual General Meeting to be held in the year 2019 and the Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under section 141 of the Companies Act 2013 and rules made thereof.

Dividend

The Board of Directors of the Company has not recommended any dividend for the financial year ended 31st March 2014.

Material changes and commitments between the end of financial year and the date of the report

There are no material changes since 31st March 2014 and until the date of this report.

FUTURE RETAIL LIMITED

Conservation of Energy/Technology Absorption, Foreign Exchange Earnings and Outgo:

Particulars of Conservation of Energy/Technology absorption, Foreign Earnings: Nil

Particulars of Employees

Statement of Particulars of Employees, pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, no employee comes under these provisions during the year under review.

Fixed deposits

Your Company has not accepted any fixed deposits from the public during the year.

Compliance Certificate:

The company has taken a Compliance Certificate from Mr. C.K. Burma, Practicing Company Secretary of C.K. Burma & Co. under Section 383A of Companies Act, 1956.

Director's Responsibility Statement

Pursuant to requirements specified under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors of your Company hereby state that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board
HERITAGE FOODS RETAIL LIMITED

Place : Hyderabad
Date : 11th July 2014

Dr.M.Sambasiva Rao
Director

N.Bhuvaneswari
Director

C K BURMA & CO.
Company Secretaries

COMPLIANCE CERTIFICATE

CIN: U15400TG2008PLC062054

Nominal Capital: Rs.15,00, 00,000/-
Paid-up Capital: Rs. 16,56,000/-

To
The Members
M/s. Heritage Foods Retail Limited
Hyderabad, Telangana

I, have examined the registers, records, books and papers of **M/s. Heritage Foods Retail Limited** ("the Company") as required to be maintained under the Companies Act, 1956 ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period ended on 31st March, 2014 (i.e. from 1st April, 2013 to 31st March, 2014). In my opinion and to the best of my knowledge and information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this Certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this Certificate, with the Registrar of Companies, Hyderabad as required under the Act and the rules made there under.

3. The Company being a public limited company, comments with respect to maximum number of members, subscription of Shares and acceptance of deposits are not required.

4. The Board of Directors duly met 5 (Five) times on 10th May 2013, 6th July 2013, 4th October 2013, 7th January 2014 and 14th March 2014. In respect of which meetings proper notices were given, the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. The Company has not closed its register of members during the financial year under review.

6. The Annual General Meeting for the Financial year ended on 31st March, 2013 was held on Tuesday, 4th July, 2013 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extra-ordinary General Meeting was held during the financial year under review.

C.K. BURMA & CO. COMPANY SECRETARIES

3rd Floor, F. No. S-2, R K Venkat Nivas, P M Palem, Opp. YSR Cricket Stadium, Visakhapatnam, Andhra Pradesh, 530041, E-mail : champakburma@gmail.com, csckbandco@gmail.com
Cell:+91 9032704251 (Andhra Pradesh), + 917873970030 (Odisha)

FUTURE RETAIL LIMITED

8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.

9. The Company has not entered in to any contracts to which the provisions of Section 297 of the Act applies.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there are no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.

12. The Company has not issued any duplicate share certificates during the financial year under review.

13. The Company has

    (i) not allotted any equity shares /transferred / transmitted any securities during the financial year.
    (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
    (iii) not required to post warrants to any member of the Company as no dividend was declared during the financial year.
    (iv) duly complied with the requirement of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing Director / Whole-time director / Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the year

17. The Company has not obtained any approvals from the Central Government, Company Law Board, Regional Director, Registrar of Companies during the financial year under review.

18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

19. The Company has not issued any Equity Shares /Debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company does not have any Preference Shares or Debentures; hence there was no redemption of Preference Shares or Debentures during the year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.

24. The Company has not borrowed any amount as per the provisions of Section 293 of the Act, during the financial year.

25. The Company has not made any loans or advances or given guarantees to body corporate, as per the provisions of Section 372A of the Act.

26. The Company has not altered the provisions of the Memorandum with respect to situation of Company's Registered Office from one State to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to objects of the Company.

28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company.

29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the financial year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

For C K Burma & Co.
Company Secretaries

(C.K. Burma)
CP No.9566

Place: Hyderabad
Date: 11-07-2014

Annexure – A

Registers as maintained by the Company

1. Register of Charges u/s. 143.
2. Register of Members u/s 150.
3. Minutes Book of Meeting of Directors u/s 193.
4. Minutes Book of proceedings of General Meetings u/s 193.
5. Register of Particulars in which Directors are interested under Section 301(3).
6. Register of Directors, Managing Director, Manager u/s. 303.
7. Register of Directors' Shareholdings u/s. 307.

Annexure – B

Forms and Returns as filed by the Company with the Registrar of Companies, Hyderabad, Hyderabad during the financial year ending 31st March, 2014.

Sl. No	Form No./ Return	Filed on	Under Section	SRN No	Event
1	Form- 20B	08-08-2013	159	Q09947979	Filing of Annual Return for the F Y 2012-13.
2	Form 66	07-08-2013	383A	Q09937137	Compliance Certificate for the F Y 2012-13
3	Form- 23 AC & ACA (XBRL)	13-09-2013	220	Q10863363	Filing of Annual Report for the F Y 2012-13.

For C K Burma & Co.
Company Secretaries

Place: Hyderabad
Date: 11-07-2014

(C.K. Burma)
C.P. No.9566

FUTURE RETAIL LIMITED

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office :
401, "Diamond House",
Adj. Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : rajuandprasad@gmail.com
hyderabad@rajuandprasad.com

INDEPENDENT AUDITOR'S REPORT

To the Members of,
Heritage Foods Retail Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of **M/S HERITAGE FOODS RETAIL LIMITED**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act) read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting

FUTURE RETAIL LIMITED

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office :
401, "Diamond House",
Adj. Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : rajuandprasad@gmail.com
hyderabad@rajuandprasad.com

policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Unqualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A)of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

FUTURE RETAIL LIMITED

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office :
401, "Diamond House",
Adj. Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : rajuandprasad@gmail.com
hyderabad@rajuandprasad.com

c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act) read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013

e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Raju and Prasad
Chartered Accountants
(FRN: 003475S)

M. Siva Ram Prasad
(Partner)
Membership No: 018943

Place: Hyderabad
Date: 05.05.2014

New Delhi Branch:
A 20/20, DLF City,
Phase - I,
Gurgaon - 122 002
Ph: 0124-4056132

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall,
L.B.S. Road, Mulund West,
Mumbai - 400 080
Ph: 022-25671155 /1199

Bangalore Branch:
202, Akash Avenue,
34, 1st Main, SBM Colony,
Anand Nagar, Bangalore - 560 024
Ph : +91-9241570047

Jalgaon Branch:
Flat No. 7,
Krunal Apartments,
Ganapathi Nagar,
Jalgaon - 475 001
Cell : +91-9967738900

Navi Mumbai Branch :
B-506, Merchant's Centre,
Near APMC Market,
Vashi, Navi Mumbai - 400703
Cell : +91-9967220322

URL: www.rajuandprasad.com

RAJU & PRASAD
CHARTERED ACCOUNTANTS

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E-mail : rajuandprasad@gmail.com
hyderabad@rajuandprasad.com

The Annexure referred to in paragraph (1) of our Report of even date to the members of M/S. HERITAGE FOODS RETAIL LIMITED on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. Since the company has no fixed assets, the provisions of clause (i) (a), (i) (b) and (i) (c) of the order are not applicable.

2. Since the company has no inventory, the provisions of the clause (ii) (a), (ii) (b) and (ii) (c) of the order are not applicable.

3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the companies act 1956 or to companies under the same management as defined in section 370(1-B) of the Companies Act,1956. Consequently, clauses (iii)(b), (iii)(c) and (iii)(d) are not applicable.

   (e) the company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the companies act 1956 or to companies under the same management as defined in section 370(1-B) of the companies act,1956. Consequently, clauses (iii) (f) and (iii) (g) are not applicable.

4. The company has not purchased any inventory or fixed assets. Therefore, the provisions of the clause (iv) of the order are not applicable.

5. a) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

   b) Since there are no transactions, the provisions of the clause (v) (b) are not applicable.

6. The company has not accepted deposits from the public governed by section 58A and 58AA of the Companies Act, 1956 for the year under reference.

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office :
401, "Diamond House",
Adj. Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : rajuandprasad@gmail.com
hyderabad@rajuandprasad.com

7. Since the Company has not commenced its operations the requirements of internal audit system in not applicable.

8. Since the Company has not commenced any commercial operations, Maintenance of cost records under section 209 (1) (d) is not applicable.

9. There are no statutory dues applicable to the company as at 31/03/2014, hence the provisions of the clause (ix) of the order are not applicable.

10. The company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and have incurred cash losses of Rs.27,736 during the current financial year and also incurred Cash losses of Rs.52,718 in the immediately preceding financial year.

11. The Company has not taken any amount from financial institutions or banks.

12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the Order are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. There are no investments held by the company.

15. The company has not given any guarantee for loans taken by others from banks or financial institutions.

16. No term loans have been taken by the Company.

17. In our opinion and according to explanations and information given to us, the company has not raised funds on short - term basis.

18. According to the information and explanations provided to us, the company has not made any allotment of shares during the year. Consequently the provisions of clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office :
401, "Diamond House",
Adj. Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : rajuandprasad@gmail.com
hyderabad@rajuandprasad.com

Consequently the provisions of clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

19. The company has not issued any debentures.

20. The company has not raised money by public issues.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Raju & Prasad
Chartered Accountants
FRN: 003475S

M. Siva Ram Prasad

M. Siva Ram Prasad
(Partner)
Membership No. : 018943

Place: Hyderabad
Date: 05.05.2014

New Delhi Branch:
A 20/20, DLF City,
Phase - I,
Gurgaon - 122 002
Ph: 0124-4056132

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall,
L.B.S. Road, Mulund West,
Mumbai - 400 080
Ph: 022-25671155 /1199

Bangalore Branch:
202, Akash Avenue,
34, 1st Main, SBM Colony,
Anand Nagar, Bangalore - 560 024
Ph : +91-9241570047

Jalgaon Branch:
Flat No. 7,
Krunal Apartments,
Ganapathi Nagar,
Jalgaon - 475 001
Cell : +91-9967738900

Navi Mumbai Branch :
B-506, Merchant's Centre,
Near APMC Market,
Vashi, Navi Mumbai - 400703
Cell : +91-9967220322

URL: www.rajuandprasad.com

Balance Sheet as at 31st March, 2014

(Amount in Rs.)

Particulars	Note No	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	1	1656000	1656000
b) Reserves and Surplus	2	(1308874)	(1281138)
Sub Total		347126	374862
2) Share application money pending allotment		-	-
3) Non-Current Liabilities		-	-
4) Current Liabilities			
Other current liabilities	3	39236	41736
Total		386362	416598
ASSETS			
1) Non-current assets		-	-
2) Current assets			
Cash and cash equivalents	4	386362	416598
Total		386362	416598
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached
For Raju & Prasad
Chartered Accountants
(FRN:003475S)

M.Sivaram Prasad
Partner
Membership No. 018943

Date: May 5, 2014
Place : Hyderabad

RAJU & PRASAD CHARTERED ACCOUNTANTS HYDERABAD

For and on behalf of the Board

Dr. M Sambasiva Rao
Director

N.Bhuvaneswari
Director

FUTURE RETAIL LIMITED

Statement of Profit and Loss for the Year ended 31st March, 2014

(Amount in Rs.)

Particulars	Note No	Year Ended 31.03.2014	Year Ended 31.03.2013
I. Revenue from operations		-	-
II. Other Income		-	-
III. Total Revenue (I +II)		-	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other expenses	5	27736	52718
Total expenses		27736	52718
V. Profit / (Loss)before exceptional and extraordinary items and tax		(27736)	(52718)
VI. Exceptional Items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(27736)	(52718)
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		(27736)	(52718)
X. Tax expense:		-	-
XI. Profit/(Loss) from the period from continuing operations		(27736)	(52718)
XII. Earning per equity share:			
(1) Basic		(0.17)	(0.32)
(2) Diluted		(0.17)	(0.32)
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached

For Raju & Prasad
Chartered Accountants
(FRN:003475S)

M.Sivaram Prasad
Partner
Membership No. 018943

Date: May 5, 2014
Place : Hyderabad

For and on behalf of the Board

Dr. M Sambasiva Rao
Director

N.Bhuvaneswari
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rs.)

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	(27736)	(52718)
Adjustment for		
Depreciation	—	—
Interest	—	—
Operating Profit before working capital changes	(27736)	(52718)
Adjustment for:		
Inventories	—	—
Trade and other Receivables	—	—
Other current Liabilities	(2500)	8234
Cash generated from operations	(30236)	(44484)
Direct taxes paid (incl.taxiation of earlier years)	—	—
Net Cash (Used) / generated for / from operations	(30236)	(44484)
B. CASH FLOW FROM INVESTING ACTIVITIES	—	—
C. CASH FLOW FROM FINANCING ACTVITIES		
Proceeds from issue of Equity Shares	-	0
Net Cash (Used) / generated for / from Financing Activities		
Net increase / (decrease) in cash and cash equivalents	(30236)	(44484)
Cash and Cash equivalents as at the beginning of the year	416598	461082
Cash and Cash equivalents as at end of the Year	386362	416598
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14	

As per our report attached
For Raju & Prasad
Chartered Accountants
(FRN:003475S)

M.Sivaram Prasad
Partner
Membership No. 018943

Date: May 5, 2014
Place : Hyderabad

For and on behalf of the Board

Dr. M Sambasiva Rao
Director

N.Bhuvaneswari
Director

Note 1 : Share Capital (Amount in Rs.)

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	Amount	No. of Shares	Amount
I. Authorised				
a) Equity Share Capital				
Equity Shares of Rs.10/- each	15000000	150000000	15000000	150000000
Total	15000000	150000000	15000000	150000000
II. Issued, Subscribed and Paid-up Share Capital :				
Equity Share Capital				
Equity Shares of Rs.10/- each	165600	1656000	165600	1656000

III. Reconciliation of number of shares outstanding	As at 31.03.2014		As at 31.03.2013	
Particulars	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the year	165600	1656000	165600	1656000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	165600	1656000	165600	1656000

IV. Shares held by Shareholders holding more than 5%

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No.of Shares held	% of Holding	No.of Shares held	% of Holding
a. Equity Share Capital :				
1. HERITAGE FOODS LIMITED	165000	99.64	165000	99.46

V. 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 Rs.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 share holders 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 propotion to the number of equity shares held by the share holders.

Note 2: Reserves and Surplus (Amount in Rs.)

Particulars	As at 31.03.2014	As at 31.03.2013
Surplus :		
Opening Balance	(1281138)	(1228420)
Add: Net Profit / (Net Loss) for the current year	(27736)	(52718)
Closing Balance	(1308874)	(1281138)
Total - Reserves and Surplus	(1308874)	(1281138)

Note 3: Other Current Liabilities (Amount in Rs.)

Particulars	As at 31.03.2014	As at 31.03.2013
Other Payables	39236	41736
TOTAL	39236	41736

Note:4 Cash and cash equivalents (Amount in Rs.)

Particulars	As at 31.03.2014	As at 31.03.2013
a.Balances with banks:		
in current accounts	383022	413758
b.Cash on hand	3340	2840
Grand Total	386362	416598

Note: 5 Other expenses (Amount in Rs.)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Rates and taxes, excluding, taxes on income	5000	10982
Legal and Professional Charges	11500	30500
Payment to Auditors :		
Audit Fee	11236	11236
Total	27736	52718

Note 6: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. a) **Basis of preparation of financial statements:** The financial statments have been prepared under historical cost convention and in conformity with the generally accepted accounting principles, applicable provisions of the Companies Act,1956, and as per the Accounting standards issued by the Institute of Chartered Accountants of India..

b) Changes in Accounting policies: Accounting policies have been consistently applied except where a newly issued Accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently or revised Accounting standards on an ongoing basis and accordingly changes the Accounting policies as applicable

c) **Income and Expenditure:** All items of expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis

d) **Use of Estimates:** The preparation of financial statements in conformity with the Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the end of financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in Circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in

the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

e) **Cash Flow statement:** The cash flow statement is prepared by 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, and deferral of accrual of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

f) **Cash and Cash Equivalents:** Cash and Cash Equivalents comprises of cash on hand, cash at bank

g) **Earnings per share:** Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

h) **Provisions:** Provision is recognised 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 estamate 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.

i) **Contingent Liabilities:** A contingent liablity is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurence or non-occurence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Note 7: Contingent Liabilitis

Particulars	As at 31.03.2014	As at 31.03.2013
a. Contingent Liabilities not provided for	NIL	NIL
b. Estimated amount of Contracts remaining to be executed on capital account and others not provided for	NIL	NIL

Note 8. Employees benefits expenditure

Since there are no operations no employees have been engaged by the company. Hence no provision has been made by the company with respect AS15-Employee Benefits.

Note 9. Segment Reporting: Since the Company has not started its commercial operations and no reportable segment is identified,

the Accounting Standard (AS-17) on "Segment Reporting" issued by The Institute of Chartered Accountants of India

Note 10. Related Party disclosures as per AS-18

Name of the related party	Heritage Foods Limited	N Bhuvaneswari	N Lokesh	M Sambasiva Rao
Description of the Relationship between the parties	Holding Company	Key Management Personnel (Director)	Key Management Personnel (Director)	Key Management Personnel (Director)
Description of the nature of transactions	Inter company transactions	a) Receiving of Services	Receiving of Services	Receiving of Services
Volume of the transactions either as an amount or as appropriate proportion	NIL	NIL	NIL	NIL
Any other elements of the related party transacting of the financial statements	NIL	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL
Provision for diminution in value of Investments	NIL	NIL	NIL	NIL

Note 11. Earnings per share (EPS) (Amt in Rupees)

Particulars	As at 31.03.2014	As at 31.03.2013
a) Calculation of weighted average number of equity shares of Rs 10/- each :		
Number of Equity Shares outstanding at the beginning of the year	165600	165600
Number of Equity Shares outstanding at the end of the year	165600	165600
Weighted average number of Equity Shares outstanding during the year	165600	165600
b) Net Profit/(Loss) after tax	(27736.00)	(52718.00)
c) Basic Earnings per share of Rs 10/- each	(0.17)	(0.32)
d) Diluted Earnings per share of Rs 10/- each	(0.17)	(0.32)

Note 12. There is no amount or interest which are outstanding for more than 45 days payable as per dsclosure under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March' 2014.

Note 13: Expenditure, Earnings, Remittance in Foreign Currency:

Particulars	For the period ended 31.03.2014	For the period ended 31.03.2013
Expenditure in Foreign Currency:	NIL	NIL
Earnings in Foreign Currency	NIL	NIL
Remittance in Foreign Currency	NIL	NIL

Note 14. The Amount in Financial Statements are presented in Indian Rupess and Paise is rounded off to the nearest Rupee.

Note 15. Previous Year Figures are regrouped/ reclassified wherever necessary.

Note 16 The Financial Statements for the year ended March 31st 2014 are prepared as per Schedule Vi of the Companies Act 1956 and in or from near as thereto.The Items which are not applicable as per the Schedule VI are not disclosed.

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(FRN:003475S)

M.Sivaram Prasad
Partner
Membership No. 018943

Date: May 5, 2014
Place : Hyderabad

For and on behalf of the Board

Dr. M Sambasiva Rao
Director

N.Bhuvaneswari
Director

FUTURE RETAIL LIMITED

7th Annual Report 2014-15

Heritage Foods Retail Limited

Certified True Copy
For Future Retail Limited

Dy. Company Secretary

Board of Directors

1. Sri. D. Seetharamaiah
2. Smt. N. Bhuvaneswari
3. Sri. N. Lokesh
4. Dr. M. Sambasiva Rao
5. Smt. N. Brahmani

Registered Office

#6-3-541/C, Panjagutta, Hyderabad – 500082

Statutory Auditors

M/s. Raju & Prasad, Chartered Accountants
401, "DIAMOND HOUSE" Adj. Amrutha Hills,
Panjagutta, Hyderabad – 500 082.

Bankers

HDFC Bank Limited,
Lakadikapool Branch,
Hyderabad, Andhra Pradesh.

FUTURE RETAIL LIMITED

NOTICE

Members of Heritage Foods Retail Limited are hereby given notice for the 7th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	:	Tuesday, 15th September, 2015
Time	:	10.30 a.m.
Venue	:	Registered Office: 6-3-541/C, Panjagutta,

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015, Statement of Profit and Loss, Cash Flow Statement & notes thereof for the year ended as on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of N. Lokesh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

   "RESOLVED THAT M/s. Raju & Prasad, Chartered Accountants, Hyderabad, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, as per the provisions of Section 139 of the Companies Act 2013 at a remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **ORDINARY RESOLUTION:**

   "RESOLVED THAT Smt. N. Brahmani (DIN: 02338940), who was appointed on 12th January, 2015 as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, not liable to retire by rotation".

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provision of Sections 196, 197 read with schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and remuneration of managerial personnel) rules, 2014, the Company be and is hereby accorded to the appointment of Smt. N. Brahmani (DIN: 02338940) as Managing Director of the Company with no remuneration for a period of 5 years with effect from 12th January, 2015."

   "FURTHER RESOLVED THAT Dr. M Sambasiva Rao, Director of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies and to make necessary entries in the statutory registers to that effect."

FUTURE RETAIL LIMITED

Notes:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.*
2. *MEMBERS / PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.*
3. Members are requested to notify immediately any change in their address to the Company.
4. All communication relating to shares are to be addressed to the Company.
5. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. The Ministry of Corporate Affairs has announced a "Green Initiative in Corporate Governance" thereby allowing paperless compliance through electronic mode. The Company supports this environment friendly initiative of the Government of India and proposes to send notices for General Meetings/Annual Reports/Other Shareholders Communication through electronic mode to the e-mail addresses which are registered with the Company for this purpose from time to time. For members who have not registered their e mail addresses, physical copies of Annual Report 2014-15 are being sent by the permitted mode.

By Order of the Board

N. Brahmani

N. BRAHMANI
MANAGING DIRECTOR
DIN: 02338940

Place: Hyderabad
Date: 8th July, 2015

FUTURE RETAIL LIMITED

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

Item No. 4 & 5

The Board of Directors at their meeting held on 12th January, 2015 appointed Smt. N. Brahmani, (DIN: 02338940) as an Additional Director, designated as a Managing Director in the Board of the Company. As per the terms of Section 161 of the Companies Act, 2013 the appointment expires at this Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 along with the requisite deposit from members proposing his candidature for the office of director. Members are requested to approve the resolution at Item No. 4 & 5 as Ordinary resolution as per the provisions of Section 196, 197 & the rules made thereof and Schedule-V of the Companies Act, 2013.

By Order of the Board

N. Brahmani

N. BRAHMANI
MANAGING DIRECTOR
DIN: 02338940

Place: Hyderabad
Date: 8th July, 2015

FUTURE RETAIL LIMITED

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 7th Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended March 31, 2015.

Financial Results

During the year under review, performance of your company as under:

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Turnover	-	-
Profit/(Loss) before taxation	(76058)	(27736)
Less: Tax Expense	-	-
Profit/(Loss) after tax	(76058)	(76058)
Add: Balance B/F from the previous year	-	-
Balance Profit / (Loss) C/F to the next year	-	-

Operational highlights

During the year under review, the Company earned an income of NIL during the year and expenses are 76,058/-(Seventy Six Thousand Fifty Eight Rupees Only). The Profit/ (Loss) after tax was (76,058)/-

Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT-9** for the financial year 2014-15 has enclosed in **ANNEXURE I**

Equity Dividend

During the year under review, the Company has not declared any Interim/final Dividend.

Amounts Transferred to Reserves

The Board of the Company has decided not to transfer any amount to its reserves.

Number of Board Meetings

During the Financial Year 2014-15, Four (4) Meetings of the Board of Directors of the Company were held on 5th May, 2014, 7th July, 2014, 8th October, 2014, 12th January, 2015.

Directors

The Board of Directors at their meeting held on 12th January, 2015 appointed Smt. N. Brahmani, (DIN: 02338940) as an Additional Director in accordance with Section 161(1) read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and in terms of Articles of Association of the Company. Smt. N. Brahmani has been appointed as a

FUTURE RETAIL LIMITED

Managing Director with effective from 12th January, 2015 as per the provisions of 196 & 197 and rules made thereof and read with Schedule V of the Companies Act, 2013.

In accordance with Articles of Association of the Company and provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Sri. N. Lokesh, Director of the Company who retire by rotation and being eligible, offers himself for re-appointment.

Information about the financial performance / financial position of the Subsidiaries / Associates / JV

The Company is not having any Subsidiary/Associate Company/JV any during the financial year under review.

Auditors

M/s. Raju & Prasad, Chartered Accountants, Hyderabad, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

As per the Section 139 of the Companies Act 2013 M/s. Raju & Prasad, Chartered Accountants, Hyderabad Statutory Auditors of the Company will be appointed from the conclusion of this annual General Meeting till the conclusion of the next Annual General Meeting the Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under section 141 of the Companies Act 2013 and rules made thereof.

Particulars of Contracts or Arrangements with Related Parties

There are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. Thus disclosure in the form AOC-2 is not required.

Directors Responsibility Statement

In conformity with the provisions under Section 134 (5) which is introduced by the Companies Act, 2013 your directors confirm that:-

a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures from the same;

b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit & loss of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis; and

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

FUTURE RETAIL LIMITED

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Particulars of Loan, Guarantees and Investments under Section 186

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 and it has taken

Secured Loans: Nil
Unsecured Loans: Nil
Current/Non-Current Investments: Nil
Guarantees: Nil
Securities Extended: Nil

Material changes and commitments between the end of financial year and the date of the report

There are no material changes since 31st March 2015 and until the date of this report.

Conservation of Energy/Technology Absorption, Foreign Exchange Earnings and Outgo:

The information required to be given pursuant to Section 134 (3) (m) of the Companies Act, 2013, Particulars of Conservation of Energy/Technology absorption, Foreign Earnings: **Nil**

Particulars of Employees

Statement of Particulars of Employees, pursuant to the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employees comes under these provisions during the year under review.

Fixed deposits

During the year under review the Company has not accepted any fixed deposits from the public.

Acknowledgment

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support

By Order of the Board

N. BRAHMANI	**Dr. M. SAMBASIVA RAO**
MANAGING DIRECTOR	**DIRECTOR**
DIN: 02338940	DIN: 01887410

Place: Hyderabad
Date: 8th July, 2015

FUTURE RETAIL LIMITED

Annexure - I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2015
[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 : U15400TG2008PLC062054
(ii) Registration Date : 01.12.2008
(iii) Name of the Company : HERITAGE FOODS RETAIL LIMITED
(iv) Category /sub-Category of the Company : Company Limited by Shares/Indian Non-Government Company
(v) Address of the Registered office and Contact details : 6-3-541/C, Panjagutta, Hyderabad – 500082
(vi) Whether Listed Company : NO
(vii) Name, Address and contact details of Registrar and Transfer Agent, if any : NA

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
-	-	-	-

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 Limited	L15209TG1992PLC014332	Holding Company	99.64%	Sec.2 (46)

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 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	0.00	200	200	0.12	0.00	200	200	0.12	0.00
(b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Bodies Corporate	0.00	1,65,000	1,65,000	99.64	0.00	1,65,000	1,65,000	99.64	0.00
(e) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub total	**0.00**	**165200**	**165200**	**99.76**	**0.00**	**165200**	**165200**	**99.76**	**0.00**
(A) (1):-									

FUTURE RETAIL LIMITED

(2) Foreign									
(a) NRIs Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Other Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (A) (2)	**0.00**	**165200**	**165200**	**99.76**	**0.00**	**165200**	**165200**	**99.76**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) FII	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(1)									0.00
(a) Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Indian	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	0.00	400	400	0.24	0.00	400	400	0.24	0.00
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Others (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Public Shareholding (B)=(B)(1)+(B2)	**0.00**	**400**	**400**	**0.24**	**0.00**	**400**	**400**	**0.24**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	**0.00**	**165600**	**165600**	**100.00**	**0.00**	**165600**	**165600**	**100.00**	**0.00**

(ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2014			Shareholding at the end of the year 31.03.2015			
		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	% Change in shareholding during the year
1.	Heritage Foods Limited	1,65,000	99.64	-	1,65,000	99.64	-	-
2.	N. Brahmani	100	0.06	-	100	0.06	-	-
3.	N. Bhuvaneswari	100	0.06	-	100	0.06	-	-

(iii) **Change in Promoter's Shareholding (Please specify, if there is no change)**

Sl. No		Shareholding at the beginning of the year 01.04.2014		Cumulative Shareholding during the year 31.03.2015	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2014	1,65,200	100.00	1,65,200	100.00
	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 31.03.2015	1,65,200	100.00	1,65,200	100.00

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding During the Year (01.04.2014 to 31.03.2015)	
		No. of Shares at the Beginning (01.04.2014)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Heritage Foods Limited	1,65,000	99.64	-	-	-	1,65,000	99.64

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No	Name	Shareholding at the beginning of the year		Cumulative Shareholding During the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	N. Bhuvaneswari	100	0.06	100	0.06
2	N. Lokesh	100	0.06	100	0.06
3	D. Seetharamaiah	100	0.06	100	0.06
4	Dr. M. Sambasiva Rao	100	0.06	100	0.06
5	N. Brahmani	100	0.06	100	0.06

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (i) Principal Amount (ii) Interest due but not paid (iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year • Addition • Reduction	NIL	NIL	NIL	NIL

FUTURE RETAIL LIMITED

Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year (i) Principal Amount (ii) Interest due but not paid (iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Director and/or Manager: **NIL**

Sl. No	Particulars of Remuneration	Managing Director	Total Amount
		N. Brahmani*	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (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	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - As % of profit - Others, specify	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	NIL	NIL

*Smt. N. Brahmani, appointed as Managing Director without remuneration w.e.f 12th January, 2015.

B. Remuneration to other Directors: **NA**

Sl. No	Particulars of Remuneration		Total Amount
1	Independent Directors Fee for attending Board/Committee Meetings	NA	NA
	Commission	NA	NA
	Others, please specify	NA	NA
	Total (1)	NA	NA
2	Other Non-Executive Directors	NA	NA
	Independent Directors Fee for attending Board/Committee Meetings	NA	NA
	Commission	NA	NA

FUTURE RETAIL LIMITED

	Others, please specify	NA	NA
	Total (2)	NA	NA
	Total (B)= (1+2)	NA	NA
	Total Managerial Remuneration	NA	NA
	Overall Ceiling as per the Act	NA	NA

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager: **NA**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total (Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (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		NIL	
3.	Sweat Equity			
4.	Commission - As % of profit - Others, specify			
5.	Others, please specify			
	Total			

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					

FUTURE RETAIL LIMITED

RAJU & PRASAD
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To
The Members
Heritage Foods Retail Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Heritage Foods Retail Limited, which comprise the Balance Sheet as at March 31, 2015, 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 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 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 stand alone 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 thereunder.

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.

RAJU & PRASAD
CHARTERED ACCOUNTANTS

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rajuandprasad@gmail.com

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance sheet, of the state of affairs of the company as at 31st March,2015;
(b) In the case of Statement of profit and loss, of the profit for the year ended on that date.
(c) In the case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure a statement on the matters specified in paragraph 3 and paragraph 4 of the order, to the extent applicable.

2. As required by Section143(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 accounts.
(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

FUTURE RETAIL LIMITED

RAJU & PRASAD
CHARTERED ACCOUNTANTS

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rajuandprasad@gmail.com

(c) On the basis of the written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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:

a) The Company does not have any pending litigations which would impact its financial position.
b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
c) There were no amounts which were required to be transferred to the Investor education and protection fund by the company.

Place: Hyderabad
Date: 11.05.2015

For Raju and Prasad
Chartered Accountants
FRN: 003475S
Y. Bala Krishna Reddy

Y. Bala Krishna Reddy
Partner
M.No: 223701

RAJU & PRASAD
CHARTERED ACCOUNTANTS

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The Annexure referred to Our Report of even date to the members of Heritage Foods Retail Limited on the accounts of the company for the year ended 31st March, 2015.

i. Since the company has no fixed assets, the provisions of Para 3 (i) (a) and (b) of the order are not applicable.

ii. As the company has neither purchased raw materials, stores nor maintained any stocks, the reporting requirement under Para 3 (ii) (a), (b) and (c) of the Companies (Auditors Report) Order, 2015 are not applicable.

iii. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

iv. The company has not purchased any inventory or fixed assets. Therefore, the provisions of the clause (iv) of the order are not applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73 and 74 of the Act and the rules framed there under to the extent notified.

vi. Since the Company has not commenced any commercial operations, Maintenance of cost records under sub–section (1) of Section 148 of the Act, is not applicable.

vii. a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth 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 31.3.2015.

b) According to information and explanations given to us there are no undisputed statutory dues in respect of income Tax, Sales Tax, wealth Tax, and other material statutory dues that have not been deposited on account of any disputes.

c) As per the information and explanation given to us, there were no monies with the company which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the companies Act 1956 and rules made thereunder.

viii. The Company's accumulated losses as at the end of the financial year are more than fifty percent of its net worth and have incurred cash losses of Rs.76,058 during the current financial year and also incurred Cash losses of Rs.27,736 in the immediately preceding financial year.

ix. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

New Delhi Branch:
A 20/20, DLF City,
Phase - I,
Gurgaon - 122 002
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Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall,
L.B.S. Road, Mulund West
Mumbai - 400 080
Ph: 022-25671155 / 1199

Bangalore Branch:
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34, 1st Main, SBM Colony,
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x. The company has not given any guarantee for loans taken by others from banks or financial institutions.

xi. The company has not taken term loans during the year.

xii. Based on the audit procedures performed and the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Place: Hyderabad
Date: 11.05.2015

For Raju and Prasad
Chartered Accountants
FRN: 003475S
Y. Bala Krishna Reddy

Y. Bala Krishna Reddy
Partner
M.No: 223701

Balance Sheet as at 31st March, 2015

(Amount in Rs.)

Particulars	Note No	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	1	1656000	1656000
b) Reserves and Surplus	2	(1384932)	(1308874)
Sub Total		271068	347126
2) Share application money pending allotment		-	-
3) Non-Current Liabilities		-	-
4) Current Liabilities			
Other current liabilities	3	52246	39236
Total		323314	386362
ASSETS			
1) Non-current assets		-	-
2) Current assets			
Cash and cash equivalents	4	323314	386362
Total		323314	386362
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached
For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

Y. Bala Krishna Reddy

Y. BALA KRISHNA REDDY
Partner
Membership No.223701

For and on behalf of the Board

N. Brahmani

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

Date: May 11, 2015
Place : Hyderabad

FUTURE RETAIL LIMITED

Statement of Profit and Loss for the Year ended 31st March, 2015

(Amount in Rs.)

Particulars	Note No	As at 31.03.2015	As at 31.03.2014
I. Revenue from operations		-	-
II. Other Income		-	-
III. Total Revenue (I +II)		-	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other expenses	5	76,058	27,736
Total expenses		**76058**	27736
V. Profit before exceptional and extraordinary items and tax		**(76058)**	(27736)
VI. Exceptional Items		0	0
VII. Profit before extraordinary items and tax (V - VI)		**(76058)**	(27736)
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		**(76058)**	(27736)
X. Tax expense:		0	0
XI. Profit(Loss) from the period from continuing operations		**(76058)**	(27736)
XII. Earning per equity share:			
(1) Basic		**(0.46)**	(0.17)
(2) Diluted		**(0.46)**	(0.17)
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

Y. BALA KRISHNA REDDY
Partner
Membership No.223701

For and on behalf of the Board

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

Date: May 11, 2015
Place : Hyderabad

FUTURE RETAIL LIMITED

Cash Flow Statement for the year ended 31st March, 2015

(Amount in Rs.)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	**(76058)**	(27736)
Adjustment for		
Depreciation	-	-
Interest	-	-
Operating Profit before working capital changes	**(76058)**	**(27736)**
Adjustment for:		
Inventories	-	-
Trade and other Receivables	-	-
Other current Liabilities	**13010**	(2500)
Cash generated from operations	**(63048)**	(30236)
Direct taxes paid (incl.taxiation of earlier years)	---	---
Net Cash (Used) / generated for / from operations	**(63048)**	(30236)
B. Cash Flow From Investing Activities	-	-
C. Cash Flow From Financing Activities		
Proceeds from issue of Equity Shares	-	-
Net Cash (Used) / generated for / from Financing Activities		
Net increase / (decrease) in cash and cash equivalents	**(63048)**	(30236)
Cash and Cash equivalents as at the beginning of the year	**386362**	416598
Cash and Cash equivalents as at end of the Year	**323314**	386362
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14	

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

Y. BALA KRISHNA REDDY
Partner
Membership No.223701

For and on behalf of the Board

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

Date: May 11, 2015
Place : Hyderabad

FUTURE RETAIL LIMITED

Note 1 : Share Capital (Amount in Rs.)

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
I. Authorised				
a) Equity Share Capital				
Equity Shares of Rs.10/- each	15000000	150000000	15000000	150000000
Total	15000000	150000000	15000000	150000000
II. Issued, Subscribed and Paidup Share Capital				
Equity Share Capital				
Equity Shares of Rs.10/- each	165600	1656000	165600	1656000

(Amount in Rs.)

III. Reconciliation of number of shares outstanding	As at 31.03.2015		As at 31.03.2014	
Particulars	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the year	165600	1656000	165600	1656000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	165600	1656000	165600	1656000

IV. Shares held by Shareholders holding more than 5%	As at 31.03.2015		As at 31.03.2014	
Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a. Equity Share Capital :				
1. HERITAGE FOODS LIMITED	165000	99.64	165000	99.64

V. 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 Rs.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 share holders 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 shareholders.

2. Reserves and Surplus (Amount in Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
a) General Reserve :		
Opening Balance	-	-
Add: Transfer from Surplus	-	-
Less: Transfer to Surplus	-	-
Closing Balance	-	-
b) Surplus :		
Opening Balance	(1308874)	(1281138)
Add: Net Profit / (Net Loss) for the current year	(76058)	(27736)
Transfer from General Reserve	-	-
Less: Transfer to General Reserve	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Closing Balance	(1384932)	(1308874)
Total - Reserves and Surplus	(1384932)	(1308874)

FUTURE RETAIL LIMITED

Note 3: Other Current Liabilities (Amount in Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Other Payables	52246	39236
TOTAL	52246	39236

Note:4 Cash and cash equivalents (Amount in Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
a. Balances with banks:		
On current accounts	318504	383022
b. Cash on hand	4810	3340
Grand Total	323314	386362

Note: 5 Other expenses

Particulars	As at 31.03.2015	As at 31.03.2014
Printing and Stationery	13400	-
Rates and taxes, excluding, taxes on income	6730	5,000
Legal and Professional Charges	44500	11,500
Payment to Auditors :		-
Audit Fee	11428	11,236
Total	76,058	27,736

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

Y. Bala Krishna Reddy

Y. BALA KRISHNA REDDY
Partner
Membership No.223701

For and on behalf of the Board

N. Brahmani

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

Date: May 11, 2015
Place : Hyderabad

FUTURE RETAIL LIMITED

Note 6: Significant Accounting Policies And Notes To Financial Statements

1. **a) Basis of preparation of financial statements:** The financial statements have been prepared under historical cost convention and in conformity with the generally accepted accounting principles, applicable provisions of the Companies Act,2013, and as per the Accounting standards specified under section 133 of the Companies Act,2013 read with rule 7 of Companies (Accounts) Rules 2014. Financial statements have been presented as per the schedule III of Companies Act, 2013.

b) Changes in Accounting policies: Accounting policies have been consistently applied except where a newly issued Accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently or revised Accounting standards on an ongoing basis and accordingly changes the Accounting policies as applicable

c) Income and Expenditure: All items of expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis.

d) Use of Estimates: The preparation of financial statements in conformity with the Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the end of financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

e) Cash Flow statement: The cash flow statement is prepared by 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, and deferral of accrual of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

f) Cash and Cash Equivalents: Cash and Cash Equivalents comprises of cash on hand, cash at bank.

g) Earnings per share: Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

h) Provisions: Provision is recognised 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.

i) Contingent Liabilities: A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Note 7 : Contingent Liabilities and Commitments (To the extent not provided for) (Amt in Rupees)

Particulars	As at 31.03.2015	As at 31.03.2014
(i) Contingent liabilities shall be classified as:	NIL	NIL
(a) Claims against the company not acknowledged as debt;		
b) Guarantees;	NIL	NIL
(c) Other money for which the company is contingently liable		
(ii) Commitments shall be classified as:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for;	NIL	NIL
(b) Uncalled liability on shares and other investments partly paid;	NIL	NIL
(c) Other commitments (specify nature).	NIL	NIL
Total	NIL	NIL

FUTURE RETAIL LIMITED

Note 8. Employees benefits:
There are no employees engaged by the company. Hence no provision towards employee benefits has been made.

Note 9. Segment Reporting :
The Company has not comenced commercial operations. Hence reporiting as per AS17: Segment Reporting is not applicable.

Note 10. Related Party disclosures as per AS-18

Name of the related party	Heritage Foods Limited	Heriage Conpro Limited	N Bhuvaneswari	N. Brahmani	N Lokesh	M Sambasiva Rao
Description of the Relationship between the parties	Holding Company	Fellow subsidiary	Key Management Personnel (Director)	Key Management Personnel (Managing Director)	Key Management Personnel (Director)	Key Management Personnel (Director)
Description of the nature of transactions	Inter company transactions	Inter company transactions	a) Receiving of Services	Receiving of Services	Receiving of Services	Receiving of Services
Volume of the transactions either as an amount or as appropriate proportion	NIL	NIL	NIL	NIL	NIL	NIL
Any other elements of the related party transacting of the financial statements	NIL	NIL	NIL	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL	NIL	NIL
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

FUTURE RETAIL LIMITED

Note 11. Earnings per share (EPS) (Amt in Rupees)

Particulars	As at 31.03.2015	As at 31.03.2014
a) Calculation of weighted average number of equity shares of Rs 10/- each : Number of Equity Shares outstanding at the beginning of the year	165600	165600
Number of Equity Shares outstanding at the end of the year	165600	165600
Weighted average number of Equity Shares outstanding during the year	165600	165600
b) Net Profit/(Loss) after tax	(51758)	(52718)
c) Basic Earnings per share of Rs 10/- each	(0.31)	(0.32)
d) Diluted Earnings per share of Rs 10/- each	(0.31)	(0.32)

Note 12. There is no amount or interest which are outstanding for more than 45 days payable to Micro, Small and Medium Enterprises as required to be disclosed under Micro, Small and Medium Enterprises Development Act,2006 as at 31st March'2015.

Note 13: Expenditure, Earnings, Remittance in Foreign Currency: (Amount in Rs.)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
1.2 Expenditure in Foreign Currency:	NIL	NIL
1.3 Earnings in Foreign Currency	NIL	NIL
1.4 Remittance in Foreign Currency	NIL	NIL

Note 14. Paise is rounded off to the nearest Rupee.

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

For and on behalf of the Board

Y. BALA KRISHNA REDDY	**N. BRAHMANI**	**Dr. M. SAMBASIVA RAO**
Partner	Managing Director	Director
Membership No.223701	DIN: 02338940	DIN: 01887410

Date: May 11, 2015
Place : Hyderabad

FUTURE RETAIL LIMITED

ATTENDANCE SLIP

HERITAGE FOODS RETAIL LIMITED
CIN: U15400TG2008PLC062054
#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-30685458

(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 7th Annual General Meeting of the Company to be held at 6-3-541/C, Panjagutta, Hyderabad – 500082 on Tuesday, the 15th September, 2015 at 10.30 a.m.

.....
Signature of the Shareholder /Authorized Representative/Proxy **

* Applicable for investors holding shares in electronic form
**** Strike out whichever is not applicable**

PROXY FORM

HERITAGE FOODS RETAIL LIMITED
CIN: U15400TG2008PLC062054
#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-30685458

(Pursuant Section 105(6) of the Companies Act 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014

Name of the Member(s):	
Registered address:	
Folio No./Client Id:	DP ID:
E-mail Id:	

I/We, being the member(s) having..... Shares of the above named Company, hereby appoint:

1.	Name :	Address :
	E-mail Id :	Signature :
	or failing him/her	
2.	Name :	Address:
	E-mail Id :	Signature :
	or failing him/her	
3.	Name :	Address:
	E-mail Id :	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7th Annual General Meeting of the Company to be held on Tuesday, the 15th September, 2015 at 10.30 a.m. at 6-3-541/C, Panjagutta, Hyderabad – 500082 and at any adjournment thereof in respect of such resolutions as are indicated below:

FUTURE RETAIL LIMITED

Resolution number	Resolutions	Vote (Optional see Note 2) (Please mention no. of		
		For	Against	Abstain
Ordinary Business:				
1.	Adoption of Financial Statement: Adopt the Audited Balance Sheet as at 31st March, 2015, Statement of Profit and Loss, Cash Flow Statement & notes thereof for the year ended as on that date and the Reports of the Directors' and the Auditors' thereon.			
2.	To appoint a Director in place of N. Lokesh, who retires by rotation and being eligible, offers himself for re-appointment.			
3.	The appointment of auditors of the Company, and to fix their remuneration.			
Special Business:				
4.	To Appoint Smt. N. Brahmani, as Director of the Company			
5.	To Appoint Smt. N. Brahmani, as Managing Director of the Company			

Affix Revenue Stamp

Signed this_____day of_____2015

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. **A 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.

FUTURE RETAIL LIMITED

8th Annual Report
2015-16

Heritage
Foods Retail Limited

Certified True Copy
For Future Retail Limited
Dy. Company Secretary

Board of Directors

1. Sri. D. Seetharamaiah
2. Smt. N. Bhuvaneswari
3. Sri. N. Lokesh
4. Dr. M. Sambasiva Rao
5. Smt. N. Brahmani

Registered Office

#6-3-541/C, Panjagutta, Hyderabad – 500082

Statutory Auditors

M/s. Raju & Prasad, Chartered Accountants
401, "DIAMOND HOUSE" Adj. Amrutha Hills,
Panjagutta, Hyderabad – 500 082.

Bankers

HDFC Bank Limited,
Lakadikapool Branch,
Hyderabad, Andhra Pradesh.

Certified True Copy
For Future Retail Limited
Company Secretary

FUTURE RETAIL LIMITED

NOTICE

Members of Heritage Foods Retail Limited are hereby given notice for the 8th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	:	Wednesday, 10th August, 2016
Time	:	11.30 a.m.
Venue	:	Registered Office: 6-3-541/C, Panjagutta,

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016, Statement of Profit and Loss, Cash Flow Statement & notes thereof for the year ended as on that date and the Reports of the Directors' and the Auditors' thereon.

2. To appoint a Director in place of Sri. D. Seetharamaiah, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint Auditors of the Company and to fix their remuneration.

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

   "**RESOLVED THAT** M/s. Raju & Prasad, Chartered Accountants, Hyderabad, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, as per the provisions of Section 139 of the Companies Act 2013 at a remuneration to be fixed by the Board of Directors of the Company."

By Order of the Board
For HERITAGE FOODS RETAIL LIMITED

N. Brahmani

N. BRAHMANI
MANAGING DIRECTOR
DIN: 02338940

Place: Hyderabad
Date: 16th May, 2016

FUTURE RETAIL LIMITED

Notes:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.*
2. *MEMBERS / PROXIES SHOULD PRODUCE AT THE ENTRANCE OF THE VENUE DULY FILLED ATTENDANCE SLIP FOR ATTENDING THE MEETING.*
3. Members are requested to notify immediately any change in their address to the Company.
4. All communication relating to shares are to be addressed to the Company.
5. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. The Ministry of Corporate Affairs has announced a "Green Initiative in Corporate Governance" thereby allowing paperless compliance through electronic mode. The Company supports this environment friendly initiative of the Government of India and proposes to send notices for General Meetings/Annual Reports/Other Shareholders Communication through electronic mode to the e-mail addresses which are registered with the Company for this purpose from time to time. For members who have not registered their e-mail addresses, physical copies of Annual Report 2014-15 are being sent by the permitted mode.

By Order of the Board
For HERITAGE FOODS RETAIL LIMITED

p. N. Brahmani

N. BRAHMANI
MANAGING DIRECTOR
DIN: 02338940

Place: Hyderabad
Date: 16th May, 2016

FUTURE RETAIL LIMITED

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 8th Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended March 31, 2016.

Financial Results

During the year under review, performance of your company as under:

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Turnover	-	-
Profit/(Loss) before taxation	(24095)	(76058)
Less: Tax Expense	-	-
Profit/(Loss) after tax	(24095)	(76058)
Add: Balance B/F from the previous year	-	-
Balance Profit / (Loss) C/F to the next year	-	-

Operational highlights

During the year under review, the Company earned an income of NIL during the year and expenses are 24,095/-(Twenty Four Thousand and Ninety Five). The Profit/ (Loss) after tax was (24095)/-

Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT-9** for the financial year 2015-16 has enclosed in **ANNEXURE I**

Equity Dividend

During the year under review, the Company has not declared any Interim/final Dividend.

Amounts Transferred to Reserves

The Board of the Company has decided not to transfer any amount to its reserves.

Number of Board Meetings

During the Financial Year 2015-16, Four (4) Meetings of the Board of Directors of the Company were held on 11th May, 2015, 8th July, 2015, 9th October, 2015, 12th January, 2016.

Directors

In accordance with Articles of Association of the Company and provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Sri. D. Seetharamaiah, Director of the Company who retire by rotation and being eligible, offers himself for re-appointment.

FUTURE RETAIL LIMITED

Information about the financial performance / financial position of the Subsidiaries / Associates / JV

The Company is not having any Subsidiary/Associate Company/JV any during the financial year under review.

Auditors

M/s. Raju & Prasad, Chartered Accountants, Hyderabad, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

As per the Section 139 of the Companies Act 2013 M/s. Raju & Prasad, Chartered Accountants, Hyderabad Statutory Auditors of the Company will be appointed from the conclusion of this annual General Meeting till the conclusion of the next Annual General Meeting the Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under section 141 of the Companies Act 2013 and rules made thereof.

Particulars of Contracts or Arrangements with Related Parties

There are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. Thus disclosure in the form AOC-2 is not required.

Directors Responsibility Statement

In conformity with the provisions under Section 134 (5) which is introduced by the Companies Act, 2013 your directors confirm that:-

a) In the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there are no material departures from the same;

b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit & loss of the Company for the year ended on that date;

c) The Directors have taken proper and sufficient care for the 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 fraud and other irregularities;

d) The Directors have prepared the annual accounts on a 'going concern' basis; and

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Particulars of Loan, Guarantees and Investments under Section 186

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 and it has taken

Secured Loans: Nil
Unsecured Loans: Nil
Current/Non-Current Investments: Nil
Guarantees: Nil
Securities Extended: Nil

Material changes and commitments between the end of financial year and the date of the report

There are no material changes since 31st March 2016 and until the date of this report.

Conservation of Energy/Technology Absorption, Foreign Exchange Earnings and Outgo:

The information required to be given pursuant to Section 134 (3) (m) of the Companies Act, 2013, Particulars of Conservation of Energy/Technology absorption, Foreign Earnings: **Nil**

Particulars of Employees

Statement of Particulars of Employees, pursuant to the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employees comes under these provisions during the year under review.

Fixed deposits

During the year under review the Company has not accepted any fixed deposits from the public.

Acknowledgment

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support

By Order of the Board

N. BRAHMANI	Dr. M. SAMBASIVA RAO
MANAGING DIRECTOR	DIRECTOR
DIN: 02338940	DIN: 01887410

Place: Hyderabad
Date: 16th May, 2016

FUTURE RETAIL LIMITED

Annexure - 1

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2016
[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	: U15400TG2008PLC062054
(ii)	Registration Date	: 01.12.2008
(iii)	Name of the Company	: HERITAGE FOODS RETAIL LIMITED
(iv)	Category /sub-Category of the Company	: Company Limited by Shares/Indian Non-Government Company
(v)	Address of the Registered office and Contact details	: 6-3-541/C, Panjagutta, Hyderabad – 500082
(vi)	Whether Listed Company	: NO
(vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	: NA

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
-	-	-	-

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 Limited	L15209TG1992PLC014332	Holding Company	99.64%	Sec.2 (46)

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 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	0.00	200	200	0.12	0.00	200	200	0.12	0.00
(b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Bodies Corporate	0.00	1,65,000	1,65,000	99.64	0.00	1,65,000	1,65,000	99.64	0.00
(e) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub total (A) (1):-	**0.00**	**165200**	**165200**	**99.76**	**0.00**	**165200**	**165200**	**99.76**	**0.00**

FUTURE RETAIL LIMITED

(2) Foreign									
(a) NRIs Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Other Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (A) (2)	**0.00**	**165200**	**165200**	**99.76**	**0.00**	**165200**	**165200**	**99.76**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) FII	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(1)									0.00
(a) Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Indian	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	0.00	400	400	0.24	0.00	400	400	0.24	0.00
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Others (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Public Shareholding (B)=(B)(1)+(B2)	**0.00**	**400**	**400**	**0.24**	**0.00**	**400**	**400**	**0.24**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	**0.00**	**165600**	**165600**	**100.00**	**0.00**	**165600**	**165600**	**100.00**	**0.00**

(ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2015			Shareholding at the end of the year 31.03.2016			
		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	% Change in shareholding during the year
1.	Heritage Foods Limited	1,65,000	99.64	-	1,65,000	99.64	-	-
2.	N. Brahmani	100	0.06	-	100	0.06	-	-
3.	N. Bhuvaneswari	100	0.06	-	100	0.06	-	-

(iii) **Change in Promoter's Shareholding (Please specify, if there is no change)**

Sl. No		Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the year 31.03.2016	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2015	1,65,200	100.00	1,65,200	100.00
	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 31.03.2016	1,65,200	100.00	1,65,200	100.00

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding During the Year (01.04.2014 to 31.03.2016)	
		No. of Shares at the Beginning (01.04.2015)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Heritage Foods Limited	1,65,000	99.64	-	-	-	1,65,000	99.64

(V) Shareholding of Directors and Key managerial Personnel:

Sl. No	Name	Shareholding at the beginning of the year		Cumulative Shareholding During the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	N. Bhuvaneswari	100	0.06	100	0.06
2	N. Lokesh	100	0.06	100	0.06
3	D. Seetharamaiah	100	0.06	100	0.06
4	Dr. M. Sambasiva Rao	100	0.06	100	0.06
5	N. Brahmani	100	0.06	100	0.06

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (i) Principal Amount (ii) Interest due but not paid (iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year • Addition • Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL

FUTURE RETAIL LIMITED

Indebtedness at the end of the financial year (i) Principal Amount (ii) Interest due but not paid (iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Director and/or Manager: **NIL**

Sl. No	Particulars of Remuneration	Managing Director	Total Amount
		N. Brahmani*	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (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	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - As % of profit - Others, specify	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	NIL	NIL

*Smt. N. Brahmani, appointed as Managing Director without remuneration w.e.f 12th January, 2015.

B. Remuneration to other Directors: **NA**

Sl. No	Particulars of Remuneration		Total Amount
1	Independent Directors Fee for attending Board/Committee Meetings	NA	NA
	Commission	NA	NA
	Others, please specify	NA	NA
	Total (1)	NA	NA
2	Other Non-Executive Directors	NA	NA
	Independent Directors Fee for attending Board/Committee Meetings	NA	NA
	Commission	NA	NA

FUTURE RETAIL LIMITED

	Others, please specify	NA	NA
	Total (2)	NA	NA
	Total (B)= (1+2)	NA	NA
	Total Managerial Remuneration	NA	NA
	Overall Ceiling as per the Act	NA	NA

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager: **NA**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total (Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (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		NIL	
3.	Sweat Equity			
4.	Commission - As % of profit - Others, specify			
5.	Others, please specify			
	Total			

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					

FUTURE RETAIL LIMITED

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Independent Auditor's Report

To

The Members

Heritage Foods Retail Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Heritage Foods Retail Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, 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

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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 2016 and its profit and loss account 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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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

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(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.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which are required to be transferred to the Investor education and protection fund by the company.

For Raju and Prasad
Chartered Accountants
FRN: 003475S

Date: May 16, 2016
Place: Hyderabad

I Dileep Kumar
Partner
M.No: 223943

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Annexure- A to the Auditor's Report

The Annexure referred to in our Report of even date to the members of Heritage Foods Retail Limited on the accounts of the company for the year ended 31st March, 2016.

i. Since the company has no fixed assets, the paragraph 3(i) of the order is not applicable.

ii. Since the company has no inventory, the paragraph 3(ii) of the order is not applicable.

iii. The company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly the paragraph 3(iii) of the order is not applicable.

iv. The company has neither granted any loans, nor have any investments and not given any guarantees. Accordingly, the paragraph 3(iv) of the order is not applicable.

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. Since the Company has not commenced any commercial operations, Maintenance of cost records under sub–section (1) of Section 148 of the Act, is not applicable.

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 31.3.2016.

b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.

viii. Since the company has no borrowings from the bank, the paragraph 3(viii) of the order is not applicable.

ix. The company has not raised any money by way of initial public offer or further public offer (Including debt instruments).

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. Since the company has not provided any managerial remuneration, the paragraph 3(xi) of the order is not applicable.

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.

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xiii. According to the information and explanations given to us and based on our examination of the records of the Company, there are no transactions with the related parties and hence the paragraph 3(xiii) of the order is not applicable.

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 him. 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

Date: May 16, 2016
Place: Hyderabad

T Dileep Kumar
Partner
M.No: 223943

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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 Retail Limited ("the Company") as of 31 March 2016 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.

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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 2016, 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

Date: May 16, 2016
Place: Hyderabad

T Dileep Kumar
Partner
M.No: 223943

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BALANCE SHEET AS AT 31ST MARCH 2016:

(Amount in Rs.)

Particulars	Note No	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	1	**1656000**	1656000
b) Reserves and Surplus	2	**(1409027)**	(1384932)
Sub Total		**246973**	271068
2) Share application money pending allotment		-	-
3) Non-Current Liabilities		-	-
4) Current Liabilities			
Other current liabilities	3	**47313**	52246
Total		**294286**	323314
ASSETS			
1) Non-current assets		-	-
2) Current assets			
Cash and cash equivalents	4	**294286**	323314
Total		**294286**	323314
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

I. DILEEP KUMAR
Partner
Membership No. 223943

Date: 16th May, 2016
Place : Hyderabad

For and on behalf of the Board

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

FUTURE RETAIL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	Note No	Year ended 31.03.2016	Year ended 31.03.2015
I. Revenue from operations		-	-
II. Other Income		-	-
III. Total Revenue (I +II)		-	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other expenses	5	24,095	76,058
Total expenses		24095	76058
V. Profit before exceptional and extraordinary items and tax		(24095)	(76058)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(24095)	(76058)
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		(24095)	(76058)
X. Tax expense:		-	-
XI. Profit(Loss) from the perid from continuing operations		(24095)	(76058)
XII. Earning per equity share:			
(1) Basic		(0.15)	(0.46)
(2) Diluted		(0.15)	(0.46)
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

I DILEEP KUMAR
Partner
Membership No. 223943

Date: 16th May, 2016
Place : Hyderabad

For and on behalf of the Board

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

FUTURE RETAIL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

PARTICULARS	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	**(24095)**	(76058)
Adjustment for		
Depreciation	-	-
Interest	-	-
Operating Profit before working capital changes	**(24095)**	(76058)
Adjustment for:		
Inventories	-	-
Trade and other Receivables	-	-
Other current Liabilities	**(4934)**	13010
Cash generated from operations	**(29029)**	(63048)
Direct taxes paid (incl.taxation of earlier years)	-	-
Net Cash (Used) / generated for / from operations	**(29029)**	(63048)
B. CASH FLOW FROM INVESTING ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTVITIES		
Proceeds from issue of Equity Shares	-	-
Net Cash (Used) / generated for / from Financing Activities		
Net increase / (decrease) in cash and cash equivalents	**(29029)**	(63048)
Cash and Cash equivalents as at the beginning of the year	**323314**	386362
Cash and Cash equivalents as at end of the Year	**294286**	323314
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14	

As per our report attached

For Raju & Prasad
Chartered Accountants
(Firm No.003475S)

I DILEEP KUMAR
Partner
Membership No. 223943

For and on behalf of the Board

N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
Director
DIN: 01887410

Date: 16th May, 2016
Place : Hyderabad

Notes to Accounts & Significant Accounting Policies:

Note 1 : Share Capital (Amount in Rs.)

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
I. Authorised				
a) Equity Share Capital				
Equity Shares of Rs.10/- each	15000000	150000000	15000000	150000000
Total	**15000000**	**150000000**	**15000000**	**150000000**
II. Issued, Subscribed and Paidup Share Capital				
Equity Share Capital				
Equity Shares of Rs.10/- each	165600	1656000	165600	1656000

III. Reconciliation of number of shares outstanding	As at 31.03.2016		As at 31.03.2015	
Particulars	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the year	165600	1656000	165600	1656000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	165600	1656000	165600	1656000

IV. Shares held by Shareholders holding more than 5%

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a. Equity Share Capital :				
1. HERITAGE FOODS LIMITED	165000	99.64	165000	99.64

V. 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 Rs.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 share holders 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 shareholders.

Note 2: Reserves and Surplus (Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
a) General Reserve :		
Opening Balance	-	-
Add: Transfer from Surplus	-	-
Less: Transfer to Surplus	-	-
Closing Balance	-	-
b) Surplus :		
Opening Balance	(1384932)	(1308874)
Add: Net Profit / (Net Loss) for the current year	(24095)	(76058)
Transfer from General Reserve	-	-
Less: Transfer to General Reserve	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Closing Balance	(1409027)	(1384932)
Total - Reserves and Surplus	(1409027)	(1384932)

Note 3: Other Current Liabilities (Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
Other Payables	47313	52246
TOTAL	**47313**	52246

Note:4 Cash and cash equivalents (Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
a. Balances with banks:		
On current accounts	**284990**	318504
b. Cash on hand	**9296**	4810
Grand Total	**294286**	323314

Note: 5 Other expenses (Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
Printing and Stationery	-	13,400
Rates and taxes, excluding, taxes on income	-	6,730
Legal and Professional Charges	11500	44,500
Payment to Auditors :	-	-
Audit Fee	12595	11,428
Total	**24095**	76058

Note 6: SIGNIFICANT ACCOUNTING POLICIES

1. a) **Basis of preparation of financial statements:** The financial statements have been prepared under historical cost convention and in conformity with the generally accepted accounting principles, applicable provisions of the Companies Act,2013, and as per the Accounting standards specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules 2014. Financial statements have been presented as per the schedule III of Companies Act, 2013.

b) Changes in Accounting policies: Accounting policies have been consistently applied except where a newly issued Accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently or revised. Accounting standards on an ongoing basis and accordingly changes the Accounting policies as applicable.

c) Income and Expenditure: All items of expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis.

d) Use of Estimates: The preparation of financial statements in conformity with the Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the end of financial statements and reported amounts of income and expenses during the period.
Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

e) Cash Flow statement: The cash flow statement is prepared by 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, and deferral of accrual of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

f) Cash and Cash Equivalents: Cash and Cash Equivalents comprises of cash on hand, cash at bank.

g) Earnings per share: Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

h) Provisions: Provision is recognised 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.

i) Contingent Liabilities: A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurence or non-occurence of one or more uncertain future events not wholly whithin the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Note 7 : Contingent Liabilities and Commitments (To the extent not provided for (Amt in Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Contingent liabilities shall be classified as:	NIL	NIL
(a) Claims against the company not acknowledged as debt;		
(b) Guarantees;	NIL	NIL
(c) Other money for which the company is contingently liable		
(ii) Commitments shall be classified as:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for;	NIL	NIL
(b) Uncalled liability on shares and other investments partly paid;	NIL	NIL
(c) Other commitments (specify nature).	NIL	NIL
Total	NIL	NIL

Note 8: Employee's benefits:

There are no employees engaged by the company. Hence no provision towards employee benefits has been made.

Note 9: Segment Reporting:

The Company has not commenced commercial operations. Hence reporting as per AS17: Segment Reporting is not applicable.

Note 10. Related Party disclosures as per AS-18

Name of the related party	Heritage Foods Limited	Heritage Conpro Limited	N Bhuvaneswari	N. Brahmani	N Lokesh	M Sambasiva Rao
Description of the Relationship between the parties	Holding Company	Fellow subsidiary	Key Management Personnel (Director)	Key Management Personnel (Managing Director)	Key Management Personnel (Director)	Key Management Personnel (Director)
Description of the nature of transactions	Inter company transactions	Inter company transactions	a) Receiving of Services	Receiving of Services	Receiving of Services	Receiving of Services
Volume of the transactions either as an amount or as appropriate proportion	NIL	NIL	NIL	NIL	NIL	NIL
Any other elements of the related party transacting of the financial statements	NIL	NIL	NIL	NIL	NIL	NIL
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	NIL	NIL	NIL	NIL	NIL
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

Note 11. Earnings per share (EPS) (Amt in Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
a) Calculation of weighted average number of equity shares of Rs 10/- each		
Number of Equity Shares outstanding at the beginning of the year	165600	165600
Number of Equity Shares outstanding at the end of the year	165600	165600
Weighted average number of Equity Shares outstanding during the year	**165600**	**165600**
b) Net Profit/(Loss) after tax	**(24095)**	(76058)
c) Basic Earnings per share of Rs 10/- each	**(0.15)**	(0.46)
d) Diluted Earnings per share of Rs 10/- each	**(0.15)**	(0.46)

Note 12: There is no amount or interest which is outstanding for more than 45 days payable to Micro, Small and Medium Enterprises as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March'2016.

Note 13: Expenditure, Earnings, Remittance in Foreign Currency: (Amount in Rs.)

Particulars	For the Year ended 31.03.2016	For the Year ended 31.03.2015
1.2 Expenditure in Foreign Currency:	NIL	NIL
1.3 Earnings in Foreign Currency	NIL	NIL
1.4 Remittance in Foreign Currency	NIL	NIL

Note 14: Paisa is rounded off to the nearest Rupee.

As per our report attached
For Raju & Prasad
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For and on behalf of the Board

I DILEEP KUMAR
Partner
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N. BRAHMANI
Managing Director
DIN: 02338940

Dr. M. SAMBASIVA RAO
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DIN: 01887410

Date: 16th May, 2016
Place : Hyderabad

FUTURE RETAIL LIMITED