Heritage™
HEALTH AND HAPPINESS

25 YEARS OF HERITAGE

Ref: SECT: STOC: 48 - 18

06th September, 2018

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

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

Dear Sir / Madam,

Sub: Annual Report for the Financial Year 2017 - 18

Ref: Stock Code: 519552/HERITGFOOD

Please find a copy of 26th Annual Report for the Financial Year 2017–18 of our Company of the 26th Annual General Meeting held on 30th August, 2018 at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-500045. The said Annual Report is also place on the website of the Company at www.heritagefoods.in for the benefit the Investors.

This is for your information and record.

Thanking you,

Yours Faithfully,

For HERITAGE FOODS LIMITED

UMAKANTA BARIK
Company Secretary
M. No. FCS-6317

Encl: a/a

Heritage™
HEALTH AND HAPPINESS

Heritage Foods Limited



Delivering nutrition

2017-18
26th Annual Report



DISCLAIMER

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements.

We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

For the online version of the Annual Report please log on to **www.heritagefoods.in**

A healthy nation is happy one. And we are geared up to be one of the brands in India that makes it a reality!

From being a player in a niche product category, we are now expanding our reach and capabilities to touch more consumers with our fresh and nutrition rich product basket. We aim to be a vital player in the wellness industry, while making significant positive difference to the lives and economy of our country's backbone – the farmer community!

It's often the simple things that leave the biggest mark. With our intent of delivering nutrition to our customers, we look forward to transforming the world as we know it!

Inside the Report

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About Heritage

Heritage Foods Limited (called "Heritage" hereinafter) is one of the fastest growing dairy companies in India. Heritage was incorporated in 1992 with the objective of remunerating dairy farmers with fair prices and providing fresh and healthy dairy products to consumers.

Over the years, we have evolved and widened our product offerings that delight customers. Our presence in an extremely consumer driven market generates a demand for healthy and balanced dairy products. With a well-established presence in South India and a strong franchisee network, we aim to deepen our penetration along with expanding our reach to new markets.

Our Vision

Delighting Every Home with Fresh & Healthy Products and Empowering the Farmer.

Our Mission

- To be a nationally recognized brand for Healthy and Fresh products with a revenue of ₹6000 Crore by 2022
- We anticipate, understand and respond to our customers' needs by creating high quality products and making them available through innovative and convenient channels
- We embrace the right technology to delight our customers
- We are a strong supporter of balancing Economic, Social and Environmental aspects to create a better tomorrow
- We are devoted to empowering the farmer community through our unique 'Relationship Farming Model'
- We aim to be the employer of choice by nurturing Entrepreneurship, Promoting Empowerment, alongside transparent and open communication.



Creating Value for Stakeholders

We recognise that doing business in a sustainable and responsible manner is integral to ensuring our future viability. Value-creation for all stakeholders underpins our business strategy and growth.



Financial Capital

₹2,344 Crore
Revenue in 2017-18

₹778 Crore
Net worth as on March 31, 2018



Manufacturing Capital

₹182 Crore
Capital expenditure in 2017-18

10.53 LLPD
Liquid milk sold in 2017-18

13.20 LLPD
Milk procured in 2017-18



Social Relationship Capital

15 Lakh
Households served daily with our products

3 Lakh
Farmers associated as partners for milk procurement



Network

12,186 No's
Milk Procurement Representatives

6,608
Distributing agents

1,380 No's
Franchise Parlours



Natural Capital

8,751,253 Units
Renewable energy generated during the year

LLPD: Lakh Liters Per Day

What We Achieved in 2017-18

Integration of Dairy business acquired from Reliance Retail Limited. As a part of integration process we decided to continue with the two brands of Reliance Diary, i.e., Dairy Life and Dairy Pure.





We received the Golden Peacock Award for excellence in Corporate Governance for the second consecutive year in 2017. The award was given by Institute of Directors in association with The Institute of Companies Secretaries of India (ICSI), New Delhi.

We were awarded the second prize, National Energy Conservation Awards in Dairy sector for 2017. The award was introduced by Ministry of Power, Government of India for effective energy conservation methods that we adopted in Gokul Dairy Plant, Tirupati, Andhra Pradesh.





Our Company was declared as the Winner of the FTAPCCI Excellence Awards in Corporate Social Responsibility. The award was given by Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry.



Mr. K Rajababu, IT Head of the Company has been awarded among the 50 Most Innovative CIO of India by The World CSR day organisation, for the year 2017.



The Company has received the Telangana Best Employer Brand Award 2017 from the World CSR Day & World Sustainability organisation.





Mr. A Prabhakara Naidu, CFO of the Company has been recognised with the Hyderabad CFO Leadership Award instituted by the World CSR Day & World Sustainability organisation for the year 2017.



Mr. Dheeraj Tandon, Head HR of the Company has been recognised among the 100 Top HR Mind in India Award by the World HRD Congress, for the year 2017.



India's 50 Best CFO's Awards 2017-18 was conferred to Mr. A. Prabhakara Naidu, Chief Financial Officer of the Company by White Page International in association with UK Asian Business Council. The award was presented at The Asian Brand & Leadership Conclave, held in Singapore on March 09, 2018.



Mr. A. Prabhakara Naidu, Chief Financial Officer of the Company has been recognised with CA-CFO Award in the Agriculture & Allied Services Sector by The Institute of Chartered Accountants of India in its 11th ICAI Awards 2017, held in Mumbai on January 19, 2018.



The Company was Awarded with Silver Plate in the Standard Vanilla Category by DuPont in 'The Great Indian Ice Cream & Frozen Dessert Contest Season 6'



The Company was Awarded with Silver Plate in the Best Chocolate Category by DuPont in 'The Great Indian Ice Cream & Frozen Dessert Contest Season 6'



The Company was Awarded with Bronze Plate in the Sorbet Category by DuPont in 'The Great Indian Ice Cream & Frozen Dessert Contest Season 6'

Our Blueprint for Growth

In 2017-18, we focused on delivering products that are high on nutrition and that create a healthy balance in lifestyles of our consumers. Despite challenges and volatility in industry, we took some strategic steps that will help us remain sustainable.

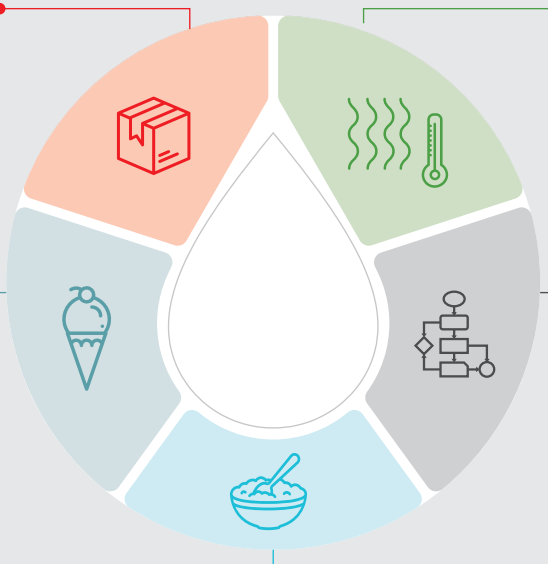
Our strategies

1. To achieve a turnover of **₹6000 crore** by financial year 2022
2. To set up a **greenfield yoghurt** plant by early 2019
3. To improve our contribution from value-Added products segment to **40%** by 2022 from current level of **22.43%**
4. To emerge as a **Pan India Player** by increasing our market presence
5. To look for **expansion both organic & inorganic way** of additional capacities in areas of procurement, processing and packaging

Our execution methodologies

We recently acquired the assets of **Vaman Milk Foods Private Limited**. The plant is near Chandigarh and will accelerate our market presence in Punjab & Haryana

A **UHT plant** with a capacity of 1 lakh liter per day established at Bayyavaram, near Visakhapatnam, Andhra Pradesh



We decided to enhance our **ice cream segment** with the introduction of premium ice cream brand called **Alpenvie** as a value-added product. New variants and strong market research were key reasons behind this strategic step

We acquired a third party packaging plant in Hyderabad to enable us in aligning the major parts of volume acquired from the Reliance business into one **processing facility**

In Telangana and Andhra Pradesh put together we have added 1 lakh liters per day in **manufacturing capacity for curd** into our business.

Chairperson's Message



India, the fastest growing economy in the world, experienced a cyclical trend during the year. The country saw a short term set back with a fall in GDP to 5.3% in the 1st quarter of the year, and then saw it rebound to 6.5% in the 2nd quarter.

Dear Shareholders

Over a period of two decades, we have witnessed a journey of growth and excellence at Heritage. The year under review saw changes happening at the economy as well as the industry level. We also completed our first financial year post acquisition of Dairy brands from Reliance Retail Limited last year. As we operate in the complete value-chain of the dairy system, I am happy to state that the year was good for the farmers and consumers.

India, the fastest growing economy in the world experienced a cyclical trend during the year. The country saw a short term set back with a fall in GDP to 5.3% in the 1st quarter of the year, and then saw it rebound to 6.5% in the 2nd quarter. Introduction of Goods and Service Tax (GST) during the year also created ripples across various sectors, eventually easing out the challenges with passing time.

The dairy industry was driven by various changes during the year. One, enhanced branding and packaging by leading players to grab a larger market share. Two, volatility in milk procurement prices during the second half of the year. Despite this, the industry witnessed an increase in milk output from 5.13 crore tonnes in summer season of FY17 to 5.38 crore tonnes in summer season of FY18.

As we operate in a competitive consumer-driven market, we continue to evolve as a company and embrace the challenges and opportunities that come along. We spent around ₹9.9 crore during the year towards rejuvenation of brand, silver jubilee celebration and advertisement. We have registered a growth of 25.25% in our revenue driven by 22.43% growth in value-added products. The introduction of our operational efficiencies and value-creation philosophy helped increase the revenue this year.

Like we had mentioned last year, we are building a 'future-ready' Heritage. During the year we took some strategic steps that will help shape our business better and create value for stakeholders. We began expansion plans for a plant in Haryana. Completion and commissioning of which will allow us to shift our packing operations from third party plants to in-house. While this would bring cost benefits, it would also help us market better in our northern market. Second, we acquired plant of Vaman Milk Foods (a third party packaging unit) near Chandigarh. This aligns with our belief of marketing products in innovative packaging solutions that deliver nutrition and wellness. Third, while we expanded capacities for curd at our existing plants in Telangana and Andhra Pradesh, we acquired a third party plant near Hyderabad. We invested around ₹182 crore during the fiscal that would strengthen our business and position us to emerge as a national dairy player.

The dairy farmers remain at the heart of our business operations. As we expand our market presence across the country, we are also expanding our farmer community. Our total farmer community stands at 3 lakh farmers helping us procure 13.20 lakh litres of milk. We continue with our endeveour to provide greater value to our farmers, empowering them with opportunities for growth and being a partner for success.

As we make progress and take greater strides, we continue to adopt a vigilant governance framework. Our robust internal control environment, protective and seamless information technology and ethical business practices form a strong fundamental base to our sustainability. The result, we won second consecutive Golden Peacock Award for Corporate Governance organised by the Institute of Directors, in association with The Institute of Company Secretaries of India, New Delhi.

Going ahead, we shall continue our transformation of making Heritage an emerging dairy company with a wide product range delivering nutrition and wellness to our consumers. We remain rooted to our promise of driving inclusiveness across the value-chain of our business as we march towards our mission of achieving ₹6000 crore topline by FY2022. We came out stronger in FY 2018 and remain optimistic of achieving results in the coming years. An empowered and trusted farmer community, enriching portfolio, widening market presence and delightful customer base will enable us to build a sustainable enterprise delivering value to stakeholders.

Seetharamaiah Devineni
Chairperson

Message from Management



1



2

1 **N Bhuvaneswari**
Vice Chairperson and Managing Director

2 **N Brahmani**
Executive Director

During the year, our revenue grew by 25.25% from ₹1871.44 crore in 2016-17 to ₹2344.01 crore.

N Bhuvaneswari
Vice Chairperson and Managing Director

How would you review the year 2017-18?

A: Fiscal 2017-18 was a good year for us. We went through a phase of rationalization, reorganization and brand rejuvenation. We experienced a satisfactory performance despite a volatile macro environment. During the year, our revenue grew by 25.25% from ₹1871.44 crore in 2016-17 to ₹2344.01 crore. We have recorded a slight decline in our EBITDA and PAT figures, due to an increase in operational costs and other one time expenditure.

Was it a one-time operational cost that makes you satisfied with reduced profitability?

A: That's right. Our profitability and margins were impacted with costs incurred for the current year, which would reap long-term benefits. One, our brand rejuvenation last year we spent around ₹9.9 crore in strengthening our brand. Two, we streamlined our operations integrating GST and Ind AS with the help of professional consultants. Three, we incurred expenditure for our silver jubilee celebrations with all our stakeholders. Four, we spent ₹18 crore in our cattle feed business, converting it from a trading into manufacturing one. Which we believe will help us derive profitability and margins in the coming fiscal.

The milk pricing remained volatile during the year. How did you tackle the same?

A: Yes, the prices of milk procurement remained uncertain. We did see a spike in cost in the first quarter and decline in the last two quarters. We did not pass the incremental costs to our consumers. So that also affected the margins to an extent. Our milk collection volumes increased from 10.43 lakh liters per day in 2016-17 to 13.20 lakh liters per day in 2017-18.

How is the acquisition of Dairy business of Reliance Retail Limited shaping up in your business model?

A: Well, to begin with we reduced the yearly loss and are looking at break-even by FY 2018-19. There were some key measures we had, to take to integrate Dairy business of Reliance Retail into our business model. As a part of rationalization we closed 19 chilling centres and bulk cooler. We also closed and shifted the packing station at Ludhiana and Morena and stopped selling in Nagpur.

This growth will be at the backdrop of penetration in new geographies, inorganic acquisitions to strengthen our value chain and expansion of capacities to improve efficiencies and profitability.

N Brahmani
Executive Director

So how do you intend to restructure the operating model in north India?

A: Our recent acquisition of processing and packaging unit near Chandigarh will take care of the immediate market requirements in north India in addition to our existing packaging station near Sonipet. We are also realigning the remaining chilling centres and bulk coolers to rationalize the costs and enhance the margins in the region.

Are we on track towards emerging a pan-India dairy company?

A: Of course. The acquisition of Dairy Life and Dairy Pure brand helped us to enter new markets through the infrastructure they had outsourced to third parties. But that did have cost implications and margins were impacted. Our recent acquisition of processing and packaging plant near Chandigarh and another in Hyderabad are aligned to take the Dairy Life and Dairy Pure product to a larger consumer base. Right from packaging to processing facilities, we are integrating the operations to increase the operational efficiencies. We are also looking to penetrate markets in Tamil Nadu and Maharasthra.

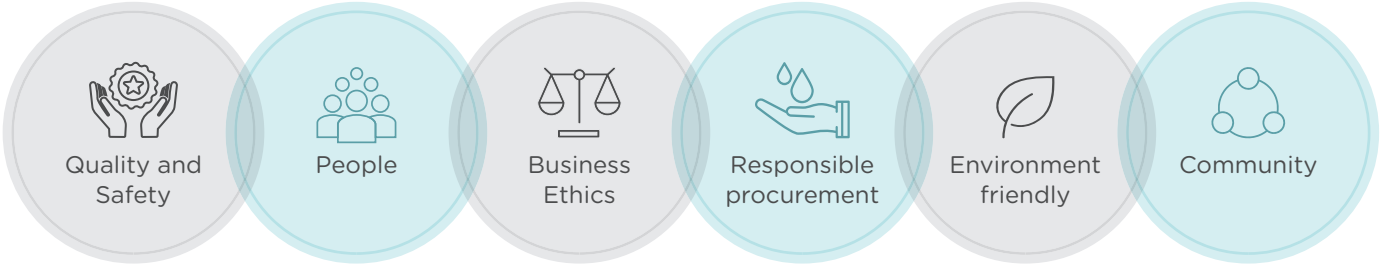
Have we taken steps in distribution channel to ensure seamless last mile delivery to consumers?

A: Yes, we are indeed taking up the distribution channel aggressively. There are two aspects to this; one we are adding 15-20 Heritage parlours at customer-centric locations every month. In addition we have also scaled up our Milk dealers & agents across key markets. The result: A net increase in revenue by 25.25% during the current fiscal.

How do you see the Heritage shaping up in the near short-term?

A: The long-term vision of the company is driven by growth. This growth will be at the backdrop of penetration in new geographies, inorganic acquisitions to strengthen our value chain and expansion of capacities to improve efficiencies and profitability. While our core product, milk, shall be sold in variants and be our engine to push the topline, we are growing other dairy products (that are value-added) to transform our brand and enhance the margins. We are oncourse with our joint venture with Novandie and plan to launch fruit and flavoured yoghurts by early 2019. We are also scaling up our ice-cream portfolio with some new launches in the markets we operate. Looking ahead, I am confident about of the future prospects of our company. We will continue to grow in terms of strong financial performance.

Our Promise to Deliver Nutrition



Quality and Safety

We are committed towards providing our customers with quality products that are fresh and healthy. We monitor the quality levels from procurement to processing to distribution. We ensure proper systems are in place to help us in assuring the delivery of quality products. Our state-of-the-art processing facilities are certified with national and global benchmarks to ensure freshness and nutrition in all our products.

People

As part of our code of conduct, we continue to maintain high standards in our processes and also the people we employ at our facilities. We have always cared about their health and well-being, providing them with the best possible work environment. We have a diverse workforce that protects and promotes our culture of fairness, accessibility, and diversity.

Business Ethics

Our business success is built on a strong foundation of corporate governance. We have been diligent in conducting our business and ensuring a stakeholder-inclusive governance approach. Our values have been at the core of our culture driving our actions. The validation of our governance standards is the recognition bestowed on us by the Institute of Directors for the second consecutive year.

Responsible procurement

Dairy farmers are integral to our business sustainability. At Heritage, we have taken a number of steps to empower the farmers. Right pricing, financial assistance, subsidized cattle feed, insurance coverage, vetenary camps and medical camps are some of the initiatives undertaken by us that have helped our farmer community. A backward integration model has helped us procure best quality of milk that enables us to deliver quality dairy products to consumers.

Environment friendly

As a responsible corporate, we strive to achieve our business goals while preserving and protecting the environment as well. We have set up captive renewable energy plants that help us save energy costs and reduce our carbon footprint. We intend to expand our renewable energy to all our processing facilities and create 'greener' environment for the community as a whole. We were awarded 8 times in last 7 years by the Ministry of Power for Energy Conservation in Dairy sector.

Community

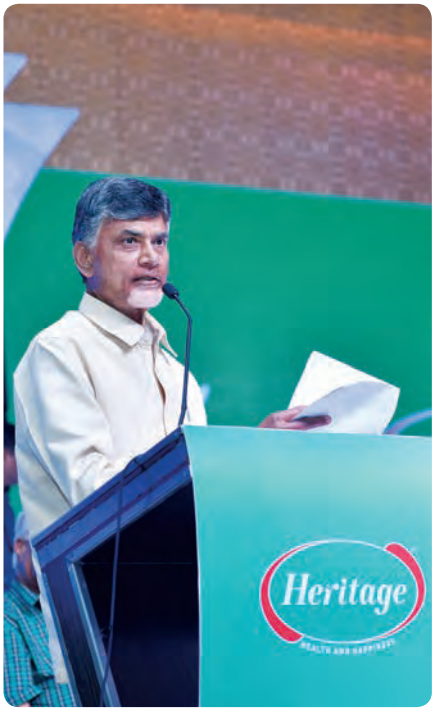
Heritage has been built on foundation of values and commitment to serve stakeholders at large. We drive several community upliftment programmes that are targeted to address issues that are plaguing the growth of under-developed section of society. We received the Telangana Best Employer Brand Award 2017 from the World CSR Day & World Sustainability.

Silver Jubilee Celebrations
















Heritage


Heritage
Heritage








Heritage


పాడిరైతులకు గృహోపకరణాల


హెరిటేజ్ ఫుడ్స్ లిమిటెడ్
పాడిరైతులకు గృహోపకరణాల






Heritage

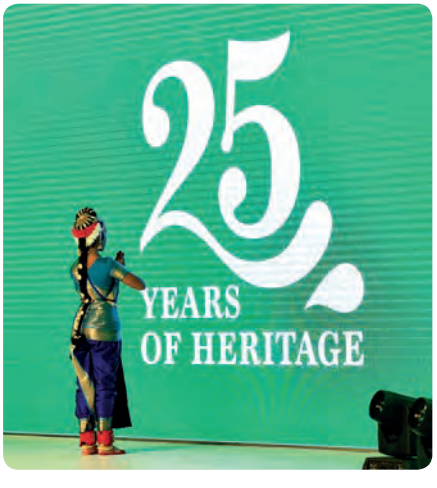




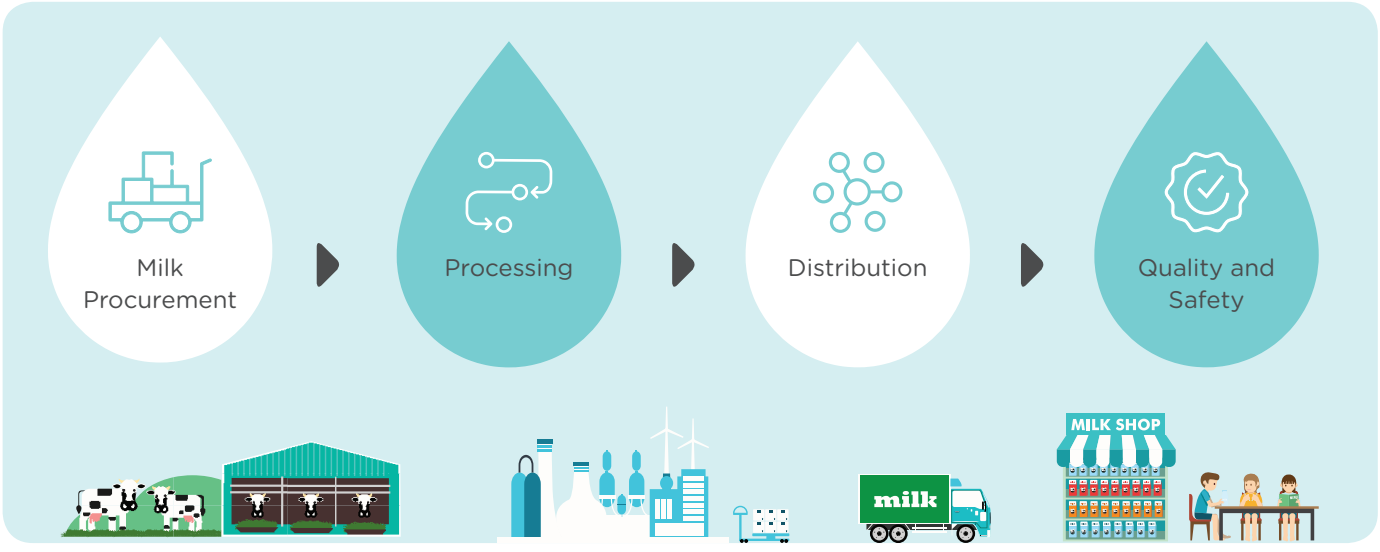

Heritage




Heritage
HEALTH AND HAPPINESS


25
YEARS
OF HERITAGE

Our Business Model



Milk Procurement

Milk procurement is an important part of our business process. We have a well-established supply chain that helps us to procure high quality milk. Milk Procurement involves procurement, collection, and transportation of raw milk. We procure milk directly from the dairy farmers spread across 9 states in the country.

3 lakhs
farmers

209
Chilling & Bulk Coolers units

9
States from where milk is procured

Processing

After milk is procured it needs to be processed by using various techniques. We process milk using practices which are high in quality, hygiene and safety. We also produce value added products from the procured milk.

16
Own processing plants

22.40 LL
Processing capacity

2
Leased processing plants

LL: Lakh Liters

Distribution

It is very important to distribute the processed milk and value added products to the market at right time. We have a well-established distribution network that helps us to reach our customers located at different parts of the country.

Distribution Network

- Heritage Parlours | Retailers | Agents
- Distributors | Retailers | Agents
- SS/CFA | Distributors| Retailers | Agents

1903
Outsourced Vehicles in 2017-18

6608
Distributing Agents



1380
Heritage parlors in India

Heritage Parlors

Heritage Parlors are outlets set up to exclusively sell our products. It includes milk, milk products, ice cream, bread and other bakery products, eggs, etc. Heritage Parlor is our franchisee based business model that provides business opportunities to new entrepreneurs and business owners. All our parlors are brand ambassadors for our company and contributes 13.72% to our dairy revenue.

Branding & Trust

Heritage's position as a unique and industry-leading dairy company is backed by its strong brand value. In a dynamic and competitive market, our brands and products remain our business drivers. As we celebrated 25 years of journey, we also undertook a brand rejuvenation exercise as a part of our long-term strategy. The trust reposed in us by our dairy farmers has been another key business driver. We continue our association with farmers beyond business, with veterinary clinics, facilitating bank loans, cattle insurance and more.

Our Business Segments



Dairy

Dairy is our main business segment under which we have both milk and value added dairy products produced using raw milk. We started our business under dairy segment by selling of processed milk and with time we expanded our business and entered into production of various value added products. We are one of the leading dairy companies of India with 209 chilling centers and bulk coolers. We have a total chilling capacity of 2104000 liters per day and a processing capacity of 2240000 liters per day. With high commitment towards innovation and providing quality products to our customers we have grown to have a significant share in dairy industry of India.

22.43%

Growth in sales of branded value added products





Renewable Energy

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

Key Developments during the year in this segment:

- We have commissioned and distributed energy through our captive solar power plants at 6 different plants and locations namely Bobbili packing station at Andhra Pradesh, Battiprolu packing station at Andhra Pradesh, Sangavi packing station at Maharashtra, Kallur packing station in Telangana, Vada Madurai packing station Tamil Nadu, and Bangalore packing station Karnataka.
- We commissioned our 3rd wind power plant with capacity of 2.1MW at Beluguppa Ananthapur District, Andhra Pradesh.



10.39 MW
Total Renewable energy

4.09 MW
Total solar power plant

6.30 MW
Total wind power plant

₹ **6.86** Crore
Revenue from renewable energy segment

Animal Nutrition - A Step Forward



Heritage Nutrivet Limited (HNL) is the wholly owned subsidiary company of the Heritage Food Limtied and the Company deals with Animal Nutrition, given as animal feed and feed supplement HNL is one of the leading Cattle Feed players in South and Western India covering five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra.

Product quality is the pivotal in our endeavour towards "HEALTHY MILCH ANIMAL – HAPPY FARMER" with quality milk and milk products for all.

₹ 6742 Lakhs
Revenue

₹ 132 Lakhs
EBITDA

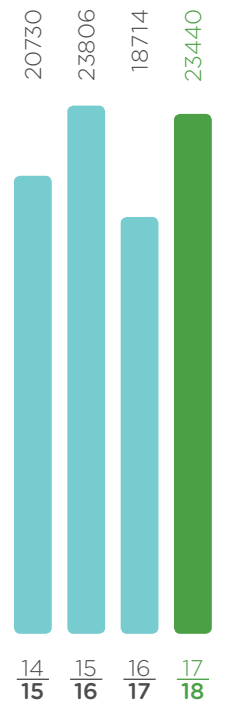


Financial Snapshot (Standalone)

(Dairy and Renewable Energy Division)

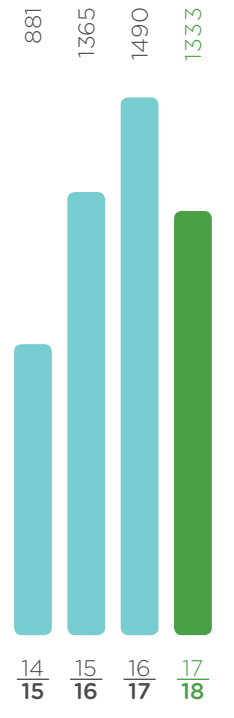
Revenue

(₹ in million)



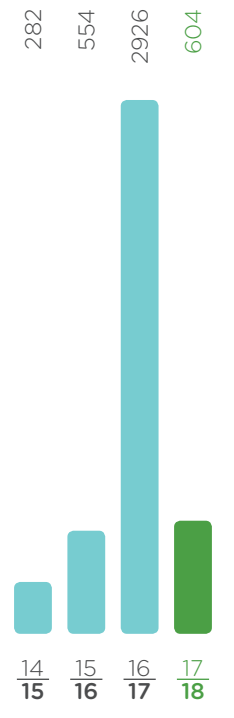
EBITDA

(₹ in million)

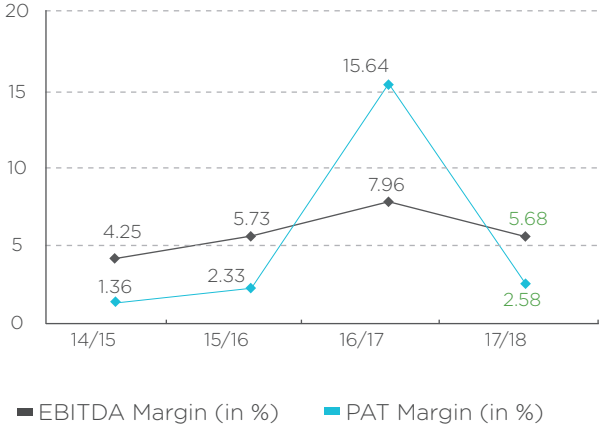


PAT

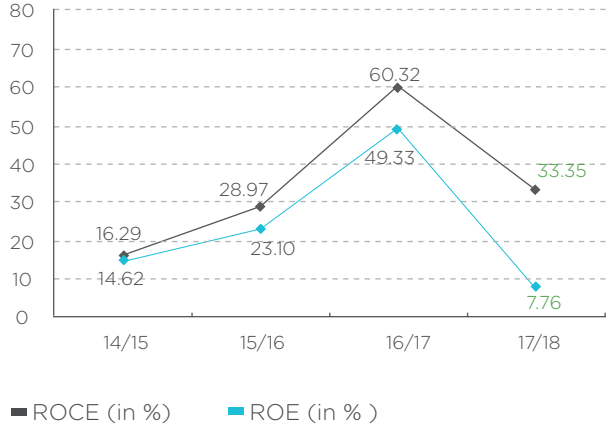
(₹ in million)



EBITDA & PAT Margin



ROCE



Note: The profitability and ratios for FY 2016-17 are not comparable due to fair valuation of equity shares of Future Retail Limited.

Corporate Social Responsibility (CSR)

A successful approach to Corporate Social Responsibility is an essential part of securing a sustainable business and ensuring long-term success. At Heritage we have always believed in a sustainable and inclusive growth.

At Heritage Foods Limited, CSR is integral to the business processes and operations. We work in association with NTR memorial trust to promote education and skill development. During the year, we went beyond the compliance to applicable statute and covered over 2,00,000 dairy farmers under group personal accident (GPA) insurance policy.

>2,00,000

Dairy farmers insured under GPA insurance policy



Heritage Farmers Welfare Trust (HFWT)

Heritage Farmers Welfare Trust was established in February 2010 with an aim to extend help to farmers. Being a corporate citizen we understood our corporate responsibility and set up HFWT way before CSR became mandatory under Companies Act 2013. HFWT conducts several programmes to meet individual farmers as well as group needs. The members of HFWT are provided with various services from the trust including Social security scheme, Health Camps, MCC development activities, and merit awards for farmer's children amongst others.

Insurance Coverage to Farmers

HFWT has initiated Group Personal Accident insurance Policy (GPA) under social security scheme to the enrolled members such as milk producers and Milk Collection Centre (MCC) representatives. Since 2014, we have distributed ₹1,66,23,860 to nominees of the insured members.

122

Families got support through this scheme



Veterinary Health Care Services

Heritage Mobile Veterinary Clinic (HMVC) is a mobile clinic equipped with required tools and trained employees on Veterinary treatment and cattle management practices. We have an objective to provide door-step veterinary services to Milch animals and providing cattle owners with latest technology and knowledge on best cattle management and feeding practices. The vehicles are being widely appreciated in Andhra Pradesh, Telangana, and Maharashtra. The mobile van can reach anywhere in the region on any of the 365 days with a well-defined structured schedule, which includes educational video film in the evening and medical camp next day during in the morning.



Video Films

HMVC's video film helps in understanding of cattle maintenance and improving milk production of dairy farmers. The video film shows how to give proper quality feed to cattle to increase the production of milk, techniques in clean milk practices maintaining cattle cleanliness, right time to provide treatment to cattle, and some of the best practices in artificial insemination, etc.

1049

Artificial Inseminations provided during the year

2162

Veterinary camps conducted in 2017-18

148306

Cattle treated during 2017-18



Milk Collection Centre (MCC) Development Activities

The HFWT has proposed 28 different activities like distribution of Stainless Steel Milk Cans, Milk analyser, Breeding bull, Trevis, Feeding bowls, Mosquito nets for cattle shed, Solar lights, Umbrellas, Hot packs, SS Rice Storage drums, SS Water containers with tap, cool water bottle, mixer grinder, non stick tawa, Helmets, Induction stoves, Emergency lights, SS Thermos flask, SS Water pots, Power Chaff cutter, Sprayers, Milking Machines, Rugs / blankets, Chairs, Iron boxes, Wall clocks, Pressure cookers and hot packs, etc.

The Executive Committees at MCC level decides one of the above 28 activities to be carried out in their MCC. All trust members share their feedback and ideas that should be implemented at MCC level for developmental activities.

1509

Executive Committees formed during the year



Human and Veterinary health mega camps

In association with NTR trust and multi-specialty hospitals, HFWT have been conducting human and veterinary health camps across different places.

9

Mega camps conducted in 2017-18



Vaccination and De Worming Activity

As part of our veterinary health care services, we conduct vaccination programmes with local Veterinary Authorities to ensure that the cattle are vaccinated against foot and mouth and other, diseases As part of Veterinary health camps, we also conduct the de-worming activity to assure better health of the cattle and for enhancement of milk yield.



Merit Awards to SSC Children

Since 2014-15, we have been providing Meritorious awards to HFWT member children whoever got more score in Secondary School Certificate (SSC). This will encourage and motivate the farmer's children to excel and perform well in their studies. Moving ahead this will improve the financial strength of HFWT farmer's families. The award gives education benefit, career benefit, and personal benefit to the children.

₹ 6 Lakhs
Cash rewards given during the year



Blood Donation Camps

As a part of our medical and health checkup camps, we have been conducting blood donation camps in association with NTR trust and local hospitals. We are also taking activities to educate people and increase the awareness about importance of blood donation. We provide with Certificates of appreciation to all the blood donors.



10-Year Financials

Consistent growth

(₹ in million)

	1	2	3	4	5	6	7	8	9	10
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	7,960	9,004	10,961	13,934	16,018	17,220	20,730	23,806	18,714	23,440
Other Income	32	29	48	32	42	50	70	66	37	72
Fair Value gain on FVTPL Equity Securities	-	-	-	-	-	-	-	-	2,468	3,954
Total Income	7,992	9,033	11,009	13,966	16,060	17,270	20,800	23,871	21,219	27,466
Earnings before Depreciation, Interest and Tax (EBIDTA)	34	470	389	526	1,034	987	881	1,365	1,490	1,333
Depreciation & Amortization	172	196	199	212	220	250	340	345	249	370
Interest	146	167	160	178	148	119	150	146	93	166
Loss due to changes in fair value of derivative liabilities	-	-	-	-	-	-	-	-	385	3870
Provision for Taxation	66	50	18	42	137	159	109	306	307	277
Profit after Tax	(356)	56	11	93	500	453	282	554	2,926	604
Cash Profit/(Loss)	(184)	252	211	305	720	703	622	899	1,092	890
Equity Dividend (%)	Nil	18	12	20	30	30	30	30	40	40
Dividend Payout (Including Tax on Dividend)	Nil	24	16	27	41	81	84	84	112	112
Equity Share Capital	115	115	115	115	116	232	232	232	232	232
Reserves and Surplus	692	754	750	816	1,303	1,558	1,698	2,168	5700	7548
Networth	808	869	865	931	1,419	1,790	1,930	2,400	5932	7780
Gross Fixed Assets	2,645	2,942	3,175	3,459	3,635	4,196	4,623	5,184	3050	4632
Net Fixed Assets	2,037	2,152	2,217	2,303	2,368	2,715	2,807	3,120	2874	4247

Key indicators

	1	2	3	4	5	6	7	8	9	10
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Earnings per share - ₹	(30.89)	4.85	0.97	8.1	21.64*	19.53	12.16	23.89	63.06	13.01
Cash Earnings per Share - ₹	(9.67)	26.32	19.84	26.47	31.03*	30.31	26.81	38.77	23.53	19.18
Book Value per share - ₹	70.05	75.35	75.05	80.77	61.16*	77.15	83.29	103.45	127.85	167.67
Debt : Equity Ratio	1.50:1	1.34:1	1.15:1	0.99:1	0.42:1	0.25:1	0.29:1	0.27:1	0.13:1	0.21:1
EBIDTA/Turnover - %	0.43	5.22	3.52	3.77	6.27	5.73	4.25	5.68	7.96	5.68
Net Profit Margin - %	(4.47)	0.62	0.10	0.67	3.12	2.63	1.36	2.33	15.64	2.58
RONW - %	(44.09)	6.45	1.29	10.02	35.21	25.32	14.62	23.10	49.33	7.76

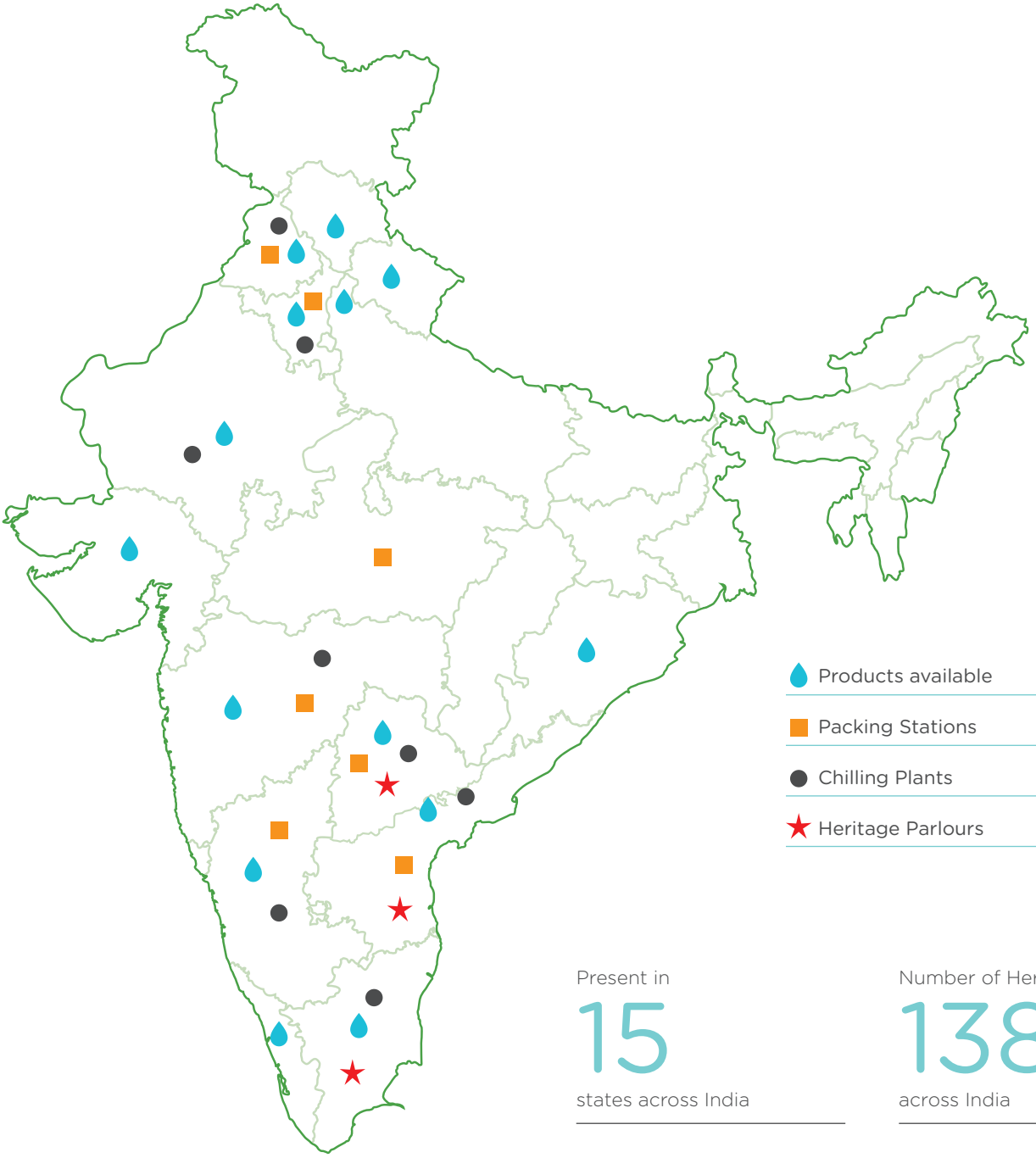
*EPS and book value per share for F.Y. 2012-13 has been adjusted on account of issue of bonus shares

Fair value gain on FVTPL equity shares and loss due to changes in fair value of derivative liabilities were not considered in EBITDA and cash profit in FY 2016-17 and FY 2017-18

The Figures for FY 2016-17 and FY 2017-18 are presented as per Ind As (Indian Accounting Standards).

Expanding Our National Footprint

Amongst all the privately held dairy companies, Heritage has the widest footprint in India. We started our business with presence in Andhra Pradesh and now we have expanded ourselves to be present in 15 states across India.



Present in
15
states across India

Number of Heritage parlors
1380
across India

Corporate Information

Board of Directors

Mr. D Seetharamaiah	Non Executive Independent Chairperson
Mr. N Sri Vishnu Raju	Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	Non Executive Independent Director
Dr. V Nagaraja Naidu	Non Executive Director
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director
Mrs. N Brahmani	Executive Director
CA A Prabhakara Naidu	Chief Financial Officer
CS Umakanta Barik	Company Secretary
Dr M Sambasiva Rao	President
Mr. J Sambamurthy	Head – Dairy Division

Board Committees

Audit Committee

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

Nomination & Remuneration Committee

Mr. N Sri Vishnu Raju, Chairperson
Mr. D Seetharamaiah
Mr. Rajesh Thakur Ajuja

Stakeholders Relationship Committee

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

Risk Management Committee

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

Management Committee

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

CSR Committee

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

Registered Office	#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, Tel: 040-23391221/2 CIN: L15209TG1992PLC014332, E-mail: hfl@heritagefoods.in
Statutory Auditors	M/s. Walker Chandiok & Co. LLP, Chartered Accountants (FRN:001076N/N500013), 7th Floor, Block III, White House, Kundan Bagh, Begumpet, Hyderabad– 500016
Bankers	Bank of Baroda, Andhra Bank, ICICI Bank Limited.
Listed with	BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.
Registrar and Transfer Agents	M/s Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, Tel No: 91040 6716 1566
Website	www.heritagefoods.in

Notice to Shareholders

Members of Heritage Foods Limited are hereby given notice for the 26th Annual General Meeting of the Company, the schedule of which and the business to be transacted therein, are given below:

Day and Date	Thursday, August 30, 2018
Time	10:30 am
Venue	Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, (NIMSME) Yousufguda, Hyderabad – 500 045, Tel: 040-2360 8317

ORDINARY BUSINESS:

1. To receive Consider and Adopt:

   a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, 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, 2018

2. To declare a dividend of ₹ 2/- per equity share (40%) on Equity Shares face value of ₹ 5/- each for the Financial Year Ended on March 31, 2018

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.

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 24, 2018

Notes

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

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

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

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

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

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

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

6. a) The Company has notified closure of Register of Members and Share Transfer Books from Thursday, August 23, 2018 to Thursday, August 30, 2018 (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 Thursday. September 06, 2018

7. The dividend as recommended by the Board of Directors for the year ended March 31, 2018, when declared at the Annual General Meeting will be paid to the members whose names appear:

(i) as Beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in Demat form;

And

(ii) As member(s) on the Register of Members of the Company on record date after giving effect to all valid share transfer(s) in physical form which would be received by the Company upto end of business hours on Record date..

Pursuant to provisions of Sub-Section (5) of Section 124 the Companies Act, 2013 (Section 205 of the Companies Act, 1956), the Company has to transfer the unclaimed/ unpaid dividends declared up to financial years 2009-10, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, the Company has uploaded the details of unclaimed/ unpaid amounts lying with the Company as on August 23, 2017 (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
2010-11	29-09-2011	28-09-2018
2011-12	29-09-2012	28-09-2019
2012-13	17-07-2013	16-07-2020
2013-14	26-09-2014	25-09-2021
2014-15	24-09-2015	23-09-2022
2015-16	19-08-2016	18-08-2023
2016-17	23-08-2017	22-08-2024

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

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 6,97,687 no's of equity shares belongs to 726 shareholders to Investor Education and Protection fund Authority (IEPF) on December 7, 2017 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

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

Shareholder having shares in physical shares: In terms of notification dated June 08, 2018 issued by Securities & Exchanges Board of India (SEBI) request for transfer of shares in physical form shall not be processed by Companies or Registrar w.e.f. December 05, 2018. Therefore if you want to transfer your share on or after December 05, 2018, please get your shares in dematerialised.

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

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

11. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. As per provisions of Section 20 of the Companies Act, 2013 read with Rules thereunder, a document may be served on any member by sending it to him / her by post or by registered post or by speed post or by courier or by delivering at his/her address, or by such electronic or other mode as may be prescribed including by facsimile telecommunication or to electronic mail address, which the member has provided to his/her Depository Participant / the Company's Registrar & Share Transfer

Agent from time to time for sending communications, provided that a member may request for delivery of any document through a particular mode, for which he / she shall pay such fees as may be determined by the Board of Directors of the Company. In cases where any member has not registered his/ her e-mail address with the company, the service of documents etc. will be effected by other modes of service as provided in Section 20 of the Companies Act, 2013 read with the relevant Rules thereunder. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agent as the case may be.

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

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

13. Voting through electronic means:

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

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

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

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

v. The Board of Directors of the Company has appointed Ms. Savita Joyti, Proprietor of M/s. Savita Jyoti Associates, a Practicing Company Secretary (M No:3738) (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. Thursday, August 23, 2018

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. Thursday, August 23, 2018 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, August 23, 2018 may write to the Karvy on the email Id: evoting@karvy.com or to Mrs. C. Shobha Anand, Contact No. 040-67162222, at [Unit: Heritage Foods Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanankramguda, Hyderabad-500032, Telangana, requesting for the User ID and Password. After receipt of the above credentials, please launch internet browser by typing the URL: http://evoting.karvy.com and follow all the steps as directed by the system to cast the vote.

ix. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9.00 a.m. (IST) on August 27, 2018

End of remote e-voting: Up to 5.00 p.m. (IST) on August 29, 2018

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

x. The Scrutinizer, after conclusion of the e-voting period shall unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairperson. The results declared along with the consolidated scrutinizer's report

shall be placed on the website of the Company www.heritagefoods.in and on the website of Karvy https://evoting.karvy.com the results shall simultaneously be communicated to the Stock Exchange where shares of the Company are listed

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Printed copies of the 26th Annual Report for the year 2017-18 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 26th 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 26th Annual Report for the year 2017-18 will also be available on the Company's website www.heritagefoods.in for their download. Even after registering for e-communication, members are entitled to receive such communication in printed form, upon making a request for the same. For any communication, the members may also send requests to the Company's investor email id: umakanta@heritagefoods.in

By Order of the Board of Directors

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Registered Office:
#6-3-541/C, Punjagutta, Hyderabad – 500082
CIN : L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Date : May 24, 2018

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

Brief resume of the Director, nature of his expertise in specific functional areas, names of Companies in which he hold directorships and chairmanships of Board / Committees and their shareholding in the Company are provided below:

1.

Name of the Director	**Dr. V. Nagaraja Naidu**
Director Identification Number	00003730
Date of Birth	01-07-1947
Date of Appointment	05-06-1992
Profile of the Director	Dr. V. Nagaraja Naidu, 70 years is a postgraduate in Commerce and Doctorate in Financial Management. Dr. Naidu started his career from Administrative Staff College of India, Hyderabad in 1972 held various positions in reputed Universities viz,. Professor, Dean Director etc., and taught in the fields of Finance and Business Economics at Post graduate and Doctorate levels. He had been the Registrar (Administrative head) of the Dr. B R Ambedkar Open University for about 10 years.
Directorships held in other Public Companies (Excluding Foreign and Private Companies)	• Heritage International Limited
Chairmanships/Membership of Committees of other Public Companies (includes only Audit Committee/ Stakeholders Relationship Committee / Nomination and Remuneration Committee Investors' Grievance Committee)	NIL
Shareholding in the Company	1,00,000 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 : May 24, 2018

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Director's Report

To the members,

Your Directors have great pleasure in presenting the 26th Annual Report of the Company together with the Standalone & Consolidated Audited statement of accounts for the Financial Year ended March 31, 2018.

FINANCIAL RESULTS

(₹ In Lakhs)

Particulars	Standalone	
	FY 2017-18	FY 2016-17
Net Sales	234385.51	183309.59
Revenue from transaction with discontinued operation	-	3759.63
Other operating income	15.59	74.35
Total Revenue	**234401.10**	**187143.57**
Add: Other Income	716.95	360.68
Fair value gain on FVTPL Equity Shares	39537.07	24681.01
Less: Total Expenditure	221699.95	168635.18
Purchase transaction with discontinued operation	-	3913.54
Loss due to change in Fair valuation of derivative transaction	38703.86	3854.87
Profit before Finance Cost, Depreciation and Tax	14251.31	35781.67
Less: Finance costs	1745.45	963.24
Depreciation & Amortisation	3698.54	2487.07
Profit / (Loss) before tax	8807.32	32331.36
Less: Provision for current taxation (Incl. tax. earlier yrs)	2829.39	2600.07
Less: Provision for deferred taxation	(60.23)	471.15
Profit / (Loss) after tax	**6038.16**	**29260.14**

PERFORMANCE OF THE COMPANY (STANDALONE)

Your Company, during the year under review earned revenue from operations (Gross) of ₹ 2,34,401 Lakhs, achieved an increase of 25.25% over the previous year. The profit before Finance Cost, depreciation & amortization and tax was of ₹ 14,251 Lakhs (6.08% on total revenue) as against ₹ 35,782 Lakhs (19.10% on total revenue) in the previous year. The operating profit after depreciation was amounted to ₹ 10,553 Lakhs (4.50% to revenue) as against ₹ 33,295 Lakhs (17.79% to revenue) in the previous year.

DIVIDEND

Your Directors have pleasure in recommending a dividend of ₹ 2/- (40%) per equity share face value of ₹ 5/- each for the financial year ended March 31, 2018, amounting to ₹ 928 lakhs. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The Register of Members and Share Transfer Books will remain closed from Thursday, August 23, 2018 to Thursday, August 30, 2018 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2018. The Annual General Meeting is scheduled to be held on August 30, 2018

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

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2018 stood at ₹ 23,19,90,000/- divided into 4,63,98,000 equity shares face value of ₹ 5/- each. During the year under review, your Board of Directors recommended for sub-division of Equity Shares of ₹ 10/- each into two Equity Shares face value of ₹ 5/- each which was approved by the Shareholders through postal ballot on September 26, 2017. Accordingly the Equity Shares of face value of ₹ 10/- each were sub-divided into two Equity Shares of face value of ₹ 5/- each by way of corporate action to the shareholders who held the shares as on the Record Date i.e. October 11, 2017.

DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PARTICULARS OF CONTRACT OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties as per the Section 188 of the Companies Act, 2013 entered by the Company during the financial year ended March 31, 2018 in prescribed Form AOC-2 is annexed to this Board's Report (Annexure-1). Further there are no materially significant related party transactions during the year under review with Promoters, Directors, Key Managerial Personnel and their relatives, which may have potential conflict with interest of the company at large.

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There are no material changes and commitments affecting financial position of the company between March 31, 2018 and the date of Board's Report.

VARIATION IN MARKET CAPITALIZATION

	As at March 31,		Increase / (decrease) in %
	2018	2017	
Market capitalization (₹ in Crore)	**3,199.14**	2,497.14	28.11
Price earnings ratio	**53.00**	17.07	210.48

Note: Data based on share prices quoted on BSE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

Your Company has Two Divisions in operation in different States in India as on March 31, 2018.

As a part of the strategic business restructuring the Retail, Bakery, Agri & VetCa divisions of the Company were transferred on a going concern basis as a slump sale to M/s. Heritage Foods Retail Limited (HFRL), a wholly owned subsidiary Company. Subsequent to that the Retail, Agri & Bakery verticals of HFRL were transferred to Future Retail Limited (FRL), Mumbai by way of demerger through a Composite Scheme of arrangement as per the provisions of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable). As per the Composite Scheme of Arrangement the Retail undertaking was taken over by the Future Retail Ltd. by the closing hours of March 31, 2017.

The Hon'ble National Company Law Tribunal (NCLT) Benches at Hyderabad & at Mumbai approved the Composite Scheme of arrangement amongst Heritage Foods Ltd (HFL), Heritage Foods Retail Limited (HFRL) and Future Retail

Ltd (FRL) on 03/05/2017 and 11/05/2017 respectively. The order copies have been filed with respective Registrars of Companies (ROC) on 19th May, 2017 to give effect to the Composite Scheme.

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

DAIRY BUSINESS:

With population size of 1.32b growing at 3-4% CAGR, rising urbanization, health awareness and higher disposable income, there is tremendous potential for growth for dairy players. Organized dairy industry is slated to witness higher growth as overall organized sector share in milk products is less than 30%. In fresh milk product category there is huge scope for private dairies as organized market share is as low as 5% in Paneer and 7-8% in curd. Only 20% of total Indian milk production is procured, processed and sold by organized dairies in India. Overall industry clocked 4.5% volume CAGR during FY10-17 with organized segment posting 9.5% volume CAGR over same period. In value terms, dairy sector logged an impressive 16.9% CAGR during this period led by better realization and value-added products (VAP), which grew 23% CAGR Vs 15% for liquid milk. Going forward, we expect industry volumes to post 4.8% CAGR and 14-15% CAGR in value terms to ₹ 8.2tn over FY17-20E.

Companies having deep rooted distribution network, efficient procurement systems, optimum product portfolio and consistent track record of quality will be the winners in the long run. Companies having transparency in raw milk procurement have developed long lasting relationships with farmers. Dairy sector contributes 27% to the agriculture GDP of India and involve over 70m rural households in dairying. The overall industry is estimated to record 14-15% CAGR over FY2017-20, to reach ₹ 8.2lac crore, underpinned by a growth in volume and realization. India is the world's largest milk producer and consumer, accounting for 19% of the world's milk production and 21% for global consumption.

India's per capita milk consumption, at 97 litres per year, is lower than many other major milk markets, except China. India's per capita milk consumption is estimated to log 3% CAGR versus 1% CAGR globally led by higher population growth and rising yield. Rising population and yield provides further scope for higher per capita consumption, aided by growth in value-added products. Burgeoning demand for dairy products in India is reflected in not only per capita consumption, but is also apparent from rising expenditure on dairy products by households—which has grown at a faster rate over the past 10 years. Dairy products account for 19% of household expenditure on food on an average.

Indian dairy industry can be classified into Commodity dairy products having low margin but highest asset turn (Pouch milk, Skimmed milk powders, Dairy whitener); Milk Products having higher margins than pouch milk (viz. curd, buttermilk, ice cream and paneer) and Premium Value Added Products having highest margins but low asset turn and return ratios (cheese, spreads, whey). We believe Fresh milk product category is the sweet spot and will see maximum volume growth. Organized industry is even slated to witness higher growth as overall organized share in milk products is less than 25%. In fresh milk product category there is tremendous scope for private dairies as organised market share is as low as 5% in Paneer and 7-8% in curd.

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

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

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

In its bid to become a pan India player, your Company has expanded its distribution of products to 15 states in India covering South, West and North India. It has almost 100% direct procurement network of 3 lakh dairy farmers across nine major milk producing states namely, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Maharashtra, Gujarat, Rajasthan, Haryana and Punjab. The direct route of milk procurement enables it to maintain quality at lower prices. The company also operates 209 bulk coolers, chilling plants

and procures 1.32m liters of milk per day. It operates 16 own processing plants and 2 leased processing plants with installed milk processing capacity of 2.09mn lpd through own plants and 0.15mn lpd through leased plants.

Your company has launched several value added products since 2007 and has increased its contribution to dairy revenues from 10.4% in FY11 to 22.43% in FY18. As on FY18, curd contributes 17 % of total value added products revenue.

Your Company procures 1.32mn litres of milk daily from 3 lakhs farmers across 9 states. 90% of milk is directly procured from farmers which ensures greater consistency in milk quality and consistency in supply. The company's installed processing capacity is 2.24mn liters per day and chilling capacity is 2.10mn liters per day. After processing, 1.05 mn litres of milk is sold across 1.50mn households on a daily basis and the remaining is converted into value added products and products are available across 15 states viz. Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Rajasthan, Gujarat, Punjab, Uttar Pradesh, Himachal Pradesh and Uttarakhand.

During the financial year 2017-18, Dairy Division has increased milk Chilling capacity by 4,25,000 LPD by commissioning of 18 units which includes Bulk chilling units, Mini Chilling units, chilling centres and Franchisee Bulk chilling units to increase the milk procurement and to maintain the quality.

RENEWABLE ENERGY DIVISION:

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

Your Company is taking a lot of initiatives to improve efficiencies of the company. Renewable energy is the major focus area in the last ten years. Now your Company has 10.39 MW of solar and wind power for captive consumption. Your Company is continuously investing in latest technologies and efficiencies to conserve energy. As a result, Company saved about 14.5% and 10% when it comes to electrical units and thermal units respectively.

Renewable Energy Division of your Company had achieved the turnover of ₹ 686 Lakhs during the year under review.

SUBSIDIARY / ASSOCIATE COMPANIES

Your Company as on March 31, 2018 is having one Subsidiary Company namely M/s. Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited) (CIN:U15400TG2008PLC062054), one Associate Company M/s SKIL Raigam Power (India) Limited (CIN:U40102TG2009PLC063671) and one Joint Venture Company i.e. M/s. Heritage Novandie Foods Private Limited.

During the year under review the name of the subsidiary Company namely M/s. Heritage Foods Retail Limited has been changed to M/s. Heritage Nutrivet Limited w.e.f. November 14, 2017.

Your Company had incorporated one Joint Venture Company namely M/s. Heritage Novandie Foods Private Limited on November 28, 2017. The joint venture company was incorporated with 50:50 Equity Shareholding between Heritage Foods Limited and Novandie SNC, France, for production & marketing of Yoghurts.

One subsidiary Company namely M/s. Heritage Conpro Limited (CIN:U52100TG2011PLC072132) had resolved to voluntarily winding up pursuant to the provisions of Section 484 of the Companies Act, 1956 read with rule made thereunder. The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh had approved voluntary winding up the Company and issued the order ref no: CA NO.568/2017 on July 06, 2017. Your Company had filed the necessary e-forms with the Registrar of Companies, Hyderabad on September 02, 2017.

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

QUALITY

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

Your Company adheres to international quality standard certifications such as ISO 22000:2005, (OHSAS) ISO 18001:2007, ISO 14001:2004, (ENMS) ISO 50001:2011 and Halal Certification Hyderabad HFC 15-101 & 102.

Your Company has also received an independent auditor's assurance report on compliance to ISO 14001 & 18001 (EMS & OHSAS) 2nd Cycle Re-registration and same was submitted to certification body (SGS, Hyderabad).

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

BRANDING

During the year your Company had launched its new premium range of ice-creams under the brand name Heritage 'Alpenvie' as part of its strategy to strengthen existing product range. In developing the new Heritage 'Alpenvie' range, an effort was made to understand the choices of its target group of college-goers & young adults. This new range of ice creams delivers offerings which celebrate "Little moments of Happiness" at an affordable price. The new offerings range from absolutely luxurious chocolate delights, to inclusions which have real fruit like Pineapple, Mango, Strawberry and also traditional offerings like Kulfis and Rajbhog. It has all the diverse formats of ice cream in the form of sticks, bars, cones and scoopable ice-creams for both out-of-home and in-home consumption.

AWARDS & RECOGNITIONS

During the financial year 2017-18 the Company has received the following awards and recognitions.

- The Company declared as the Winner of the FTAPCCI Excellence Awards in Corporate Social Responsibility (Sri Ayyadevara Venkat Radhakrishna Memorial Silver Rolling Trophy)" - Instituted by Sri Srinivas Ayyadevara, Chartered Accountant, Hyderabad. The above award was received by Mrs. N Brahmani, Executive Director of the Company from Sri Bandaru Dattatreya, Hon'ble Minister of State for Labour & Employment, Govt. of India on June 25, 2017 at Hyderabad.
- The Company has been declared as the Winner of 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2017 by Institute Of Directors (IOD), India. The above award was presented at London UK, during IOD India's "17th London Global Convention on Corporate Governance & Sustainability" and Global Business Meet. It is the Second time the Company got this Prestigious Award.
- The Gokul Plant of Dairy Division has received the 2nd Prize in 'National Energy Conservation Award' in Dairy sector from the Ministry of Power, Govt of India during the year 2017. This is the seventh time that the energy conservation efforts of the Company are recognized by the Ministry. The Company had won such Awards earlier in 2008, 2010, 2012, 2014, 2015 and 2016.
- Your Company has won "The Great Indian Ice-cream & Frozen Dessert Contest" Season-6 held on November 16, 2017 conducted by DUPONT at New Delhi in the following three categories:
  - Silver Award for the Best Chocolate Category
  - Silver Award for the Standard Vanilla FD Category
  - Bronze Award for the Sorbet Category
- The Company has received the Telangana Best Employer Award 2017 from the World CSR Day & World Sustainability during the year 2017.
- Mr. K Rajababu, IT Head of the Company has been awarded with the "50 Most Innovative CIO of India" by The World CSR day, during the year 2017.
- Mr. A Prabhakara Naidu, CFO of the Company has been awarded as Hyderabad CFO Leadership Award instituted by the World CSR Day & World Sustainability during the year 2017.
- Mr. Dheeraj Tandon, Head HR of the Company has been awarded with "100 Top HR Mind in India Award" by the World HRD Congress, during the year 2017.
- Mr. A. Prabhakara Naidu, Chief Financial Officer of the Company has been conferred with "CA-CFO Award in the Agriculture & Allied Services Sector" by The Institute of Chartered Accountants of India in its 11th ICAI Awards, 2017 held in Mumbai on January 19, 2018.
- "India's 50 Best CFO's Awards 2017-18" was conferred to Mr. A. Prabhakara Naidu, Chief Financial Officer of the Company by White Page International in association with UK Asian Business Council. The award was presented at The Asian Brand & Leadership Conclave, held in Singapore on March 09, 2018.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

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

The total strength of your Company employees at the end of financial year 2017-18 was 2551.

PARTICULARS OF EMPLOYEES

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

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

CORPORATE GOVERNANCE

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

Your Company complies with the Securities and Exchange Board of India (SEBI)'s Regulations on corporate governance. Your Company has documented internal policies on corporate governance. During the year, your Company continued to comply with the Companies Act, 2013. Company Corporate governance report for financial year 2017-18 forms part of this Annual Report. All Corporate policies are available in Company website i.e. www.heritagefoods.in Corporate Policies.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

BOARD DIVERSITY

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

MEETINGS OF THE BOARD

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

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The current policy is to have an appropriate mix of Executive and Non-executive & Independent and Women Directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2018, the Board consists of 6 members, two of whom are Executive/Whole-time directors and four are Non-Executive directors. The Board periodically evaluates the need for change in its composition and size.

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

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD EVALUATION

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

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

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

Criteria for evaluation of Board and its Committees:

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

Criteria for evaluation of Individual Directors:

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

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

TRAINING OF INDEPENDENT DIRECTORS

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

APPOINTMENT/RE-APPOINTMENT

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

RETIREMENTS AND RESIGNATIONS

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

KEY MANAGERIAL PERSONNEL

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

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

COMMITTEES OF THE BOARD

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

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

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Audit committee	Mr. D Seetharamaiah Chairperson Mr. N Sri Vishnu Raju Dr V Nagaraja Naidu Mr. Rajesh Thakur Ahuja	• All recommendations made by the audit committee during the year were accepted by the Board. • Reviewing, with the management, the quarterly financial statements before submission to the Board for approval. • Approval or any subsequent modification of transactions of the Company with related parties. • Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems, etc.
Nomination and Remuneration Committee	Mr. N Sri Vishnu Raju Chairperson Mr. D Seetharamaiah Mr. Rajesh Thakur Ahuja	• The committee oversees and administers executive compensation, operating under a written charter adopted by our Board of Directors. • The nomination and remuneration committee has framed the nomination and remuneration policy.
Corporate Social Responsibility Committee	Mr. D Seetharamaiah Chairperson Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under. • To monitor the implementation of the CSR Policy of the Company from time to time
Stakeholders Relationship Committee	Dr V Nagaraja Naidu Chairperson Mr. D Seetharamaiah Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• The committee reviews and ensures redressal of investor grievances. • The committee noted that all the grievances of the investors have been resolved during the year.

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Risk Management Committee	Mr. Rajesh Thakur Ahuja Chairperson Mr. D Seetharamaiah Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• The purpose of the committee is to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation & mitigation of operational, strategic and environmental risks efficiently and effectively. • The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.
Management Committee	Mr. D Seetharamaiah Chairperson Mr. N Sri Vishnu Raju Mrs. N Bhuvaneswari	• Setting the strategic direction to guide and direct the activities of the organization; • Ensuring the effective management of the organization and its activities; and • Monitoring the activities of the organization to ensure they are in keeping with the founding principles, objects and values.

POLICIES

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

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

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

Name of the policy	Brief description	Web link
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management of the Company. This policy also lays down criteria for selection and appointment of Board Members.	http://heritagefoods.in/images/BD.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on Society through programs relating to hunger, poverty, education, healthcare, environment and lowering its resource footprint.	http://heritagefoods.in/images/HFL_CSR.pdf
Policy for Determining Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	http://heritagefoods.in/images/Subsidiary_Policy.pdf
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties.	http://heritagefoods.in/images/RPT_Policy.pdf
Policy on Preservation of Documents	The policy deals with the preservation of corporate records of the Company and all its subsidiaries.	http://heritagefoods.in/images/PD.pdf
Business Responsibility Policy	This Policy endorses the Company's commitment to follow principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business.	http://heritagefoods.in/images /HFL20BR20POLICY.pdf
Dividend Distribution Policy	This Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.	http://heritagefoods.in/images/HFL_Dividend_Distribution_Policy.pdf

AUDITORS & AUDITORS REPORT

Statutory Auditors:

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

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

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board of Directors has appointed M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Hyderabad as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year ended 31st March, 2018. The Secretarial Audit Report for the Financial Year ended 31st March, 2018 is appended to this Report as Annexure-3.

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

The Board has appointed M/s. Savita Jyoti Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for the financial year 2018-19 as per the provisions of the Companies Act, 2013 and Rules made thereof and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS

There is no significant order passed by the regulators or Courts during the year under review. However the Hon'ble NCLT Bench at Hyderabad & Mumbai approved the Composite Scheme of arrangement amongst Heritage Foods Ltd (HFL), Heritage Foods Retail Limited (HFRL) and Future Retail Ltd (FRL) on May 03, 2017 and May 11, 2017 respectively.

EXTRACTS OF ANNUAL RETURN

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

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

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

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

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

INTERNAL AUDIT & CONTROL SYSTEMS

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

These are supplemented by internal audit of your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Four 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 2018-19 as per the provision of Section 138 of the Companies Act, 2013 and Rules made thereof and as per the SEBI (LO&DR) Regulation, 2015.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. During the last three years the Company has spent ₹ 4 Crores on CSR activities. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy)

Rules, 2014 is set out as Annexure-5 forming part of the Board's Report.

HERITAGE FARMER WELFARE TRUST (HFWT)

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

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

No of Cattles Treated	No of Cattle Health Camps Organized
1,48,306	2162

No of Artificial Inseminations	No of Video Films Shown
1049	2150

BUSINESS RESPONSIBILITY REPORT (BRR)

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

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

TRANSFER OF UN-CLAIMED DIVIDENDS

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend amount of ₹ 6,68,044/- (Rupees Six Lakhs Sixty Eight Thousand Forty Four Only) for the year 2009-10 was transferred to the Investor Education and Protection Fund during the financial year 2017-18.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 6,97,687 no's of equity shares belongs to 726 shareholders to Investor Education and Protection fund Authority (IEPF) on December 7, 2017 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

RISK MANAGEMENT

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

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

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

POLICY ON SEXUAL HARASSMENT

Your Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-18

No of complaints received : Nil

No of complaints disposed off : Nil

DIVIDEND DISTRIBUTION POLICY

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

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2017 pursuant to Ministry of Corporate Affairs' notification of the Companies (Indian Accounting Standards) Rules, 2015. The financials for the financial year 2017-18 were presented as per the Ind As format.

PREVENTION OF INSIDER TRADING CODE

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

DIRECTOR'S RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134 (3)(C) OF THE COMPANIES ACT, 2013

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

The Directors confirm that:

- In the preparation of the annual accounts (Standalone & Consolidated) for the financial year 2017-18, 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 2017-18 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.

Electronic copies of the Annual Report 2017-18 including the Notice of the 26th Annual General Meeting will be sent to all members whose email addresses are registered with the Company/Depository Participant(s).

ACKNOWLEDGMENT

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

Registered Office:
6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Place : Hyderabad
Date : May 24, 2018

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Annexure-1

FORM NO. AOC.2

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

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

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

2. Details of contracts or arrangement or transactions at arm's length

Sr. No	Name(s) of the related party	Nature of Relation-ship	Nature of contracts/ arrangements/ trans-actions	Value of contracts/ arrange-ments/ transactions during the Year (₹ In Lakhs)	Duration of contracts/ arrange-ments/ transactions	Salient terms of contracts/ arrange-ments/ transactions
1	Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited)	Subsidiary Company	Investment in Equity shares	1842.25	NA	Wholly Owned Subsidiary Company
			Sales	20.94		
			Financial Guarantee Income	14.53		
			Purchase	3996.13		
			Lease Rental Income	1.42		
2	Heritage Novandie Foods Private Limited	Joint Venture	Investment in Equity shares	10.00	NA	Joint Venture Agreement
3	Heritage Farmers Welfare Trust	Enterprises in which Key Managerial Persons exercise significant influence.	Contributions made to Trust	215.32	NA	Contribu-tions made to the Trust
4	Heritage Finlease Limited	Enterprises in which Key Managerial	Dividend received	4.00	NA	Dividend received
		Persons exercise significant Influence.	Remittance of loan proceeds Collected on behalf of Heritage Finlease Limited	7001.00	NA	Loan Tripartiate Agreement
5	N. Bhuvaneswari	Key Managerial personnel (Vice Chairperson and Managing Director)	Short Term Employee benefits	449.08	5 Years	Contract of Employment
			Post Employment benefits	8.64	5 Years	Contract of Employment
			Other Long Term benefits	5.77	5 Years	Contract of Employment
			Rent Paid	30.23	NA	Lease Rental Agreement
			Refund of Rental Deposit	26.83	NA	Lease Rental Agreement

Sr. No	Name(s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Lakhs)	Duration of contracts/ arrangements/ transactions	Salient terms of contracts/ arrangements/ transactions
6	N. Brahmani	Key Managerial personnel (Executive Director)	Short Term Employee benefits	359.30	5 Years	Contract of Employment
			Post Employment benefits	4.32	5 Years	Contract of Employment
7	M. Sambasiva Rao	Key Managerial personnel (President)	Short Term Employee benefits	209.08	NA	Contract of Employment
			Post Employment benefits	6.08	NA	Contract of Employment
8	A. Prabhakara Naidu	Key Managerial personnel (Chief Financial Officer)	Short Term Employee benefits	52.14	NA	Contract of Employment
			Post Employment benefits	2.57	NA	Contract of Employment
7	Umakanta Barik	Key Managerial personnel (Company Secretary)	Short Term Employee benefits	25.78	NA	Contract of Employment
			Post Employment benefits	1.28	NA	Contract of Employment
			Other Long Term benefits	2.31	NA	Contract of Employment

For and on behalf of
HERITAGE FOODS LIMITED

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Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Place : Hyderabad
Date : May 24, 2018

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Annexure-2 (A & B)

Particulars of Employee

A. INFORMATION AS PER RULE 5(1) OF CHAPTER XIII, COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Remuneration paid to whole-time directors

Name of the director	Title	Remuneration in FY 2017-18 (₹ in Lakhs)*	Remuneration in FY 2016-17 (₹ in Lakhs)*	% increase/ (Decrease) of remuneration in FY 2017-18 as compared to FY 2016-17	Excl. WTD	Incl. WTD
					Ratio of remuneration to MRE	Ratio of remuneration to MRE
Mrs N. Bhuvaneswari	Vice Chairperson & Managing Director	449.08	528.19	(14.97)	309.21	308.24
Mrs N. Brahmani	Executive Director	359.30	422.30	(14.92)	247.37	246.60

MRE: Median Remuneration of Employees

* Remuneration including Salary, Perks & Commission

Remuneration/Sitting Fee paid to Non-Executive Directors

Name of the director	Sitting Fee in FY 2017-18 (₹ in Lakhs)*	Sitting Fee in FY 2016-17 (₹ in Lakhs)*	% increase /(decrease) of remuneration in FY 2017-18 as compared to FY 2016-17
Mr D. Seetharamaiah	3.70	4.00	-7.50
Mr N Srivishnu Raju	3.00	3.90	-23.08
Mr Rajesh Thakur Ahuja	2.90	2.40	20.83
Dr V Nagaraja Naidu	2.60	2.60	0.00

* Excluding Service Tax/GST

Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	Remuneration in FY 2017-18 (₹ in Lakhs)*	Remuneration in FY 2016-17 (₹ in Lakhs)*	% increase / (decrease) of remuneration in FY2017-18 as compared to FY 2016-17	Excl. WTD	Incl. WTD
					Ratio of remuneration to MRE	Ratio of Remuneration to MRE and WTD
Dr. M Sambasiva Rao	President	209.08	210.11	(0.49)	143.95	143.50
Mr A Prabhakar Naidu	CFO	52.14	47.16	10.56	35.90	35.78
Mr Umakanta Barik	CS	25.78	23.43	10.03	17.75	17.69

* Remuneration including Salary, Variable Pay, Perks & Commission

- The annual Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 1,45,248 and ₹ 1,38,528 /- in financial year 2017-18 and financial year 2016-17 respectively. There is 4.85% change in MRE (excluding WTDs) in financial year 2017-18, as compared to financial year 2016-17.

- The annual Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 1,45,704 and ₹ 1,38,660/- in financial year 2017-18 and financial year 2016-17 respectively. There is 5.08% change in MRE (including WTDs) in financial year 2017-18, as compared to financial year 2016-17.

- The number of permanent employees on the rolls of the Company as of March 31, 2018 was 2551.
- The revenue growth of the Company during financial year 2017-18 over previous financial year was 25.25%
- The aggregate remuneration of employees excluding WTD increase in FY 2017-18 over the previous financial year was 4.40%
- The aggregate remuneration of employees including WTD increase in FY 2017-18 over the previous financial year was 4.26%
- The aggregate remuneration of KMP increased in FY 2017-18 over the previous financial year was 2.24%

B. INFORMATION AS PER RULE 5(2) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross Remuneration Paid (₹ in Lakhs)*	Previous employment and designation
Dr. M Samba Siva Rao	President	M.Sc., Ph.D.	61	32	23/01/2006	209.08*	Joint Secretary, Ministry of Commerce and Industry Govt. of India

* Remuneration includes Salary, Perks & Performance incentive

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

For and on behalf of
HERITAGE FOODS LIMITED

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Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Place : Hyderabad
Date : May 24, 2018

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Annexure-3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2018

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

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

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

Based on our verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors & Woman Directors. There is no change in the composition of the Board of Directors during the period under review in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on our limited review of the compliance mechanism established by the Company, there appear adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

There was instance of: Demerger/ Restructuring/ Scheme of Arrangement

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

- Sub-division of each equity shares of the Company of face value of R 10/- each into 2 equity shares of R 5/- each
- Amendment of Memorandum of Association of the Company with regard to Capital Clause.

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 28, 2018

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

ANNEXURE-A TO SECRETARIAL AUDIT REPORT

To
The Members
Heritage Foods Limited
Hyderabad

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

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

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

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

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

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

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

For SAVITA JYOTI ASSOCIATES

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

Place : Hyderabad
Date : April 28, 2018

Annexure - 4

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACITVITIES OF THE COMPANY

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

Sl. No	Name and Description of Main Product/Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Milk	1050	63.76%
2	Milk Products	1050	34.01%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

(I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(g) Individual / HUF	8032896	0	8032896	34.63	16065292	0	16065292	34.62	0.00
(h) Central Govt	0	0	0	0	0	0	0	0	0
(i) State Govt(s)	0	0	0	0	0	0	0	0	0
(J) Bodies Corporate	1223800	0	1223800	5.28	2447600	0	2447600	5.28	0
(k) Banks/FI	0	0	0	0	0	0	0	0	0
(l) Any other	0	0	0	0	0	0	0	0	0
Sub total	**9256696**	0	**9256696**	**39.90**	**18512892**	**0**	**18512892**	**39.90**	**0.00**
(A) (1):-									
(2) Foreign	0	0	0	0	0	0	0	0	0
(a) NRIs Individuals	0	0	0	0	0	0	0	0	0
(b) Other Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks/FI	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**9256696**	0	**9256696**	**39.90**	**18512892**	**0**	**18512892**	**39.90**	**0.00**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	1313047	18000	1331047	5.74	4130039	0	4130039	8.90	-3.16
(b) Banks/FI	9379	0	9379	0.04	6930	0	6930	0.01	0.03
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FII	1671165	0	1671165	7.20	4046917	0	4046917	8.72	-1.52
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**2993591**	**18000**	**3011591**	**12.98**	**8183886**	**0**	**8183886**	**17.64**	**-4.66**
(a) Bodies Corporate	3407168	12900	3420068	14.74	6677457	8600	6686057	14.41	0.33
(i) Indian	0	0	0	0	0	0	0	0	0
(b) Individuals	0	0	0	0	0	0	0	0	0
(i) Individual shareholders holding nominal share capital upto R 2 Lakh	3031849	784083	3815932	16.45	5217950	864362	6082312	13.11	3.34
(ii) Individual shareholders holding nominal share capital in excess of R 2 Lakh	2964796	100000	3064796	13.21	4911678	100000	4911678	10.59	2.62
(c) Others (Specify)	547317	82600	629917	2.71	1932375	88800	2021175	4.36	-1.64
Sub-total (B)(2)	**9951130**	**979583**	**10930713**	**47.12**	**18739460**	**961762**	**19701222**	**42.46**	**4.66**
Total Public Shareholding (B)=(B)(1)+(B2)	**12944721**	**997583**	**13942304**	**60.10**	**26923346**	**961762**	**27885108**	**60.10**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**22201417**	**997583**	**23199000**	**100.00**	**45436238**	**961762**	**46398000**	**100**	

(II) SHAREHOLDING OF PROMOTERS / PROMOTERS GROUP & PAC

S. No	Shareholder's Name	Shareholding at the beginning of the Year 01.04.2017			Shareholding at the end of the year 31.03.2018			% 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	0	10661652	22.98	0	-
2.	Nara Lokesh	2366400	10.20	0	4732800	10.20	0	-
3.	Megabid Finance & Investments Pvt Ltd	1223800	5.28	0	2447600	5.28	0	-
4.	N. Brahmani	101000	0.44	0	202000	0.44	0	-
5.	Ramakrishna N.P	100000	0.43	0	200000	0.43	0	-
6.	V Nagaraju Naidu	50000	0.22	0	100000	0.22	0	
7.	Kathya N.P	30000	0.13	0	60000	0.13	0	-
8.	Suneel Vadlamuni	0	0	0	0	0	0	
9.	Durga Ramakrishna N.P	20000	0.09	0	40000	0.09	0	-
10.	Neelima N.P	20000	0.09	0	40000	0.09	0	-
11.	Nandamuri Balakrishna	6820	0.03	0	13640	0.03	0	-
12.	Nandamuri Vasundara	6400	0.03	0	12800	0.03	0	-
13.	A. Siva Sankara Prasad	650	0.00	0	800	0.00	0	-
14.	N. Bala Krishna	600	0.00	0	1200	0.00	0	-
15.	Ramakrishna Nandamuri	200	0.00	0	400	0.00	0	-
		9256696	**39.90**	**0.00**	**18512892**	**39.90**	**0.00**	

(III) CHANGE IN PROMOTER'S SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2017	9256696	39.90	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	13.10.2017 Sub-division of Shares 9256696	-	18512892	39.90
	At the end of the Year 31.03.2018	--	--	**18512892**	**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 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
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 01.04.2017	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)	13.10.2017 Sub-division of Shares 2572842	-	5145684	11.09
	At the end of the Year 31.03.2018	**-**	**-**	**5145684**	**11.09**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
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 01.04.2017	1162750	5.01	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	30.06.2017 44370 Shares Sold	0.19	1118380	4.82
		07.07.2017 57880 Shares Sold	0.25	1060500	4.57
		14.07.2017 46490 Shares Sold	0.20	1014010	4.37
		21.07.2017 133010 Shares Sold	0.57	881000	3.80
		28.07.2017 31000 Shares Sold	0.13	850000	3.66
		18.08.2017 7500 Shares Sold	0.03	842500	3.63
		25.08.2017 1750 Shares Sold	0.01	840750	3.62
		01.09.2017 4250 Shares Sold	0.02	836500	3.61
		22.09.2017 1500 Shares Sold	0.01	835000	3.60
		13.10.2017 835000 Sub-division of Shares	-	1670000	3.60
		05.01.2018 12000 Shares Sold	0.05	1658000	3.57
		19.01.2018 900 Shares Purchased	0.00	1658900	3.58
		26.01.2018 1100 Shares Purchased	0.00	1660000	3.58
	At the end of the Year 31.03.2018	**-**	**-**	**1660000**	**3.58**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
2.	**SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017	777123	3.35	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	23.06.2017 10000 Shares Purchase	0.04	787123	3.39
		07.07.2017 37000 Shares Purchase	0.16	824123	3.55
		14.07.2017 3709 Shares Purchase	0.02	827832	3.57
		21.07.2017 6291 Shares Purchase	0.03	834123	3.60
		28.07.2017 15000 Shares Purchase	0.06	849123	3.66
		29.09.2017 70527 Shares Purchase	0.30	919650	3.96
		29.09.2017 70710 Shares Sold	0.30	848940	3.66
		06.10.2017 5000 Shares Purchase	0.02	853940	3.68
		13.10.2017 853940 Sub-division of Shares	-	1707880	3.68
		27.10.2017 40704 Shares Purchase	0.09	1748584	3.77
		03.11.2017 20000 Shares Purchase	0.04	1768584	3.81
		17.11.2017 35000 Shares Purchase	0.08	1803584	3.89
		15.12.2017 7155 Shares Purchase	0.02	1810739	3.90
		22.12.2017 18 Shares Purchase	0.00	1810757	3.90
		09.02.2018 3144 Shares Purchase	0.01	1813901	3.91
		16.02.2018 251743 Shares Purchase	0.54	2065644	4.45
		16.02.2018 251432 Shares Sold	0.54	1814212	3.91
		16.03.2018 81208 Shares Sold	0.18	1733004	3.74
		23.03.2018 78534 Shares Purchased	0.17	1811538	3.90
	At the end of the Year 31.03.2018	**-**	**-**	**1811538**	**3.90**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
4.	Investor Education And Protection Fund Authority M	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2017	-	-	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	01.12.2017 8083 Shares Transferred	0.02	8083	0.02
		08.12.2017 689604 Shares Transferred	1.49	697687	1.50
	At the end of the Year 31.03.2018	-	-	**697687**	**1.50**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
5.	Kotak Monthly Income Plan	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2017	-	-	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	22.12.2017 52419 Shares Purchased	0.11	52419	0.11
		05.01.2018 18584 Shares Purchased	0.04	71003	0.15
		12.01.2018 39057 Shares Purchased	0.08	110060	0.24
		19.01.2018 61625 Shares Purchased	0.13	171685	0.37
		26.01.2018 42273 Shares Purchased	0.09	213958	0.46
		02.02.2018 294265 Shares Purchased	0.63	508223	1.10
		09.02.2018 24389 Shares Purchased	0.05	532612	1.15
		16.02.2018 1729 Shares Purchased	0.00	534341	1.15
		23.02.2018 10000 Shares Purchased	0.02	544341	1.17
	At the end of the Year 31.03.2018	-	-	**544341**	**1.17**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
6.	**M/s. Doric Asia Pacific Small Cap (Mauritius) Limited**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017	538344	2.32	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ transfer/bonus/sweat equity etc)	02.06.2017 22227 Shares Purchased	0.10	560571	2.42
		09.06.2017 3000 Shares Purchased	0.01	563571	2.43
		16.06.2017 4350 Shares Purchased	0.02	567921	2.45
		23.06.2017 3617 Shares Purchased	0.02	571538	2.46
		30.06.2017 36293 Shares Purchased	0.16	607831	2.62
		07.07.2017 4957 Shares Purchased	0.02	612788	2.64
		21.07.2017 22213 Shares Purchased	0.10	635001	2.74
		13.10.2017 635001 Sub-division of Shares	-	1270002	2.74
		24.11.2017 28600 Shares Purchased	0.06	1298602	2.80
		01.12.2017 5522 Shares Purchased	0.01	1304124	2.81
	At the end of the Year 31.03.2018	-	-	**1304124**	**2.81**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
7.	**M/s Em Resurgent Fund**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017	440725	1.90	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	13.10.2017 440725 Sub-Division of Shares	-	881450	1.90
		23.03.2018 15005 Shares Sold	0.03	866445	1.87
	At the end of the Year 31.03.2018	-	-	**866445**	**1.87**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
8.	**IndGrowth Capital Fund I**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017	-	-	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	24.11.2017 358709 Shares Purchased	0.77	358709	0.77
	At the end of the Year 31.03.2018	-	-	**358709**	**0.77**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
9.	Alok Agarwal	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2017	298000	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)	13.10.2017 248000 Sub-Division of Shares	-	546000	1.18
		27.10.2017 81000 Shares Sold	0.17	465000	1.00
		03.11.2017 120000 Shares Sold	0.26	345000	0.74
		10.11.2017 183000 Shares Sold	0.39	162000	0.35
		17.11.2017 162000 Shares Sold	0.35	-	-
	At the end of the Year 31.03.2018	-	-	**-**	**-**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
10.	Kamal Shyamsunder Kabra	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year 01.04.2017	246000	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)	29.09.2017 4100 Shares Purchased	0.02	250100	1.08
		13.10.2017 250100 Sub-Division of Shares	-	500200	1.08
	At the end of the Year 31.03.2018	-	-	**500200**	**1.08**

(V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
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 01.04.2017				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	**NIL**			
	At the end of the Year 31.03.2018				

2.	**Mr. N Sri Vishnuraju** **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 01.04.2017				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2018				

3.	**Mr. Rajesh Thakur Ahuja** **DIN No: 00371406**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2018				

Sl. No		**Shareholding at the beginning of the year 01.04.2017**		**Cumulative Shareholding during the year 31.03.2018**	
4.	**Dr. V. Nagaraja Naidu** **DIN No: 00003730**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017	50,000	0.22	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	13.10.2017 50,000 Sub-Division of Shares	-	100000	0.22
	At the end of the Year 31.03.2018	-	-	**1,00,000**	**0.22**

Sl. No		**Shareholding at the beginning of the year 01.04.2017**		**Cumulative Shareholding during the year 31.03.2018**	
5.	**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 01.04.2017	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)	13.10.2017 5330826 Sub-Division of Shares	-	10661652	22.98
	At the end of the Year 31.03.2018	-	-	**10661652**	**22.98**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
6.	**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 01.04.2017	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)	13.10.2017 101000 Sub-Division of Shares	-	202000	0.44
	At the end of the Year 31.03.2018	-	-	**202000**	**0.44**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
7.	**Dr. M. Sambasiva Rao President**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017	135000	0.58	-	-
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	13.10.2017 135000 Sub-Division of Shares	-	270000	0.58
	At the end of the Year 31.03.2018	-	-	**270000**	**0.58**

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
8.	**Mr. A. Prabhakar Naidu Chief Financial Officer M No: FCA 200974**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2018				

Sl. No		Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.03.2018	
9.	**Mr. Umakanta Barik Company Secretary M No: FCS 6317**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year 01.04.2017				
	Date wise Increase/Decrease in promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)		**NIL**		
	At the end of the Year 31.03.2018				

(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	11806	2500	-	14306
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	44	-	-	44
Total (i+ii+iii)	**11849**	**2500**	**0**	**14349**
Change in Indebtedness during the financial year				
• Addition (including Ind As adjustment)	14248	1747	-	15995
• Reduction	1635	2500	-	4135
Net Change	**12613**	**-753**	**-**	**11860**
Indebtedness at the end of the financial year				
(i) Principal Amount	24419	1747	-	26166
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	75	-	-	75
Total (i+ii+iii)	**24494**	**1747**	**-**	**26241**

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		N. Bhuvaneswari	N. Brahmani	
1.	Gross Salary	120.00	60.00	**180.00**
	(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	10.74	5.00	**15.74**
	(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	318.34	294.30	**612.64**
	- Others, specify			
5.	Others, please specify			
	Total (A)	**449.08**	**359.30**	**808.38**
	Ceiling as per the Act	₹ 898.24 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. **Remuneration to other Directors:** (₹ In Lakhs)

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. D. Seetharamaiah	Mr. N. Srivishnu Raju	Dr. V. Nagaraja Naidu	Mr. Rajesh Thakur Ahuja	
Independent Directors					
Fee for attending Board/ Committee Meetings	3.70	3.00	-	2.90	9.60
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (1)	**3.70**	**3.00**	**0.00**	**2.90**	**9.60**
Other Non-Executive Directors					
Independent Directors Fee for attending Board/ Committee Meetings	-	-	2.60	-	2.60
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (2)	**-**	**-**	**2.60**	**-**	**2.60**
Total (B)= (1+2)	**3.70**	**3.00**	**2.60**	**2.90**	**12.20**
Overall Ceiling as per the Act	₹ 89.82 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				
Total Managerial Remuneration ₹ 820.58 Lakhs*					

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

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		President Dr. M Sambasiva Rao	CFO Mr. A. Prabhakar Naidu	CS Mr. Umakanta Barik	Total (₹)
	Gross Salary				
1.	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	112.60	52.14	25.78	183.35
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- As % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others (performance incentive)	96.48	-	-	96.48
	Total	**209.08**	**52.14**	**25.78**	**279.83**

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

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

For and on behalf of
HERITAGE FOODS LIMITED

Registered Office:
6-3-541/C, Punjagutta,
Hyderabad – 500 082
CIN: L15209TG1992PLC014332
Ph : 04023391221/2
E-mail : hfl@heritagefoods.in
Place : Hyderabad
Date : May 17, 2018

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Annexure-5

The Annual Report on CSR Initiatives

Particulars	Remarks
1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Promoting education and enhancing the vocational skills etc. Web link: www.heritagefoods.in/Corportate/Policies/CSR
2. The composition of the CSR Committee.	Mr D Seetharamaiah – Chairman Mr N Sri Vishnu Raju – Member Mrs N Bhuvaneswari – Member
3. Average Net Profit of the company for last three financial years	₹ In Lakhs FY 2016-17: 10557.40; FY 2015-16: 9562.75; FY 2014-15: 4357.89 Average Net Profit: **8159.34**
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)	₹ 163.19 Lakhs
5. Details of CSR spent during the financial year:	
a. total amount to be spent for the financial year:	₹ 163.19 Lakhs
b. amount unspent:	Nil
c. manner in which the amount spent during the financial year is detailed below:	

CSR Project or activity identified	Sector in which the project is covered.	Sector or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise *	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount Spent: Direct or through implementing agency
Building the Classrooms & Hostels for Students	Promoting Education	Hyderabad Telangana	350 Lakhs	163.19 Lakhs	--	Through Implementing Agency - NTR Memorial Trust
TOTAL			**350 Lakhs**	**163.19 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 24, 2018

D Seetharamaiah
Chairperson
(DIN: 00005016)

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

Annexure-6

Business Responsibility Report 2017-18

CONTENTS	
Section A:	**General Information about the Company**
Section B:	**Financial Details of the Company**
Section C:	**Other Company's Details**
Section D:	**Business Responsibility Information**
Section E:	**Principle-wise Performance**
Principle 1:	**Ethics, Transparency and Accountability**
Principle 2:	**Safety and Sustainability**
Principle 3:	**Well-being of all Employees'**
Principle 4:	**Protection of Stakeholders Interest**
Principle 5:	**Respecting and Promoting Human Rights**
Principle 6:	**Respecting and Protecting Environment**
Principle 7:	**Responsibility towards Public and Regulatory Policy**
Principle 8:	**Inclusive Growth & Equitable Development**
Principle 9:	**Consumer Value**

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

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

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

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

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

8. **List three key products / services that the Company manufactures / provides (as in balance sheet):**

   a) Milk and milk products.

   b) Generation of power

9. **Total number of locations where business activity is undertaken by the Company:**

   a) Number of international locations: The Company does not carry on business at any international location.

   b) Number of national locations: The Company's businesses and operations are spread in 209 locations across the country.

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON MARCH 31, 2018

1.	Paid up Capital:	₹ 23.19 Crore
2.	Total Turnover:	₹ 2,34,401 Lakhs
3.	Total Profit After Tax:	₹ 6,038 Lkahs
4.	Total spending on Corporate Social Responsibility (CSR) as a Percentage of profit after tax (%):	2.70%
5.	List of activities in which expenditure in Sr.No.4 above has been incurred: a) Promoting education (building the classrooms and hostels for pursuing their educations)	

SECTION C: OTHER COMPANY'S DETAILS

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

   Yes, as on March 31, 2018, the Company had one subsidiary namely M/s. Heritage Nutrivet Limited (Formerly Known as M/s. Heritage Foods Retail Limited) and one Associate Company namely M/s SKIL Raigam Power (India) Limited.

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

   No participation by the said subsidiary in business responsibility initiatives.

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

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

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. **Details of Director / Directors responsible for BR:**

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

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

DIN	02338940
Name	Mrs. N Brahmani
Designation	Executive Director

b. Details of the BR Head

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

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

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

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

These are briefly are as under:

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

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs, Govt of India								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Yes. The policies have been approved by the Board and signed by the Vice Chairperson and Managing Director.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes, the Company's officials/ respective departments are authorised to oversee the implementation of the policy								
6	Indicate the link for the policy to be viewed online?	Policies are available in the following link: http://heritagefoods.in/images/HFLBRPOLICY.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all the internal and external stakeholders								

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievances or feedback to the policies can be sent to hfl@heritagefoods.in								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policy relating to Environment, Health and Safety are evaluated by internal as well as external ISO audit agencies. The Whistle Blower Policy is reviewed by the Audit Committee of the Board annually.								

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

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

3. Governance related to BR

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

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

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

  No

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

The Company received 30 complaints/requests from the shareholders during 2017-18 and there were no complaints pending as on March 31, 2018.

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

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

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

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

Our Company's sourcing of milk has increased many folds sine last 25 years. We have a sustainable sourcing from farmers across the states we are operating. To keep our sourcing sustainable we do undertake lot more welfare activities which help farmers keep supplying milk to us.

2.3 Has the company taken any steps to procure goods and services from local and small producers,

including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

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

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

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

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

3.1 Total number of employees: 2551

3.2 Total number of employees hired on temporary/ contractual/casual basis: 2930

3.3 The number of permanent women employees: 23

3.4 The number of permanent employees with disabilities: Nil

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

Presently, Company does not have any employee association.

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

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

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

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

a. Permanent Employees – 71 per cent

b. Permanent Women Employees – 21 per cent

c. Casual/Temporary/Contractual Employees – 30 per cent

d. Employees with Disabilities – Nil

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

4.1 Has the Company mapped its internal and external stakeholders?

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights

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

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

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

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

The Company has not received any stakeholder complaint pertaining to human rights during the financial year 2017-18.

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

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

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

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

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

6.3 Does the company identify and assess potential environmental risks?

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

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

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

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

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

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

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

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

The Company has not received any show cause notice or legal notice from Central Pollution Control Board/ State Pollution Control Board during 2017-18.

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

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

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

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

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

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

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

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

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

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

The Company spent an amount of ₹ 163.19 Lakhs on community development project viz., Promoting education (building the classrooms and hostels for pursuing their educations) and ₹ 215.32 Lakhs through HFWT.

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

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

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

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

There is no consumer complaint pending as at the end of financial year however there was a consumer case pertaining to the financial year 2013-14 running at consumer Forum at Chennai.

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

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

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

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

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

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

-o-

Annexure-7

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

A. CONSERVATION OF ENERGY

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

i. Energy conservation dictates how efficiently a company can conduct its operations. The Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon di-oxide (CO2) emissions and strengthened the Company's commitment towards becoming an environment friendly organization. A dedicated 'Energy Conservation Cell' is focusing on energy management and closely monitor energy consumption pattern across all manufacturing sites. Periodic energy audits are conducted to improve energy performance. Gokul packing stations of the Company has received the 2nd prize in prestigious 'National Energy Conservation Award' 2017 in Dairy sector from Ministry of Power, Govt. of India during December, 2017. This is the 7th time that the Company has been recognised with this award (previously the Company won the award, 1st prize in the year-2016, 2015, 2014, 2012 & 2008, 2nd prize in the year-2015 & 2010).

ii. The Company had commissioned 3rd Wind Power Plant with 2.1 MW Capacity at Beluguppa, Ananthapur District, Andhra Pradesh, India on 27/09/2017 for captive consumption.

iii. The Capital investment during 2017-18 on energy conservation equipments is ₹ 35 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 compressor
- Installation of high energy efficient ammunition screw compressor system along with variable frequency drive (VFD)
- Commissioned 2TPH Biomass Fuel Fired Boilers
- Provided LED lighting system to all packing stations
- Installed Automatic CIP system
- Provide Crate conveyor system
- Ucrete Flooring for better Hygiene
- Implementation of Rapid Milk chilling to enhance quality of Milk
- Implementation of Automatic milk analyzer for accurate quality/quantity management system
- Installed automatic power measurements ABT method systems
- Installed High efficiency Homogenisers.

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

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

iv. The Expenditure incurred an Research and Development : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings were ₹ 1,697.34 Lakhs (previous Year ₹ 3995.13 Lakhs) and foreign exchange outgo was ₹ 478.86 Lakhs (Previous year ₹ 3.26 Lakhs).

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
Place : Hyderabad
Date : May 24, 2018

D. SEETHARAMAIAH
Chairperson
(DIN: 00005016)

Management Discussion and Analysis

CORPORATE OVERVIEW

Heritage Foods Limited (the Company) has now consolidated its position in Dairy Industry with deeper penetration into remote rural areas to procure raw milk and supply processed milk and milk products to consumers in urban areas. Your Company now has over 26 years of legacy in the Indian dairy space.

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

Your Management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgments used therein. These estimates and judgments relating to financial statements are prudently made to reflect in a true and fair manner the form and substance of transactions. This also enables in reasonably presenting the Company's state of affairs and profits and cash flows for the year ended March 31st, 2018

ECONOMY OVERVIEW

The Economic Survey 2018 has pegged FY19 GDP growth at 7-7.5%. The Survey said that India can be rated as among the best performing economies in the world as the average growth during the last three years is around 4 percentage points higher than the global growth.

"A series of major reforms undertaken over the past year will allow real GDP growth to reach 6.75 percent this fiscal and will rise to 7 to 7.5 percent in 2018-19, thereby re-instating India as the world's fastest growing major economy," said the Survey.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian dairy industry estimated current at ₹ 5.4 trillion (according to a research report) is one of the fastest growing dairy segments across the world. Needless to say today agri farmers too consider dairy farming as a reliable source of revenue.

India is the world's largest producer of milk, producing about 160 Mn tonnes per annum with a compounded annual growth of 15%. However, India is also the largest consumer of milk too as dairy products are considered as a main source of protein for large segment of the Indian population.

INDIAN DAIRY INDUSTRY: PRODUCT-WISE SCOPE AND DYNAMICS

Liquid milk

Liquid milk, which constitutes largest segment of Indian dairy industry, is valued at ₹ 3.5t and accounts for 65% of industry sales. While 77% of liquid milk is sold through unorganized segment, the organized segment is growing much faster.

Milk Powder

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

Ghee

Ghee, the second most consumed product of Indian dairy industry (-₹ 800b), contributes 15% to industry sales, within which organized sector contributes 20%. Players from cooperatives are strong in this segment.

Paneer

The Indian paneer market is huge at ₹ 325b with organized players contributing mere 2-3% to industry sales. The segment has humungous potential being majorly dominated by unorganized segment. Going forward, demand from the institutional segment is expected to drive strong growth led by rising demand from restaurant and cafeteria businesses. The organized segment is expected to grow faster at 20-22% CAGR.

Curd

The Indian curd market (worth ₹ 235b) offers huge potential for private players as the organized segment accounts for mere 6- 8% of overall market. Curd category is expected to grow to ₹ 500b by 2020 growing at 15% CAGR.

Cheese

Cheese entails humungous potential, having clocked 27% CAGR over 2007-14 and further expected to post a robust 31% CAGR over FY15-20E to ₹ 59.4b in 2020. The spurt will be led by strong growth in India's fast food market driven by pizzas, burgers, sandwiches, etc.

Buttermilk

Buttermilk category, valued in 2014 at ₹ 13.8b, is expected to explode to ₹ 43bn by 2020 growing at 21% CAGR.

Whey

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

UHT milk

UHT milk, valued in 2014 at ₹ 26b, accounts for less than 1% of the total milk market and 5% of the organized milk market. However, the category is expected to explode to ₹ 104bn by 2020 growing at 26% CAGR due to rapid urbanization and changing consumer preferences. UHT milk sells at 30% premium to fresh milk and provides higher margins.

Flavored milk

Flavored milk market in India saw 26% CAGR during 2007-2014 to touch ₹ 12.6bn in 2014; it is expected to grow to ₹ 47.8bn in 2020 (25% CAGR).

Flavored and frozen yoghurt

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

KEY INDUSTRY GROWTH DRIVERS

Young India and increase in population

India is the second most populated country in the world with nearly a fifth of the world's total population. According to the 2017 revision of the World Population Prospects, the population stood at 1.32b grew at CAGR of 1.9% over 1960-2016 and India is relatively young country with rising expectations. 65% of India's population is below 40 and working age population (between 15 and 64 years) is expected to touch 1b mark surpassing China by 2030. With 50% of the population under 25 years of age, the large Indian young population is ready to experiment and try out new milk products. The opportunity is there for domestic players to capitalize on their understanding of taste and preferences of Indians.

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

The number of dual household incomes is gradually increasing, leading to higher disposable incomes and readiness to try out value added products. Both rural and urban households have increased their expenditure on VADP at ~16% CAGR compared to liquid milk CAGR of 10-12%. Traditional milkmen selling curd have disappeared today at least in urban areas with many of branded dairies launching their better quality curds and buttermilk. Dairy sector will be one of the key beneficiaries of Indian consumption story. Value-added products have been gaining importance due to changes in demographic and dietary patterns. While demand for branded milk has grown at 15%, growth in value added products has been even stronger at 23% in last decade

Rising urbanization and disposable income

With rising urbanization and disposable income, there is growing brand awareness amongst consumers, which is driving demand for branded products. Also, there is a growing preference for clean, hygienic and ready-to-eat milk & dairy products that will boost organized dairy industry. India's per capita income grew by 9.7% to ₹ 1,03,219 in FY17 from ₹ 94,130 a year ago. In FY16, the rate of growth of India's per capita net income was 7.4%.

Rising health awareness

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

Rising vegetarian population

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

KEY SUCCESS FACTORS FOR DAIRY BUSINESS IN INDIA

Strategically located manufacturing units

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

Procurement of raw milk

One of the ways of ensuring high quality milk is by taking care of the cattle that produce it. For dairy companies it is crucial to have direct raw material sourcing from farmers. So developing strong relationships with farmers by aiding them to produce high quality milk from cattle is important as more than 70% of India's milk production is still produced by small farmers and owning 2-5 cattle unlike foreign countries.

Consistency in taste

To gain mind share of consumers' consistency of taste of any food product along with hygiene is essential. Building a credible brand in any business takes time.

Distribution reach and availability of products

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

An optimum product portfolio to ensure higher profitability

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

KEY RISKS:

Climate change and scarcity of water

Climate change and scarcity of water is a major threat to the dairy industry. Milk production could go down by 3 million tonnes over the next three years as the average temperatures rise, creating problems of water scarcity and reduced availability of green and dry fodder for the cattle. Dairy company's manufacturing operations are largely dependent on the supply of milk, which is the primary raw material for all the dairy products. Given the seasonal nature of the dairy industry, cattle farming patterns, availability of raw milk keeps on fluctuating which thereby could adversely impact the running of its operations.

Survival of the fittest

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

New Product Risk by MNCs who have better brand equity

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

Rising labor cost

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

THE BACKDROP

Over the last 26 years, Your Company so far underwent three major stages ever since the deregulation of Milk in 1990s. The three stages that Your Company so underwent include: Penetration; Scale; and Focus. Now we are in the next stage that includes the Consolidation Curve.

Your Company Penetrated into Dairy business with a milk procurement level as low as 20,000 litres per day (LPD) in a single state. After successfully penetrating into Dairy industry, Your Company Scaled up its business in the areas of Milk procurement from 20,000 LPD to over 13.02 lakh LPD from Nine states. Your Company will continue to grow in Milk procurement year on year @ 10% through organic route and is also exploring inorganic route as well.

Having Scaled up the level of business, there was a need to get more Focused. Towards this end, Your Company hived off its the Retail business to Future Retail Ltd and has acquired about 3.65% equity stake in the Company.

We are currently in Consolidation phase. We have successfully acquired Reliance Dairy and integrated the same this year. We are now exploring further inorganic growth opportunities. Towards this end, we have engaged E&Y.

INTEGRATION WITH RELIANCE DAIRY

Since the Reliance Dairy was procuring milk in 184 routes in five states and Your Company had closed over 20 routes. We now have balanced our milk procurement volumes and sale volumes. As a part of rationalization, we have closed 19-units; (chilling centers and bulk coolers) and we have closed the operations in MP and UP and we are closing our operations at two co-packing stations which are at Ludhiana and Kundli.

STRENGTHENING PACKAGING

In line with Your Company's thinking of rationalizing the new businesses operations, measures have been undertaken to move the packing of some of Dairy Life's volumes into Your own company's packing units. Hence, Vaman Foods assets is another acquisition in that direction in order to move the volumes from a third party packing station into Your Company's own procurement processing unit is expected to achieve a lot of efficiencies in terms of operations.

Towards this end, Your Company had not only acquired assets of Vaman Foods, but also acquired assets of Shah Motilal in the Hyderabad region mainly to move major part of the volumes that we have acquired : In line with our future growth to achieve ₹ 6,000 crores revenue by 2022 and in line with Your Company's thinking of rationalizing the new businesses operations, we have moved the packing of some of Dairy Life's volumes into our own packing units.

NEW PRODUCTS

New product that has been finalized is yogurt with the help of the joint venture partner Novandie SNC from France. The product is expected to be launched in FY19. As per the initial plan, this yogurt product line will have a 20 tonne capacity and first full year revenue of ₹ 25 crores. This JV has a set of identified products basically yogurt in different flavours, probiotic, non-probiotic, high-fat, low-fat, stirred and unstirred.

In the ice cream front Your Company has launched new premium ice-cream brand 'Alpenvie' as part of the strategy to strengthen existing product range. The target group for the newly launched products is young consumers. The premium ice-cream products are priced in the range of ₹ 10-45 with majority of products under ₹ 25. The Ice cream market is growing at the rate of 20 per cent per annum and sizeable revenues are expected from this segment.

TANGIBLE RESULTS:

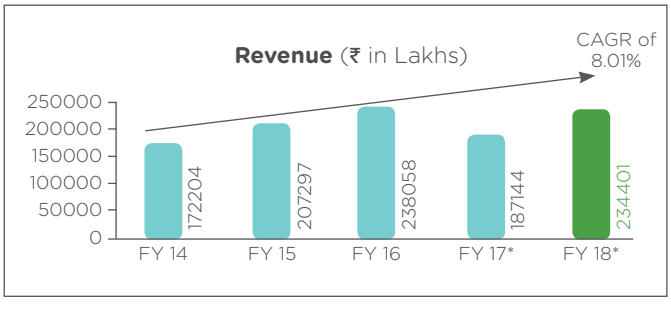
Total Revenue (₹ in Crore)	EBIDTA (₹ in Crore)	PAT (₹ in Crore)
FY18* ₹ 2,344.01	FY18* ₹ 141.65	FY18* ₹ 60.38
FY17 * ₹ 1,871.44	FY17* ₹ 357.49	FY17* ₹ 292.60
FY16 ₹ 2,380.58	FY16 ₹ 136.50	FY16 ₹ 55.43
FY15 ₹ 2,072.97	FY15 ₹ 88.10	FY15 ₹ 28.21
FY14 ₹ 1,722.04	FY14 ₹ 95.00	FY14 ₹ 45.31

* Figures are from continuing operations

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

REVIEW OF OPERATIONS:

Your Company maintained a forward looking approach to ensure that it is well prepared to seize new opportunities and handle new challenges with speed. Since the success of your Company depends on the ability of the business to keep understanding the changing environment and to keep adapting its responses in a seamless manner it continued to focus on realigning its initiatives internally and externally. Your Company focused on the principles of continuous excellence to drive efficiencies. Therefore your Company has grown at CAGR of 8.01%.



* Figures are from continuing operations

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

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

Renewable Energy: Although the Company increased its Renewable Energy Capacity to 10.39 MW with 4.09MW Solar Power and 6.30MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption.

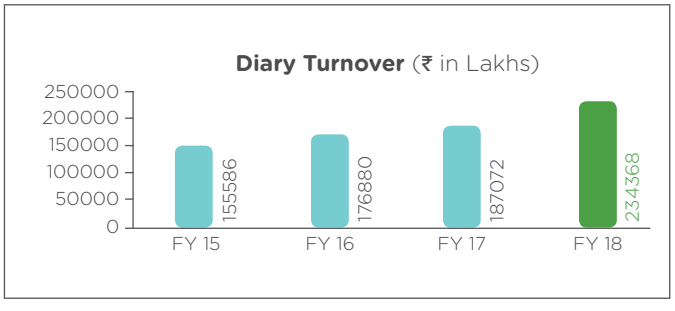
Farmers Welfare Trust: Since the company believes in adding value to its stakeholders, it has successfully created Farmers Welfare Trust for Farmers empowerment who form an important constituent among its key stakeholders.

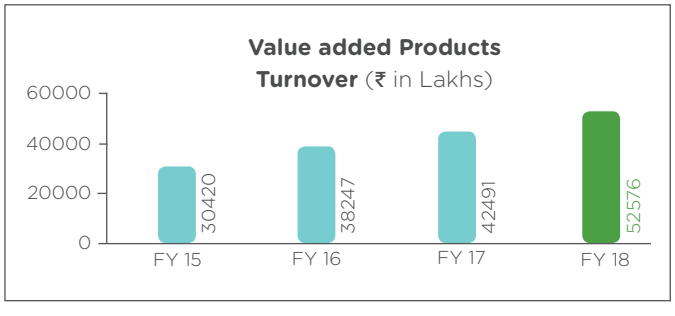
Dairy Business Vertical:

(Including feed and others)

₹ 2,34,368 Lakh Revenue	**99.71 % Revenue Contribution**
₹ 12,732 Lakh EBITDA	**₹ 52,576 Lakh Revenue from Value Added Products**

The Dairy division accounting for 99.71% of revenue (₹ 2,34,368 Lakh) is the flagship business vertical for your Company. The Last 4 financial year's revenue of the Dairy vertical is given below:





With a surge in the value added products, from ₹ 30,420 lakhs in FY15 to ₹ 52,576 lakhs in the current fiscal year, the percentage of contribution to the dairy revenue has improved from a mere 19% to nearly 22.43% in the current year. The value added products have been growing at a CAGR of 20.01% over the last 4 years.

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

Renewable Energy Business Vertical:

Your Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward- looking enterprise, it is strongly committed to extending our 'Green' footprint. In line with this thinking, the division has increased its Renewable Energy Capacity to 10.39 MW with 4.09MW Solar Power and 6.30MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption:

₹ 686 Lakhs Revenue from Renewable Energy	**10.39mw Renewable Energy Capacity**

Way Forward

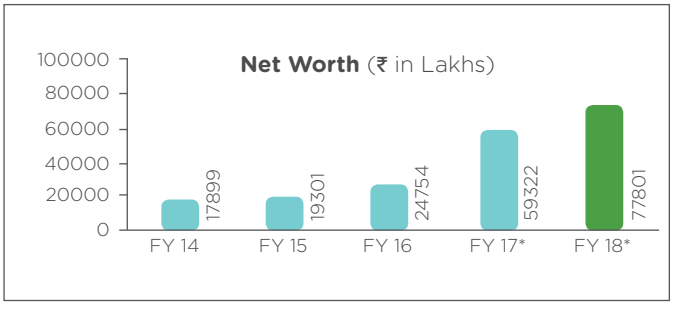
Your Company has the Right Channel Mix (over 90% milk is directly supplied to consumers), Right Product Mix (a good mix of fresh milk and value added products), High Capital Efficiency, and Branding (Heritage brand has a legacy of over 26 years).

Discussion on financial And Operational performances

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

Net worth Trend:

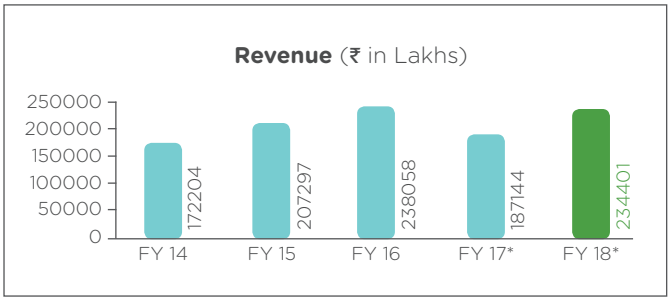
The net worth has shown a steady and constant ascent from ₹ 17 899 lakhs to ₹ 77,801 lakhs in the last five years.



* Figures are from continuing operations

Revenue Trend

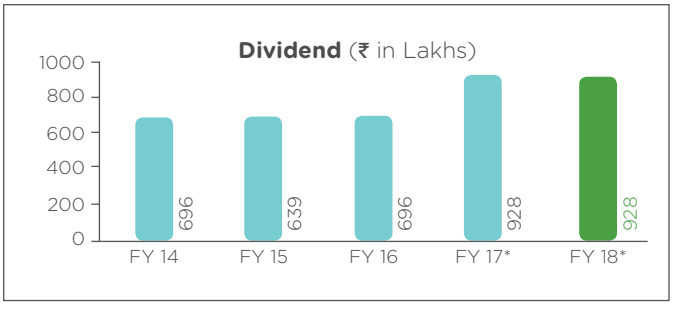
The focused approach helped the Company to deliver an industry leading performance with a revenue growth of 25.25% in FY18.



* Figures are from continuing operations

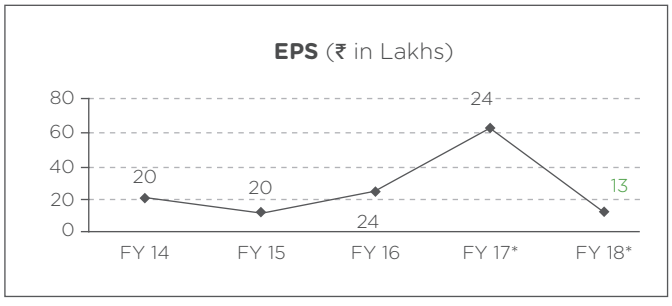
Dividend Payment History

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



Earnings per Share

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



* Figures are from continuing operations

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, 2018.

Overview of Standalone Financial Results

Particulars	2017 - 18		2016 - 17		FY 18 vs 17
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	% of Growth
Net Sales	234385.51	99.99	187069.23	99.96	25.29
Other operating income	15.59	0.01	74.34	0.04	(79.02)
Total Revenue	**234401.10**	**100.00**	**187143.57**	**100.00**	**25.25**
Less: Total Expenditure	221699.95	94.58	172548.72	92.20	28.49
Add: Other Income	1550.15	0.66	21186.82	11.32	(92.68)
Profit before Finance Cost, Depreciation and Tax	14251.30	6.08	35781.67	19.12	(60.17)
Less: Finance costs	1745.45	0.74	963.24	0.51	81.21
Depreciation & Amortisation	3698.54	1.58	2487.07	1.33	48.71
Profit / (Loss) before tax	8807.32	3.76	32331.36	17.28	(72.76)
Less: Provision for current taxation (Incl.tax. earlier yrs)	2829.39	1.21	2600.07	1.39	8.82
Less: Provision for deferred taxation	(60.23)	(0.03)	471.15	0.25	(112.78)
Profit / (Loss) after tax	6038.16	2.58	29260.14	15.64	(79.36)

Standalone Segment results:

Particulars	2017 - 18		2016 - 17		FY 18 vs 17 % of Growth
	₹ In Lakhs	% of Revenue	₹ In Lakhs	% of Revenue	
1. Total Revenue					
a. Dairy	229671.55		180959.67		26.92
b. Renewable energy	685.93		521.30		31.58
c. Feed	3591.71		3110.58		
d. Others	1104.40		3001.45		
Total (a+b+c+d)	**235053.59**		**187593.00**		**25.30**
2. Inter-segment Revenue					
a. Dairy					
b. Renewable energy	652.49		449.43		45.18
c. Feed					
d. Others					
Total (a+b+c+d)	**652.49**		**449.43**		**45.18**
3. External Revenue					
(Incl other operating income)					
a. Dairy	229671.55		180959.67		26.92
b. Renewable energy	33.44		71.86		(53.47)
c. Feed	3591.71		3110.58		
d. Others	1104.40		3001.45		
Total (a+b+c+d)	**234401.10**		**187143.57**		**25.25**
4. Segment Results					
Profit (+) / (Loss) (-) before tax and finance costs					
a. Dairy	10096.16	4.40	12491.50	6.90	(19.18)
b. Renewable energy	317.81		250.24		27.00
c. Feed	(359.89)		(309.47)		16.29
d. Others	44.65		118.03		(62.17)
Total (a+b+c+d)	**10098.73**	**4.31**	**12550.30**	**6.71**	**(19.53)**
Less: Finance Cost	1745.45	0.74	963.24	0.51	81.21
Fair Value loss on derivative liabilities	38703.86		3854.87		
Others	420.96		113.22		
Add: Interest income	37.77	0.02	27.38		
Fair Value gain on Equity Securities (FVTPL)	39537.07		24681.01		
Dividend Income	4.02		4.00		
Total Profit before Tax	**8807.32**	**3.76**	**32331.36**	**17.28**	**(72.76)**

Segment wise Revenue Break-up :

Particulars	2017 - 18	2016 - 17
Dairy		
Finished goods sold		
Milk	146,781.20	116,975.86
Value Added Products	52,478.06	42,394.33
Fat Products	26,034.03	16,077.81
Skimmed milk powder	485.74	983.13
Total	**225,779.03**	176,431.14
Traded goods		
Milk	2,672.85	-
Value Added Products	97.85	97.03
Other Products	630.00	429.74
Total	**3,400.70**	**526.77**
Sale of Service	488.74	239.65
Other operating income	3.09	2.48
Total Dairy Revenue	**229,671.55**	**177,200.04**
Add: Revenue from transaction with discontinued operations	-	3,759.63
Total Dairy Revenue	**229,671.55**	**180,959.67**
Renewable Energy		
Finished goods sold	20.94	-
Other operating income	12.50	71.86
Total Renewable Energy Revenue	**33.44**	**71.86**
Feed	3,591.71	3,110.58
Others	1,104.40	3,001.45
Total Revenue	**234,401.10**	**187,143.57**

CASH FLOW ANALYSIS

Cash inflows

₹ in Lakhs

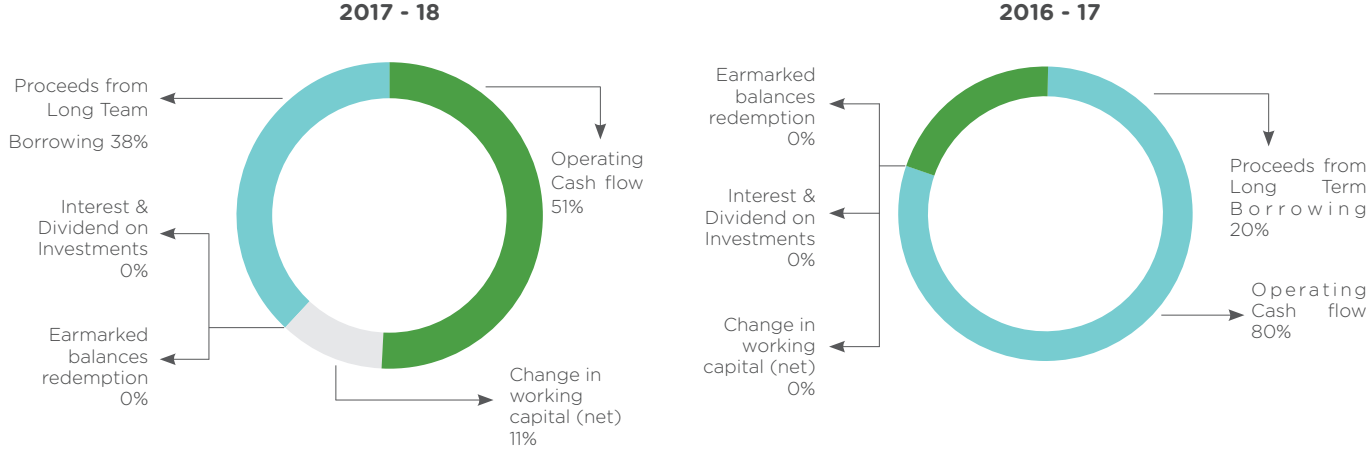
Particulars	2017 - 18	%	2016 - 17	%
Operating Cash flow	13544.44	50.48	14863.24	80.20
Change in working capital (net)	3004.55	11.20	0.00	0.00
Interest & Dividend on Investments	32.14	0.12	31.38	0.17
Earmarked balances redemption	0.00	0.00	2.22	0.01
Proceeds from Long Term Borrowings	10248.36	38.20	3636.94	19.62
Total	**26829.49**	**100.00**	**18533.78**	**100.00**

Cash Outflows

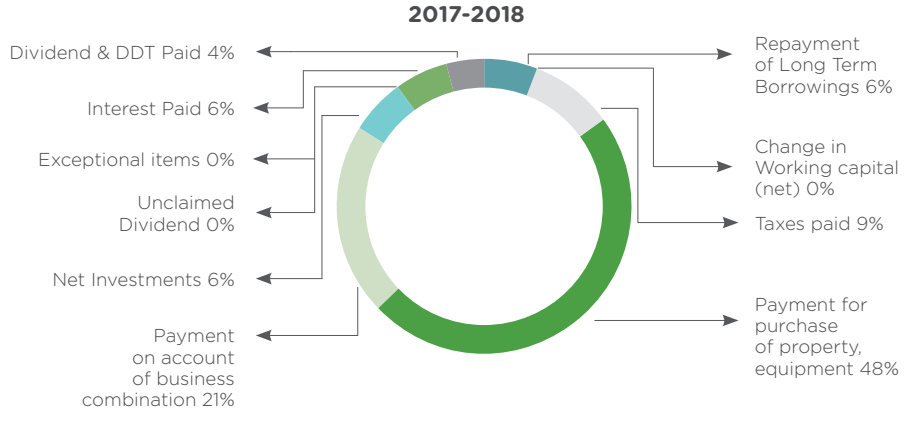
Particulars	2017 - 18	%	2016 - 17	%
Repayment of Long Term Borrowings	1708.34	5.90	1489.48	9.84
Change in Working capital (net)	-	-	1522.07	10.05
Taxes paid	2777.25	9.59	2910.00	19.22
Payment for purchase of property, plant and equipment	13818.35	47.71	7434.15	49.10
Payment on account of business combination	6151.01	21.24	-	-
Net Investments	1764.27	6.09	38.95	0.26
Unclaimed Dividend	-	-	16.44	0.11
Exceptional items		-		-
Interest Paid	1628.48	5.62	891.12	5.89
Dividend & DDT Paid	1116.87	3.86	837.65	5.53
Total	**28964.56**	**100.00**	**15139.86**	**100.00**

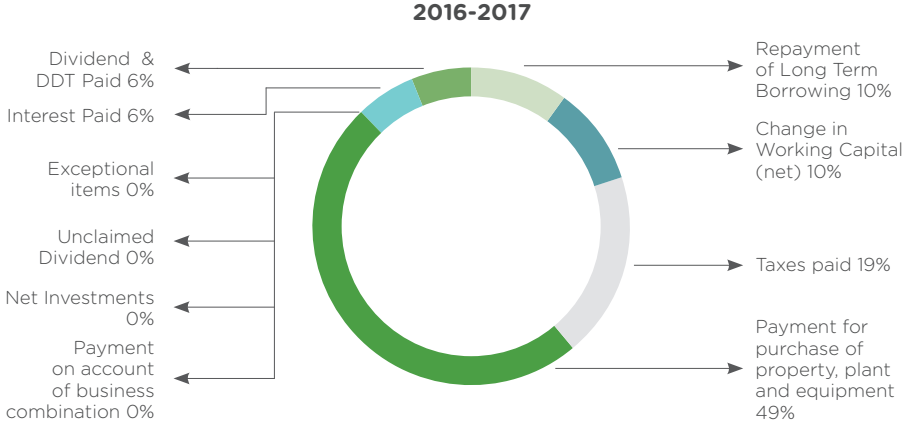
Net increase /(decrease) in cash and cash equivalents	(2135.07)	3393.92	
Cash flow related to Discontinued Operations :			
Net cash generated/(used) from/ in Operating activities		(1575.99)	
Net Cash used in Investing activities		(1559.26)	
Net Cash flow in Financing activities		(2015.97)	
Add: Opening Cash and Cash Equivalents	(2102.14)	515.02	
Cash and cash equivalents adjustment in pursuant to the Composite Scheme of Arrangement (Ref Note 43)	-	(859.86)	
Cash and Cash Equivalents at the end of the period	(4237.21)	(2102.14)	
Cash on hand	243.33	151.47	
Balances with banks in current accounts	5742.36	4334.10	
Loans repayable on demand from banks	(10222.90)	(6587.71)	

Cash Inflow



Cash Outflow





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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

Your Company's Corporate Governance Framework ensures that making timely disclosures and share accurate information regarding the 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, 2018, the Board consists of six members out of which three members are independent directors.

ETHICS/GOVERNANCE POLICIES:

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

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

APPROPRIATE GOVERNANCE STRUCTURE WITH DEFINED ROLES AND RESPONSIBILITIES:

Your Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has constituted six Committees to discharge its responsibilities in an effective manner. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies

Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 as amended from time to time. The Chairperson and the Vice Chairperson & Managing Director (VC&MD) provide overall direction and guidance to the business. In the operations and functioning of the Company, the VC&MD is assisted by Executive Director and a core group of senior level executives.

BOARD LEADERSHIP:

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

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

A. BOARD OF DIRECTORS

Size and composition of the Board

The Board policy is to have an appropriate mix of executive, non-executive, independent and women directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2018, the Board consists of Six (6) members, two (2) of whom are executive/whole-time women directors, three (3) are Non-Executive Independent Directors and one (1) is Non-Executive Director. The Board periodically evaluates the need for change in its composition and size.

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

Composition of the Board and Directorship held as on 31st March, 2018

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

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

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

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

One meeting of Independent Directors was held during the year.

Mechanism for evaluating Board Members

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

Succession planning

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

Board compensation policy

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

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

BOARD MEETINGS

Scheduling and selection of agenda items for Board meetings

The tentative dates for Board meetings in the ensuing financial year are decided in advance and published as part of the Annual Report. The Non-executive Chairperson of the Board and the Company Secretary, draft the agenda for each meeting, along with explanatory notes, in consultation with the VC&MD, and distribute these in advance to the Directors. Every Board member can suggest the inclusion of

additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary. Seven Board meetings were held during the year ended March 31, 2018. These were held on May 25, 2017, August 10, 2017, September 27, 2017, October, 16, 2017, November 09, 2017, February, 06, 2018 and March 27, 2018.

Attendance of Directors during FY 2017-18 & Last Annual General Meeting is as under:

Name	No. of Meetings		Attendance at Last AGM
	Held	Attended	
Independent Director			
Mr. D Seetharamaiah	7	7	Yes
Mr. N Srivishnu Raju	7	6	Yes
Mr. Rajesh Thakur Ahuja	7	7	Yes
Non Executive Director			
Dr. V Nagaraja Naidu	7	6	Yes
Whole-time Director			
Mrs. N Bhuvaneswari	7	6	Yes
Mrs. N Brahmani	7	7	Yes

Availability of Information to Board Members

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

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

- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholder services, such as non-payment of dividend and delays in share transfer etc.

C. BOARD COMMITTEES

As on March 31, 2018, the Board has 6 (Six) Committees i.e. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and Management Committee.

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

i. Audit Committee

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

Composition of the Committee as on March 31, 2018:

Name	Designation
Mr. D Seetharamaiah	Chairperson
Mr. N Srivishnu Raju	Member
Mr. Rajesh Thakur Ahuja	Member
Dr. V Nagaraja Naidu	Member

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

Audit Committee Attendance

Five meetings of Audit Committee were held during the financial year 2017-18, i.e. May 25, 2017, August 10, 2017, November 09, 2017, February 06, 2018 and March 27, 2018. The attendance details of the Committee Meeting are as follows:-

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

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

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

ii. Nomination & Remuneration Committee

The Committee's constitution and terms of reference are in compliance with provisions of the Section

178 of the Companies Act, 2013 & Rules made thereof and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition of the Committee as on March 31, 2018:

Name	Designation
Mr. N Srivishnu Raju	Chairperson
Mr. D Seetharamaiah	Member
Mr. Rajesh Thakur Ahuja	Member

The committee shall review and discuss all matters pertaining to candidates and shall evaluate the candidates in accordance with a process that it sees fit, passing on the recommendations to the

Board. The committee coordinates and oversees the annual self- evaluation of the Board and of individual directors. The Committee also review the performance and approve the revision of annual fixed salary & variable pay and promotions of all the Employees one level below the Board including the Functional Heads of the Company. The committee also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

Nomination & Remuneration Committee Attendance

The Nomination & Remuneration Committee held two meeting during the financial year 2017-18 on April 20, 2017, June 22, 2017. The attendance details of the Committee Meeting are as follows:

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

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

Details of remunerations paid/payable to directors for the year ended 31st March, 2018 is as follows:

(₹ in Lakhs)

Name	Sitting Fees	Remuneration	Perquisites/ Perks	Commission	Total
Independent Directors					
Mr. D Seetharamaiah	3.70	-	-	-	**3.70**
Mr. N Srivishnu Raju	3.00	-	-	-	**3.00**
Mr. Rajesh Thakur Ahuja*	2.90	-	-	-	**2.90**
Non Executive Directors					
Dr. V Nagaraja Naidu	2.60	-	-	-	**2.60**
Whole-time Directors					
Mrs. N. Bhuvaneswari	-	120.00	10.74	318.34	**449.08**
Mrs. N Brahmani	-	60.00	5.00	294.30	**359.30**

The Company has not granted any stock option to any of its directors. Dr. V Nagaraja Naidu, Non Executive Director of the Company are holding 1,00,000 equity shares, Mrs. N. Bhuvaneswari and Mrs. N Brahmani, Executive/Whole-time Directors of the Company are holding 1,06,61,652 and 2,02,000 equity shares of the Company respectively as on March 31, 2018.

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, except the lease rental paid to Mrs. N Bhuvaneswari, Vice Chairperson & Managing Director of the Company with regard to the lease of the Registered Office Building, situated at, #6-3-651/C, Punjagutta, Hyderabad-500082, Telangana, India up to October 21, 2017.

iii. Stakeholders Relationship Committee

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

Composition of the Committee as on March 31, 2018:

Name	Designation
Dr. V Nagaraja Naidu	Chairperson
Mr. D Seetharamaiah	Member
Mr. N Srivishnu Raju	Member
Mrs. N Bhuvaneswari	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 2017-18. These were held on April 20, 2017, August 10, 2017, November 09, 2017 and February 06, 2018. The attendance details of the Committee Meeting are as follows:-

Stakeholders Relationship Committee Attendance:

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

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

The details of Complaints/request as on 31st March 2018 are as follows:

Number of Complaint/request Received-30

Number of Complaint/request Resolved-30

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, 2018:

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

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

One CSR Committee meeting was held during the financial year 2017-18 on February 06, 2018. The attendance details of the Committee Meeting are as follows:-

CSR Committee Attendance:

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

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

v. Risk Management Committee

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

necessary or appropriate for the performance of its oversight function.

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

Composition of the Committee as on March 31, 2018:

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

One Risk Management committee meeting was held during the financial year 2017-18 on March 27, 2018.

The attendance details of the committee meetings are as follows:

Risk Management Committee Attendance:

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

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President and Mr. A Prabhakar Naidu Chief Financial Officer of the Company are permanent 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 operations and timely action/compliances. The Committee meets at frequent intervals and disposes matters which are of urgent in nature without having to wait for the next Board Meeting.

Composition of the Committee as on 31st March, 2018:

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

Three Management Committee meetings were held during the financial year 2017-18. These were held on April 20, 2017, June 22, 2017, and December 11, 2017. The attendance details of the Committee Meeting are as follows:-

Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah	3	3
Mr. N Srivishnu Raju	3	2
Mrs. N Bhuvaneswari	3	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.

B. General Body Meetings

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

Financial year ended	Date and time	Special Resolution(s) passed
March 31, 2017	August 23, 2017 at 11.00 a.m.	NIL
March 31, 2016	August 19, 2016 at 10.30 a.m.	• Appointment of Mr. Rajesh Thakur Ahuja as Non-Executive Independent Director for a Period upto March 22, 2021. • Approval of the Service of Notice etc., as per the Section 20 of the Companies Act, 2013

Financial year ended	Date and time	Special Resolution(s) passed
March 31, 2015	September 24, 2015 at 10.30 a.m.	• Modification in Object Clause of the Memorandum of Association of the Company. • Modification in Liability Clause of the Memorandum of Association of the Company.

Postal ballot

During the financial year 2017-18, the Shareholders of the Company approved the sub-division of 1 (One) Equity Share of the Company of Face Value of ₹ 10/- (Rupees Ten only) each into 2 (Two) Equity Shares of Face Value of ₹ 5/- (Rupees Five only) each fully paid up with effect from the Record Date i.e. October 11, 2017.

Procedure for postal ballot

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

DISCLOSURES

Disclosures regarding the appointment or re-appointment of directors:

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

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

Disclosures on Materially Significant Related Party Transaction:

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

Details of Non-Compliance:

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

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

Details of establishment of Vigil Mechanism (Whistle Blower policy)

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. There is no complaint received during the Financial Year ended March 31, 2018.

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

Management's Discussion and Analysis:

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

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

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

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

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

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

B. Means of Communication

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

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

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

Website: The Company's website i.e., www.heritagefoods.in contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Annual Report: The Annual Report containing inter-alia Notice of the 26th AGM, Audited Annual Accounts (Standalone & Consolidated), Directors' Report, Auditors Report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report and other important information is circulated to Members and others entitled thereto.

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

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

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

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application 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	August 30, 2018 at 10:30 am
Venue	Auditorium Hall, 2nd Floor, Training building, National Institute For Micro, Small And Medium Enterprises, Yousufguda, Hyderabad-45 Ph No. 040-23608317
Financial year	April 01 to March 31
Financial Calendar (tentative) Results for the quarter ending	June 30, 2018 – Last week of July, 2018 September 30, 2018 – Last week of October, 2018 December 31, 2018 - Last week of January, 2019 March 31, 2019 - Last week of May, 2019 Annual General Meeting - August, 2019
Date of Book Closure	Thursday, August 23, 2018 to Thursday, August 30, 2018 (both days inclusive)
Dividend Payment date	September 06, 2018
Listing on Stock Exchanges	**BSE Limited (BSE)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 **National Stock Exchange of India Limited (NSE)** "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400051
Payment of Listing Fee	Annual listing fee for the year 2018-19 has been paid by the Company to BSE and NSE.
Stock / Scrip Code	BSE – 519552 NSE - HERITGFOOD
ISIN Number	INE978A01027
Payment of Depository Fee	Annual Custody/Issuer fee for the year 2017-18 has been paid by the Company to NSDL and CDSL

Market Price Data:

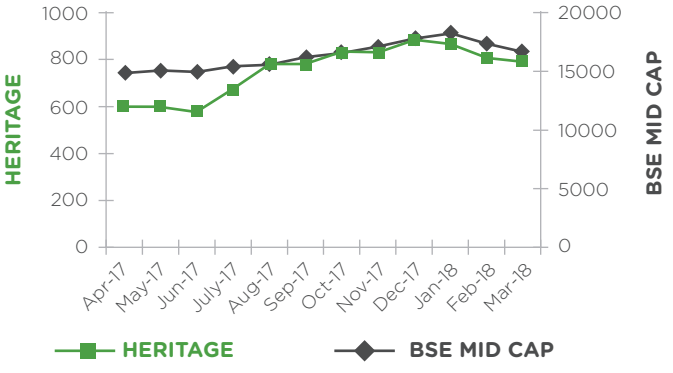
Closing High/Low Share Price during each month of the financial year 2017-18

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
April, 2017	608.90	526.53	600.00	525.20
May, 2017	603.00	527.58	601.58	530.00
June, 2017	579.98	520.00	577.50	521.70
July, 2017	671.10	526.73	671.18	527.50
August, 2017	784.95	564.63	783.18	525.00
September, 2017	774.50	705.00	774.10	702.50
October, 2017	884.00	704.70	830.00	701.50
November, 2017	825.00	651.95	824.00	652.00
December, 2017	888.95	750.00	885.10	750.00
January, 2018	855.00	746.65	868.05	744.00
February, 2018	784.00	655.30	802.40	650.00
March, 2018	787.00	664.75	790.00	651.00

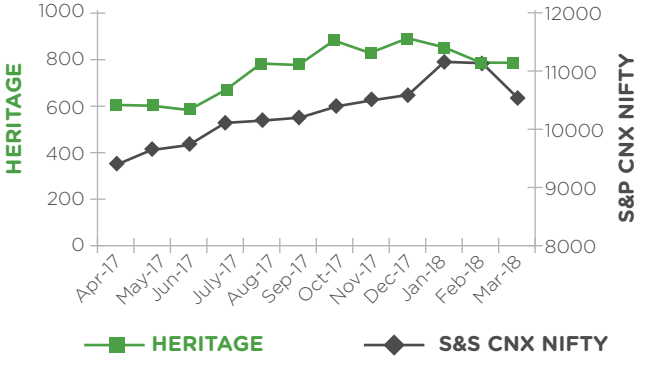
Note: During the year the shareholders of the company approved the sub-division of Equity Shares of ₹ 10/- each into two Equity Shares face value of ₹ 5/- each

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

HERITAGE vs BSE MID CAP



HERITAGE vs S&P CNX NIFTY



Distribution of Shareholding as on March 31, 2018

Category Code	Category of Shareholder	Number of Share-holders	Total number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoters and Promoter Group			
1	Indian	14	18512892	39.90
2	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	**14**	**18512892**	**39.90**
(B)	Public Shareholding			
1	Institutions	67	8183886	17.64
2	Non-institutions	22855	19701222	42.46
	Total Public Shareholding	**22922**	**27885108**	**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)		**22936**	**46398000**	**100.00**

Shareholding Pattern by Size as on March 31, 2018

Category (No.of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	21679	3396436	7.32
501 - 1000	610	909733	1.96
1001 - 2000	288	866121	1.87
2001 - 3000	76	374320	0.81
3001 - 4000	50	368084	0.79
4001 - 5000	46	430543	0.93
5001 - 10000	71	1071439	2.31
10001 - Above	116	38981324	84.02
TOTAL	**22936**	**46398000**	**100.00**

Total Shares in Demat and Physical form as on March 31, 2018

Sl. No	Category	No. of Holders	Total Shares	% To Equity
1	Physical	1254	961762	2.07
2	NSDL	14844	41004784	88.38
3	CDSL	6838	4431454	9.55
Total		**22936**	**46398000**	**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 lodgment of transfer. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Vice Chairperson & Managing Director/Executive Director. A summary of transfer/ transmission of securities of the Company so approved by the Vice Chairperson & Managing Director/Executive Director is placed at every Stakeholder's Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.

Dematerialisation

97.93% of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2018. The total holdings of shares of promoters/PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

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

Category of Shareholder	Total		Shares In Demat Form		
	No of Shareholders	number of shares Held	No of Share-holders	No of Shares	% of Respective Shareholding
Promoters & Promoters Group	14	18512892	14	18512892	100%
Public	22922	27885108	21668	26923346	96.55%
Total:	**22936**	**46398000**	**21682**	**45436238**	

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:

Major 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 ₹ 6,68,044/- (Rupees Six Lakhs Sixty Eight Thousand Forty Four Only) towards the unclaimed/unpaid dividend amount for the financial year 2009-10 to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the 6,97,687 no's of equity shares belongs to 726 shareholders to the Investor Education and Protection fund Authority (IEPF) on December 7, 2017 of those shareholders who have not claimed the dividends for a continuous period of 7 years.

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 M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No.1796), to conduct Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2018, is forming part of the Annual Report.

Compliance Certificate from the Auditors

Certificate from Statutory Auditors of the Company M/s. Walker Chandiok & Co LLP, Chartered Accountants (FRN:001076N/N500013), Hyderabad confirming Compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation & Disclosure Requirements) 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: +91-40-23001153
Website: www.karvy.com

Any query on the Annual Report

Mr. Umakanta Barik
Company Secretary
Heritage Foods Limited, #6-3-541/C, Panjagutta,
Hyderabad-500 082, Tel: +91-40-23391221
Telangana, India. e-mail: hfl@heritagefoods.in

Code of Conduct

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available in the Company website 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 2017-18.

(N. Bhuvaneswari)
Chairperson and Managing Director
(DIN: 00003741)

May 24, 2018
Hyderabad

MAJOR PLANT LOCATIONS

1. **B. Kotha Kota**
   Bering (V),
   Sankarapuram (Post),
   Kotha kota (M),
   Chittoor Dist

2. **Bayyavaram**
   Bayyavaram (V),
   Kasimakota (M),
   Visakhapatnam Dist.

3. **Bengaluru**
   Yadavanhalli (V)
   Neraluru Post
   Attibele Hobli
   Anekal Taluk
   Bengaluru South

4. **Bhattiprolu**
   Vellaturu Raod,
   Bhattiprolu (V) & (M),
   Guntur. Dist

5. **Bobbili**
   Mettavalasa (V),
   Growth Center,
   Bobbili,
   Vizianagaram Dist

6. **Chittoor**
   Sundrajapuram, (V),
   ER palli post,
   G.D Nellore (M),
   Chittoor Dist

7. **Gokul**
   Kasipentala (V),
   Charndragiri (M),
   Chittoor Dist

8. **Pamarru**
   Yendagandi (V),
   K. Gangavaram (M),
   East Godavari Dist

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

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

11. **Khamanon**
    Bhambri,
    Khamanon,
    Dist- Fatehgarh Sahib

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

13. **Kalluru**
    Koralagudam (V)
    Kalluru (M),
    Khammam Dist

14. **Narketpalli**
    Cheruguttu (V),
    Narketpalli (M),
    Nalgonda Dist

15. **Shameerpet**
    Survey No 174,198, 203.
    Sampanbole Village
    Shamirpet Mandal,
    Medchal Dt

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

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, 2018 and based on our knowledge and belief, we state that:

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

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

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

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

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

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

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

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

For Heritage Foods Limited

Sd/-
N. Bhuvaneswari
Vice Chairperson & Managing Director
(DIN: 00003741)

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

Place: Hyderabad
Date: May 24, 2018

Independent Auditor's Certificate on Corporate Governance

To
The Members of
HERITAGE FOODS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 9 October 2017.

2. We have examined the compliance of conditions of corporate governance by Heritage Foods Limited ('the Company') for the year ended on 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

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

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
(FRN: 001076N/N500013)

Sd/-
per **Sanjay Kumar Jain**
Partner
M No. 207660

Place : Hyderabad
Date : May 24, 2018

Independent Auditor's Report

To the Members of
Heritage Foods Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Heritage Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. 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.

5. 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 these standalone financial statements are free from material misstatement.

6. 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 controls 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.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 42 (i) to the standalone financial statements for the year ended 31 March 2018 in relation to the accounting treatment of the Composite Scheme of Arrangement (the "Scheme") between the Company, Heritage Nutrivet Limited (formerly Heritage Foods Retail Limited), Future Retail Limited and their respective shareholders and creditors. As explained, on the basis of internal evaluation, management has adopted the accounting treatment as referred to under the Scheme. Our opinion is not modified in respect of this matter.

Other Matter

10. The comparative financial information for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2017 and 31 March 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 25 May 2017 and 23 May 2016 respectively expressed unmodified opinion on those financial statements. These comparative financial information for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by the predecessor auditor. The report of the predecessor auditor dated 24 May 2018 on the comparative financial information for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in these standalone financial statements expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. Further to our comments in Annexure B, as required by Section 143(3) of the Act, we report that:

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

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

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 24 May 2018 as per Annexure B expressed unmodified opinion;

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in 46(b) to the standalone financial statements, has disclosed the impact of pending litigations on 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
(FRN: 001076N/N500013)

per **Sanjay Kumar Jain**
Partner
M No. 207660

Place : Hyderabad
Date : May 24, 2018

Annexure A to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the standalone financial statements for the year ended 31 March 2018

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) The fixed assets have been physically verified by the management during the year by engaging the outside expert and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Sections 186 in respect of investments, guarantees and security. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 in respect of loans.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there have been significant delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of disputed dues ₹ in lakhs

Nature of Statue	Nature of dues	Amount (₹)	Amount paid in protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax Act,1956	Purchase tax	1.42	1.42	1998-99	The High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1957	Purchase tax	95.12	11.36	2001-02	The High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax / VAT	127.07	127.07	2007-08	Sales tax appellate tribunal, AP
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax / VAT	46.88	-	2008-09	The High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh
The Central Sales Tax Act,1956	Sales Tax / VAT	15.93	15.93	2010-11	Joint Commissioner of commercial taxes (Appeals), Bangalore

Nature of Statue	Nature of dues	Amount (₹)	Amount paid in protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax Act,1956	Sales Tax / VAT	21.48	15.82	2011-12	Joint Commissioner of commercial taxes (Appeals), Bangalore
The Central Sales Tax Act,1956	Sales Tax / VAT	7.31	7.31	2012-13	Joint Commissioner of commercial taxes (Appeals), Bangalore
The Income-tax Act, 1961	Income- tax	16.84	-	2016-17	Deputy Commissioner of Income Tax, Hyderabad

(viii) The Company has not defaulted in repayment of borrowings to any bank during the year. There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934..

For **Walker Chandiok & Co LLP**
Chartered Accountants
(FRN: 001076N/N500013)

per **Sanjay Kumar Jain**
Partner
M No. 207660

Place : Hyderabad
Date : May 24, 2018

Annexure B to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the standalone financial statements for the year ended 31 March 2018

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of Heritage Foods Limited ("the Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
(FRN: 001076N/N500013)

per **Sanjay Kumar Jain**
Partner
M No. 207660

Place : Hyderabad
Date : May 24, 2018

Standalone Balance Sheet as at 31 March 2018

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

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
(a) Property, plant and equipment	6	39,353.75	27,817.97	30,785.62
(b) Capital work-in-progress		872.71	750.43	958.80
(c) Investment property	8	397.21	124.15	121.00
(d) Other intangible assets	7	1,847.64	48.40	164.12
(e) Investment in subsidiaries, joint venture and associate	9	1,695.68	101.20	72.69
(f) Financial assets				
(i) Investments	10	100,115.41	47,744.57	31.12
(ii) Loans	16	394.72	1,449.59	2,200.05
(iii) Other financial assets	11	75.22	72.53	63.07
(g) Other non-current assets	12	402.66	208.76	176.76
Total non-current assets		**145,155.00**	**78,317.60**	**34,573.23**
Current assets				
(a) Inventories	13	15,051.89	11,648.50	14,491.11
(b) Financial Assets				
(i) Investments	10	0.42	1.17	1.65
(ii) Trade receivables	14	1,010.40	1,129.47	2,871.06
(iii) Cash and cash equivalents	15(i)	5,985.69	4,485.57	4,440.19
(iv) Bank balances other than (iii) above	15(ii)	116.91	111.34	82.52
(v) Loans	16	436.15	448.89	458.30
(vi) Other financial assets	11	17.47	11.35	13.39
(c) Current tax assets (net)		46.45	109.09	-
(d) Other current assets	12	721.17	329.65	429.33
Total current assets		**23,386.55**	**18,275.03**	**22,787.55**
Total assets		**168,541.55**	**96,592.63**	**57,360.78**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	17	2,319.90	2,319.90	2,319.90
(b) Other equity	18	75,480.76	57,002.43	22,434.05
Total equity		**77,800.66**	**59,322.33**	**24,753.95**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	13,830.74	6,877.05	6,527.86
(ii) Other financial liabilities	20	42,611.74	3,854.86	-
(b) Provisions	21	584.30	489.58	551.54
(c) Government grant		8.76	37.67	44.85
(d) Deferred tax liabilities (net)	22	1,820.75	1,878.00	1,837.91
Total non-current liabilities		**58,856.29**	**13,137.16**	**8,962.16**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	10,222.90	6,587.71	3,925.16
(ii) Trade payables	24	6,629.11	5,075.98	8,467.46
(iii) Other financial liabilities	20	13,656.61	11,135.37	9,695.13
(b) Other current liabilities	23	669.45	726.41	805.13
(c) Government grant		1.61	9.40	7.29
(d) Provisions	21	704.92	598.27	579.47
(e) Current tax liabilities (net)		-	-	165.03
Total current liabilities		**31,884.60**	**24,133.14**	**23,644.67**
Total equity and liabilities		**168,541.55**	**96,592.63**	**57,360.78**

The accompanying notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Standalone Statement of Profit and Loss

for the year ended 31 March 2018

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

	Notes	For the year ended	
		31 March 2018	31 March 2017
Revenue from operations	25	234,401.10	183,383.94
Revenue from transactions with discontinued operations		-	3,759.63
Other income	26	716.95	360.68
Fair value gain on FVTPL equity securities		39,537.07	24,681.01
Total income		**274,655.12**	**212,185.26**
Expenses			
Cost of materials consumed	27	181,869.02	137,682.12
Purchase of Stock-in-Trade		13,017.18	3,053.10
Purchase transactions with discontinued operations		-	3,913.54
Excise duty	28	33.26	87.23
Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress	29	(4,305.13)	3,342.25
Employee benefit expenses	30	12,014.23	9,791.22
Finance costs	31	1,745.45	963.24
Depreciation and amortisation expense	6, 7 & 8	3,698.54	2,487.07
Impairment losses	6	40.28	70.26
Other expenses	32	19,031.11	14,609.00
Loss due to changes in fair value of derivative liabilities		38,703.86	3,854.87
Total expenses		**265,847.80**	**179,853.90**
Profit before tax from continuing operations		**8,807.32**	**32,331.36**
Tax expense	33		
Current tax		2,829.39	2,600.07
Deferred tax expense/(benefit)		(60.23)	471.15
Profit for the year from continuing operations		**6,038.16**	**29,260.14**
Discontinued operations			
Loss before tax	42	-	(1,772.30)
Tax income	33	-	(15.06)
Loss for the year from discontinued operations		**-**	**(1,757.24)**
Profit for the year		**6,038.16**	**27,502.90**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on defined benefit plans, net of taxes		(77.82)	4.69
(ii) Net gain on FVTOCI equity securities		13,182.25	8,229.95
Total other comprehensive income for the year		**13,104.43**	**8,234.64**
Total comprehensive income for the year		**19,142.59**	**35,737.54**
Earnings per equity share [EPES] (in absolute ₹ terms)	34		
Par value per share		5	5
EPES for continuing operations			
Basic and Diluted EPES		13.01	63.06
EPES for discontinued operations			
Basic and Diluted EPES		-	(3.78)
EPES for continuing and discontinued operations			
Basic and Diluted EPES		13.01	59.28

The accompanying notes form an integral part of the standalone financial statements.
This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Standalone Cash Flow Statement for the year ended 31 March 2018

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

	For the year ended	
	31 March 2018	31 March 2017
Cash flow from operating activities		
Profit before tax from continuing operations	**8,807.32**	**32,331.36**
Adjustments:		
Fair value gain on FVTPL equity securities	(39,537.07)	(24,681.01)
Loss due to changes in fair value of derivative liabilities	38,703.86	3,854.87
Depreciation and amortization	3,698.54	2,487.07
Impairment losses	40.28	70.26
Provision for doubtful advances	71.00	5.00
Provision for doubtful debts	12.63	58.63
Loss on sale of property, plant and equipment	85.64	-
Impairment of investment in subsidiary	257.77	-
Provisions no longer required/ credit balances written back	(213.37)	(118.12)
Interest income	(23.24)	(27.38)
Interest expenses	1,659.63	886.56
Guarantee Income	(14.53)	-
Dividend income on long term investments	(4.02)	(4.00)
Operating cash flow before working capital changes	**13,544.44**	**14,863.24**
Decrease/ (increase) in inventories	1,358.55	(2,088.35)
Decrease/ (increase) in trade receivables	106.44	(438.82)
Decrease/ (increase) in loans	1,067.61	(130.02)
Increase in other assets	(460.82)	(113.14)
Increase in other financial assets	(6.12)	(4.42)
Increase in trade payables	455.92	592.46
Increase/(decrease) in provisions	123.55	(90.70)
Decrease in Government grant	(36.70)	(1.87)
Increase in other financial liabilities	95.24	311.92
Increase in other liabilities	300.88	424.43
Cash generated from operating activities	**16,548.99**	**13,324.73**
Income-taxes paid, net	(2,777.25)	(2,910.00)
Net cash generated from operating activities of continuing operations	**13,771.74**	**10,414.73**
Net cash used in operating activities of discontinued operations	**-**	**(1,575.99)**
Net cash generated from operating activities (A)	**13,771.74**	**8,838.74**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets including Capital work in progress	(14,227.94)	(7,684.80)
Proceeds from sale of property, plant and equipment	409.59	250.65
(Purchase)/ sale of investments	(0.11)	2.28
Investment in a joint venture	(10.00)	-
Investment in a subsidiary	(1,757.82)	(0.06)
Interest received	28.12	27.38
Movement in other bank balances, net	3.66	(38.95)
Consideration paid towards Business combination (refer note 43)	(6,151.00)	-
Dividend income	4.02	4.00
Net cash used in investing activities of continuing operations	**(21,701.48)**	**(7,439.50)**
Net cash used in investing activities of discontinued operations	**-**	**(1,559.26)**
Net cash used in investing activities (B)	**(21,701.48)**	**(8,998.76)**

Standalone Cash Flow Statement for the year ended 31 March 2018

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

	For the year ended	
	31 March 2018	31 March 2017
Cash flow from financing activities		
Proceeds from long term borrowings	10,248.36	3,636.94
Repayment of long term borrowings	(1,708.34)	(1,489.48)
Interest paid	(1,628.48)	(891.12)
Dividend paid including dividend distribution tax	(1,116.87)	(837.65)
Net cash generated from financing activities of continuing operations	**5,794.67**	**418.69**
Net cash used in financing activities of discontinued operations	**-**	**(2,015.97)**
Net cash generated from/ (used in) financing activities (C)	**5,794.67**	**(1,597.28)**
Net decrease in cash and cash equivalents during the year (A + B + C)	**(2,135.07)**	**(1,757.30)**
Cash and cash equivalents at the beginning of the year	(2,102.14)	515.02
Cash and Cash equivalents adjustment in pursuant to the composite scheme of arrangement (refer note 42)	-	(859.86)
Cash and cash equivalents at the end of the year (Note 1)	**(4,237.21)**	**(2,102.14)**
Note 1:		
Cash and cash equivalents includes		
Cash on hand (refer note 15(i))	243.33	151.47
Balances with banks in current accounts (refer note 15(i))	5,742.36	4,334.10
Loans repayable on demand from banks (refer note 19)	(10,222.90)	(6,587.71)
	(4,237.21)	**(2,102.14)**

Note 2:

Payment made for items under business combination has been considered under investing activity and has been excluded from the movement of respective items (refer note 43 for details).

This is the Standalone Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Standalone Statement of Changes in Equity for the year ended 31 March 2018

A Equity Share Capital

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

	Notes	Number of shares	Amount
As at 1 April 2016		**23,199,000**	**2,319.90**
Change during the year	17	-	-
As at 31 March 2017		**23,199,000**	**2,319.90**
Change during the year (refer note 17 (viii))	17	23,199,000	-
As at 31 March 2018		**46,398,000**	**2,319.90**

B Other Equity (refer note 18)

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

	Reserves and Surplus						OCI	Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	Warrants money appropriated	General reserve	Retained earnings	FVTOCI on equity instruments	
Balance as at 1 April 2016	**-**	**81.00**	**3,784.14**	**318.69**	**7,427.39**	**10,809.02**	**13.81**	**22,434.05**
Profit for the year	-	-	-	-	-	27,502.90	-	27,502.90
Pursuant to Composite scheme of arrangement (refer note 42)	(331.51)	-	-	-	-	-	-	(331.51)
Transfer to general reserve	-	-	-	-	1,000.00	(1,000.00)	-	-
Payment of dividend (₹ 3 per equity share)	-	-	-	-	-	(695.97)	-	(695.97)
Dividend distribution tax	-	-	-	-	-	(141.68)	-	(141.68)
Other comprehensive income ("OCI") (net of taxes)	-	-	-	-	-	4.69	8,229.95	8,234.64
Balance as at 31 March 2017	**(331.51)**	**81.00**	**3,784.14**	**318.69**	**8,427.39**	**36,478.96**	**8,243.76**	**57,002.43**
Profit for the year	-	-	-	-	-	6,038.16	-	6,038.16
Pursuant to business combination (refer note 43)	452.60	-	-	-	-	-	-	452.60
Payment of dividend (₹ 2 per equity share) (refer note 17 (viii))	-	-	-	-	-	(927.96)	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(188.90)	-	(188.90)
Other comprehensive income (net of taxes)	-	-	-	-	-	(77.82)	13,182.25	13,104.43
Balance as at 31 March 2018	**121.09**	**81.00**	**3,784.14**	**318.69**	**8,427.39**	**41,322.44**	**21,426.01**	**75,480.76**

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
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A Prabhakara Naidu
Chief Financial Officer
M.No. FCA 200974

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Notes to the Standalone Financial Statements

for the year ended March 31 2018

1. CORPORATE INFORMATION

The standalone financial statements of "Heritage Foods Limited" ("the Company" or "HFL") are for the year ended 31 March 2018.The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at #6-3-541/C, Punjagutta, Hyderabad - 500082.

Incorporated in 1992, Heritage Foods Limited is engaged in two key business verticals – Dairy and Renewable Energy.

The standalone financial statements were approved for issue in accordance with a resolution of the directors on 24th May 2018.

2. Significant accounting policies - Basis of preparation

The standalone financial statements of the Company have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')). The Company has uniformly applied the accounting policies during the periods presented.

In Accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of Financial Statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March 2017 and 1 April 2016 and of the Comprehensive net income for the year ended 31 March 2017 (refer note 50).

The standalone financial statements have been prepared on a going concern basis under historical cost, except for the following:

- certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and
- employee defined benefit assets/ (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

The stand-alone financial statements are presented in ₹ and all values are rounded to the nearest lakhs, except when otherwise indicated.

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

3. Summary of significant accounting policies

a. Business combinations and goodwill/capital reserve

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquire or share – based payments arrangements of the Company entered into

to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency**.**

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.

Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spots rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

d. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets

measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e. Revenue recognition

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT)/ Goods and service tax is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Revenue from Power Supply is recognised on the basis of sales to State Distribution Companies in terms of the Power Purchase Agreements (PPA) or on the basis of sales under merchant trading based on the contracted rates, as the case may be. Such Revenue is measured at the value of the consideration received or receivable, net of trade discounts if any.

Sale of services

Revenue from job work carried for third party is recognised on percentage of completion method. Stage of completion is measured by reference to the nature and terms of the contract.

Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the statement of profit and loss.

Dividend Income

Dividend income is recognized when the company's right to receive dividend is established.

Rental Income

Rental income arising from operating leases on investment properties is recognised on a straight-line basis over the term of the relevant lease except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

g. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such

taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

h. Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss. Additional disclosures are provided in Note 42. All notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

i. Property, plant and equipment

Capital Work in progress, Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), the cost of replacing the part of plant and equipment and borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and management estimate, useful life is different from than those described in Schedule II. Management believes that these estimated useful lives are realistic andreflect fair approximation of the period over which the assets are likely to be used.

i) Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years. Useful life of each asset is determined based on internal and external technical evaluation.

ii) Furniture and Fixtures: Depreciation on Furniture and Fixtures is provided on the basis of straight line method based on the useful life ranging from 1 to 15 years.

iii) Office Equipment : Depreciation on Office Equipment is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years.

iv) Vehicles: Depreciation on vehicles is provided on the basis of straight line method based on the useful life ranging from 1 to 10 years.

v) Improvements to leasehold property: Depreciation on Improvements to leasehold property is provided over a period of lease.

vi) Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates/ methodology prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

The useful life provided for different asset classes under schedule II of the Companies Act, 2013 are as follows:

Asset class	Useful life (years)
Buildings	30
Plant and machinery	15
Furniture and Fixtures	10
Vehicles	8
Office Equipment	5

Depreciation on assets which are commissioned during the year is charged on pro -rata basis from the date of commissioning. The company depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

j. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company depreciates building component of investment property over the useful life prescribed in Schedule II to the Companies Act, 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

k. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The Amortisation expense on intangible assets with finite life

is recognised in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Distribution network	5

Intangible assets with finite lives areassessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating Leases - Company as a lessee

Lease rentals are recognized as expense on a straight line basis with reference to lease terms in the Statement of Profit and Loss except where

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating Leases - Company as a lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease in the Statement of Profit and Loss except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

Finance leases as lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum

lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases as lessor

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts are adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment.

n. Inventories

All inventories except stores, spares, consumables and packaging material, are valued at lower of cost and net realisable value.

- **Raw material** - Cost or net realisable value ("NRV") whichever is lower. However these items are considered to be realisable at cost if the finished products, in which they shall be used, are expected to be sold at or above cost. Cost has been ascertained on weighted average cost method.
- **Finished goods** - Cost or NRV whichever is lower - Cost has been ascertained on weighted average cost method.
- **Stores, spares and consumables** - At cost - Cost has been ascertained on FIFO basis.
- **Work in progress** - Cost of NRV whichever is lower - Cost has been ascertained on weighted average basis.
- **Tradable goods** - Cost or NRV whichever is lower - Cost has been ascertained on moving weighted average basis.
- **Packaging material** - At Cost - Cost has been ascertained on FIFO basis.

Cost of inventories comprises following

- Raw material, stores, spares, consumable stores and packaging material: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.
- Tradable goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o. Impairment of non-financial assets

Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

p. Provision and contingencies

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities is identified and disclosed with respect to following:-

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

q. Employee benefits

Short term benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Post-employment benefits and other long term employee benefits

Provident Fund: Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the statement of profit and loss for the year in which the contributions are due. The company has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

Gratuity: The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leave Encashment: The Company operates a long term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 “Employee Benefits”.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement ofProfit and Loss.

Equity instruments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial guarantee contracts which are not measured as at FVTPL
- Lease receivables under Ind AS 17

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instrument - Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss (refer to note 48 for further details).

s. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

t. Cash flow statement

The cash flow statement is prepared as per the Indirect Method. Cash Flow Statements present the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non- cash nature, any deferrals or accruals of past or future operating

cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

v. Cash dividends to equity holders

The Company recognises a liability to make cash distributions to equity holders of the when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

w. Investments in subsidiary, joint venture and associate

The Company has elected to recognise its investments in equity instruments in subsidiary, joint venture and associate at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

4. Key accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a. Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b. Taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax and determining the provision for income taxes.

c. Defined benefit plans and other long term benefit plan

The cost and present value of the defined benefit gratuity plan and leave encashment (other long term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

e. Business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable assets to be fair valued. Significant estimates are required to be made in determining the value of identifiable assets acquired. These valuations are conducted by independent valuation experts.

f. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

5. Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company

intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

a. Ind AS 115, Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhances disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual period beginning on or after 1 April 2018.

The Company plans to adopt the new standard on the required effective date using modified retrospective application method. In most of the contracts with customers, sale of goods is generally expected to be the only performance obligation. Hence adoption of Ind AS 115 is not expected to have any major impact on the Company revenue and profit or loss.

b. Amendments to Ind AS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that in the scope of the amendments.

c. Transfers of Investment Property – Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective. However, the Company does not foresee any significant impacton its financial statements due to these amendments.

Summary of significant accounting policies and other explanatory information

6. Property, plant and equipment

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

	Land	Freehold buildings	Leasehold improvements	Freehold Plant and equipment	Furniture and fixtures	Freehold Office equipment	Leasehold office equipment	Vehicles	Total
Deemed cost as at 1 April 2016	**2,003.35**	**7,576.43**	**637.41**	**18,056.83**	**1,252.70**	**894.03**	**171.61**	**193.26**	**30,785.62**
Additions	238.52	1,491.55	59.04	7,182.86	74.42	267.52	-	185.91	**9,499.82**
Disposals/transfer	338.46	1,184.01	665.20	6,356.98	1,217.04	803.77	171.61	37.03	**10,774.10**
Balance as at 31 March 2017	**1,903.41**	**7,883.97**	**31.25**	**18,882.71**	**110.08**	**357.78**	**-**	**342.14**	**29,511.34**
Additions (refer note (d) below)	2,196.63	2,020.68	1.97	10,161.43	43.52	713.46	348.43	111.38	**15,597.50**
Disposals/transfer	-	482.00	1.97	1,643.62	11.24	326.55	-	13.19	**2,478.57**
Balance as at 31 March 2018	**4,100.04**	**9,422.65**	**31.25**	**27,400.52**	**142.36**	**744.69**	**348.43**	**440.33**	**42,630.27**
Accumulated depreciation									
Up to 1 April 2016	-	-	-	-	-	-	-	-	**-**
Charge for the year	-	350.77	81.99	2,322.87	98.04	195.70	-	67.03	**3,116.40**
Adjustment for discontinued operations	-	35.34	80.35	401.63	76.73	98.81	-	1.05	693.92
Adjustments for disposals/transfer	-	-	1.64	669.62	5.83	96.89	-	25.39	**799.37**
Impairment loss	-	-	-	67.61	0.35	2.30	-	-	**70.26**
Balance as at 31 March 2017	**-**	**315.43**	**-**	**1,319.23**	**15.83**	**2.30**	**-**	**40.59**	**1,693.37**
Depreciation charge for the year	-	352.15	1.48	2,511.02	30.36	197.06	32.70	68.54	**3,193.31**
Adjustments for disposals/transfer	-	149.01	-	1,282.26	10.37	197.06	-	11.74	**1,650.44**
Impairment loss	-	-	-	21.67	0.41	18.20	-	-	**40.28**
Balance as at 31 March 2018	**-**	**518.57**	**1.48**	**2,569.66**	**36.23**	**20.50**	**32.70**	**97.39**	**3,276.52**
Net book value as at 1 April 2016 (Deemed cost)	2,003.35	7,576.43	637.41	18,056.83	1,252.70	894.03	171.61	193.26	30,785.62
Net book value as at 31 March 2017	1,903.41	7,568.54	31.25	17,563.48	94.25	355.48	-	301.55	27,817.97
Net book value as at 31 March 2018	**4,100.04**	**8,904.08**	**29.77**	**24,830.86**	**106.13**	**724.19**	**315.73**	**342.94**	**39,353.75**

Deemed cost as at 1 April 2016

	Land	Freehold buildings	Leasehold improvements	Freehold Plant and equipment	Furniture and fixtures	Freehold Office equipment	Leasehold office equipment	Vehicles	Total
Gross block as on 1 April 2016	2,003.35	10,906.06	1,753.98	29,481.35	2,203.76	3,001.48	192.17	402.69	**49,944.84**
"Less: Accumulated depreciation till 1 April 2016"	-	3,329.63	1,116.57	11,424.52	951.06	2,107.45	20.56	209.43	**19,159.22**
Net block at deemed cost	**2,003.35**	**7,576.43**	**637.41**	**18,056.83**	**1,252.70**	**894.03**	**171.61**	**193.26**	**30,785.62**

Notes:

(a) For details of assets pledged as security, refer Note 19(a) to 19 (b).

(b) The Company has elected to measure all its property, plant and equipment at the Indian GAAP carrying amount at the date of transition to Ind AS. Refer note 50.

(c) Borrowing cost capitalised during the year ended 31 March 2018 is ₹ 33.44 (31 March 2017: ₹ 37.90)

(d) Includes additions on account of business combination amounting to ₹ 1,415.42 (refer note 43).

Summary of significant accounting policies and other explanatory information

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

7. Other intangible assets

	Computer Software	Brand names	Non-compete	Procure-ment net-work	Distribution Network	Total
Deemed cost as at 1 April 2016	**164.12**	**-**	**-**	**-**	**-**	**164.12**
Additions	6.55	-	-	-	-	**6.55**
Disposal/transfer	67.08	-	-	-	-	**67.08**
As at 31 March 2017	**103.59**	**-**	**-**	**-**	**-**	**103.59**
Additions (refer note (b) below)	288.05	745.52	321.84	432.00	502.46	**2,289.87**
As at 31 March 2018	**391.64**	**745.52**	**321.84**	**432.00**	**502.46**	**2,393.46**
Accumulated amortization						
Up to 1 April 2016	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	83.93	-	-	-	-	**83.93**
Adjustment for discontinued operations	28.74	-	-	-	-	**28.74**
Up to 31 March 2017	**55.19**	**-**	**-**	**-**	**-**	**55.19**
Amortization charge for the year	60.72	144.61	104.04	83.80	97.46	**490.63**
Up to 31 March 2018	**115.91**	**144.61**	**104.04**	**83.80**	**97.46**	**545.82**
Net carrying amount						
As at 1 April 2016 (Deemed Cost)	164.12	-	-	-	-	164.12
As at 31 March 2017	48.40	-	-	-	-	48.40
As at 31 March 2018	**275.73**	**600.91**	**217.80**	**348.20**	**405.00**	**1,847.64**

Note:

(a) The Company has elected to measure all its other intangible assets and investment property at the Indian GAAP carrying amount at the date of transition to Ind AS. Refer Note 50.

(b) Includes additions on account of business combination amounting to ₹ 2,001.82 (refer note 43).

(c) Gross block and accumulated depreciation of Computer software as on 1 April 2016 amounted to ₹ 1,502.71 and ₹ 1,338.59 respectively. Net carrying value amounting to ₹ 164.12 has been considered as deemed cost as at 1 April 2016.

8. Investment property

	Land	Building	Total
Deemed cost as at 1 April 2016	10.75	110.25	121.00
Additions/ transfer	-	12.55	12.55
As at 31 March 2017	**10.75**	**122.80**	**133.55**
Additions/ transfer	-	287.66	287.66
As at 31 March 2018	**10.75**	**410.46**	**421.21**
Depreciation			
Up to 1 April 2016	**-**	**-**	**-**
Depreciation charge for the year	-	9.40	9.40
Up to 31 March 2017	**-**	**9.40**	**9.40**
Depreciation charge for the year	-	14.60	14.60
Up to 31 March 2018	**-**	**24.00**	**24.00**

Summary of significant accounting policies and other explanatory information

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

	Land	Building	Total
Net carrying amount			
As at 1 April 2016 (Deemed Cost)	**10.75**	**110.25**	**121.00**
As at 31 March 2017	**10.75**	**113.40**	**124.15**
As at 31 March 2018	**10.75**	**386.46**	**397.21**

(a) Information of net income derived from Investment property

	31 March 2018	31 March 2017
Lease rental income (refer note 26)	150.03	50.90
Less: Depreciation	14.60	9.40
Net income from Investment property	**135.43**	**41.50**

(b) Description of valuation techniques and key assumptions used

	31 March 2018	31 March 2017
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month	18	18
Rental growth per annum	5%	5%
Discount rate	10%	10%

(c) Changes in fair value of Investment property is shown below:

	Amount
Fair value as on 1 April 2016	1,422.90
Changes during the year	-
Fair value as on 31 March 2017	**1,422.90**
On account of additions/transfer during the year	1,809.63
Fair value as on 31 March 2018	**3,232.53**

(d) Deemed cost as at 1 April 2016

	Land	Building	Total
Gross block as on 1 April 2016	10.75	143.01	**153.76**
Less: Accumulated depreciation till 1 April 2016	-	32.76	**32.76**
Net block at deemed cost	10.75	110.25	**121.00**

9. Investment in subsidiaries, Joint Venture and Associate

	31 March 2018	31 March 2017	1 April 2016
Unquoted			
Investment in subsidiaries			
2,371,577 (31 March 2017: 500,000, 1 April 2016: 165,000) equity shares of ₹ 10 each fully paid held in Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited)	1,892.25	50.00	16.50
Less: Impairment of investment (refer note 32)	271.57	13.80	13.80
	1,620.68	**36.20**	**2.70**
Nil (31 March 2017: Nil, 1 April 2016: 76,000) equity shares of ₹ 10 each fully paid held in Heritage Conpro Limited	-	-	7.60
Less: Provision for dimunition in value of investments	-	-	2.61
	-	**-**	**4.99**
	1,620.68	**36.20**	**7.69**

Summary of significant accounting policies and other explanatory information

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

	31 March 2018	31 March 2017	1 April 2016
Investment in associate			
650,000 (31 March 2017: 650,000, 1 April 2016: 650,000) equity shares of ₹ 10 each fully paid held in Skil Raigam Power (India) Ltd	65.00	65.00	65.00
	65.00	**65.00**	**65.00**
Investment in joint venture			
100,000 (31 March 2017: Nil, 1 April 2016: Nil) equity shares of ₹ 10 each fully paid held in Heritage Novandie Foods Private Limited	10.00	-	-
	10.00	**-**	**-**
	1,695.68	**101.20**	**72.69**

10. Investments

	31 March 2018	31 March 2017	1 April 2016
Non current			
Investments at fair value through other comprehensive income ("FVTOCI")			
Investments in equity instruments			
363 (31 March 2017: 363, 1 April 2016: 363) quoted equity shares of ₹ 10 each fully paid held in Andhra Bank	0.15	0.21	0.19
1,740 (31 March 2017: 1,740, 1 April 2016: 1,740) quoted equity shares of ₹ 2 each fully paid held in Bank of Baroda	2.47	3.01	2.54
4,462,855 (31 March 2017: 4,462,855, 1 April 2016: Nil) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited (refer note (a) below)	24,619.34	11,931.44	-
223,093 (31 March 2017: Nil, 1 April 2016: Nil) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (b) below)	407.59	-	-
200,000 (31 March 2017: 200,000, 1 April 2016: 200,000) unquoted equity shares of ₹ 10 each fully paid held in Heritage Finlease Limited	26.02	26.02	26.02
	25,055.57	**11,960.68**	**28.75**
Investments at fair value through profit of loss ("FVTPL")			
Investments in equity instruments			
13,384,565 (31 March 2017: 13,384,565, 1 April 2016: Nil) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited (refer note (a) below)	73,835.95	35,783.63	-
669,278 (31 March 2017: Nil, 1 April 2016: Nil) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (b) below)	1,222.77	-	-
	75,058.72	**35,783.63**	**-**

Notes :

(a) As on 31 March 2017, the equity shares were in the process of allotment.

(b) The Company has been alloted equity shares pursuant to the composite scheme of arrangement between Future Retail Limited, Bluerock eServices Private Limited, Praxis Home Retail Limited and their respective shareholders.

Summary of significant accounting policies and other explanatory information

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

	31 March 2018	31 March 2017	1 April 2016
Investments at amortized cost			
Investments in government securities	1.12	0.26	2.37
	1.12	**0.26**	**2.37**
	100,115.41	**47,744.57**	**31.12**
Aggregate book value of quoted investments	100,088.27	47,718.29	2.73
Aggregate market value of quoted investments	100,088.27	47,718.29	2.73
Aggregate value of unquoted investments	27.14	26.28	28.39
Current			
Investments at amortized cost			
Investments in government securities	0.42	1.17	1.65
	0.42	**1.17**	**1.65**
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate value of unquoted investments	0.42	1.17	1.65

11. Other financial assets

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Interest accrued but not due on bank deposits	11.67	16.55	11.71
Earmarked balances with banks	19.09	17.25	16.08
Margin money deposit with banks	44.46	38.73	35.28
	75.22	**72.53**	**63.07**
Current			
Interest accrued but not due on bank deposits	17.47	11.35	13.39
	17.47	**11.35**	**13.39**

12. Other assets

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Unsecured, Considered good			
Capital advances	399.85	204.25	44.40
Prepaid expenses	2.81	4.51	5.29
Balance with Statutory authorities	-	-	127.07
	402.66	**208.76**	**176.76**
Unsecured, Considered doubtful			
Capital Advances	11.58	10.23	10.23
Less: Allowance for doubtful capital advances	11.58	10.23	10.23
	-	**-**	**-**
	402.66	**208.76**	**176.76**

Summary of significant accounting policies and other explanatory information

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

	31 March 2018	31 March 2017	1 April 2016
Current			
Unsecured, Considered good			
Balance with Statutory authorities	31.48	0.42	2.79
Prepaid expenses	145.47	101.64	214.46
Other Advances	544.22	227.59	212.08
	721.17	**329.65**	**429.33**
Unsecured, Considered doubtful			
Other Advances	69.65	-	-
Less: Provision for doubtful advances	69.65	-	-
	-	**-**	**-**
	721.17	**329.65**	**429.33**

No advances are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 44 for dues from related parties.

13. Inventories

	31 March 2018	31 March 2017	1 April 2016
(refer note 2(n))			
Raw materials (including goods in transit of ₹ 13.02 (31 March 2017: ₹ 18.01, 1 April 2016: Nil)	4,393.40	5,421.47	124.94
Work-in-progress	77.95	27.73	42.77
Semi Finished goods	2,839.26	1,214.15	5,874.56
Finished goods	6,590.58	4,044.23	2,831.46
Stock-in-trade	229.07	145.62	4,742.29
Packing material (including goods in transit of Nil (31 March 2017: ₹ 10.07, 1 April 2016: ₹ 51.24)	616.64	590.05	672.05
Stores, spares and consumables (including goods in transit of Nil (31 March 2017: ₹ 12.31, 1 April 2016: ₹ 27.08)	304.99	205.25	203.04
	15,051.89	**11,648.50**	**14,491.11**

Balance as on 1 April 2016 includes inventories amounting to ₹ 5,083.04 pertaining to discontinued operations. Refer note 42.

14. Trade receivables

	31 March 2018	31 March 2017	1 April 2016
Unsecured			
Considered good	1,010.74	1,129.94	2,871.06
Considered doubtful	56.25	43.49	99.67
	1,066.99	**1,173.43**	**2,970.73**
Less: Allowance for doubtful receivables	56.25	43.49	99.67
Less: Expected credit loss	0.34	0.47	-
	1,010.40	**1,129.47**	**2,871.06**

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 44 for dues from related parties.

Summary of significant accounting policies and other explanatory information

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

15. Cash and Bank Balances

	31 March 2018	31 March 2017	1 April 2016
(i) Cash and cash equivalents			
Balances with banks in current accounts	5,742.36	4,334.10	4,174.74
Cash on hand	243.33	151.47	265.45
	5,985.69	**4,485.57**	**4,440.19**
(ii) Other bank balances			
Earmarked balance with banks			
Unpaid dividend	97.68	80.88	64.44
Other deposit	1.86	1.86	1.77
Margin money deposit with banks	17.37	28.60	16.31
	116.91	**111.34**	**82.52**

16. Loans

	31 March 2018	31 March 2017	1 April 2016
Non Current			
Unsecured, considered good			
Loans to related parties	-	1,057.82	-
Loans to employees	0.45	0.63	5.89
Security deposits	394.27	391.14	2,194.16
	394.72	**1,449.59**	**2,200.05**
Current			
Unsecured, considered good			
Loans to employees	6.35	8.60	26.94
Loans to others	200.68	219.88	121.67
Security deposits	229.12	220.41	309.69
	436.15	**448.89**	**458.30**
Unsecured, considered doubtful			
Loans to others	7.16	7.16	17.05
Security deposits	-	-	81.89
Less: Allowance for doubtful loans and security deposits	7.16	7.16	98.94
	436.15	**448.89**	**458.30**

17. Equity share capital

i. Authorised share capital

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares of ₹ 5 each (31 March 2017: ₹ 10 each, 1 April 2016: ₹ 10 each)	9,60,00,000	4,800.00	4,80,00,000	4,800.00	4,80,00,000	4,800.00
Preference shares of ₹ 10 each	20,00,000	200.00	20,00,000	200.00	20,00,000	200.00
		5,000.00		**5,000.00**		**5,000.00**

Summary of significant accounting policies and other explanatory information

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

ii. Issued, subscribed and fully paid up

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
'Equity shares of ₹ 5 each (31 March 2017: ₹ 10 each, 1 April 2016: ₹ 10 each)	4,63,98,000	2,319.90	2,31,99,000	2,319.90	2,31,99,000	2,319.90
	4,63,98,000	**2,319.90**	**2,31,99,000**	**2,319.90**	**2,31,99,000**	**2,319.90**

iii. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares						
At the beginning of the year	2,31,99,000	2,319.90	23,199,000	2,319.90	23,199,000	2,319.90
Add: Increase on account of subdivision (refer note viii)	2,31,99,000	-	-	-	-	-
At the end of the year	**4,63,98,000**	**2,319.90**	**2,31,99,000**	**2,319.90**	**2,31,99,000**	**2,319.90**

iv. Rights, preferences and restrictions attached to equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹ 5 each per share (31 March 2017: ₹ 10 each, 1 April 2016: ₹ 10 each). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

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

v. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	31 March 2018		31 March 2017		1 April 2016	
	Number	% holding	Number	% holding	Number	% holding
Nara Bhuvaneswari	1,06,61,652	22.98%	5,330,826	22.98%	53,30,826	22.98%
Nirvana Holdings Private Limited	51,45,684	11.09%	2,572,842	11.09%	25,72,842	11.09%
Nara Lokesh	47,32,800	10.20%	2,366,400	10.20%	23,66,400	10.20%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	1,223,800	5.28%	12,23,800	5.28%
V Sudha Sarda	-	-	1,162,750	5.01%	11,91,182	5.13%

vi. Details of aggregate number of equity shares alloted as bonus shares during the period of five years immediately preceeding the reporting date are as follows :

	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Bonus share of ₹ 10 each	**1,15,99,500**	1,15,99,500	1,15,99,500	1,15,99,500	1,15,99,500

Summary of significant accounting policies and other explanatory information

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

vii. The Company has not issued any equity shares pursuant to contract without payment being received in cash nor brought back any equity shares during the last five years.

viii. During the year, the equity shares of the Company having face value of ₹ 10 each were subdivided into 2 equity shares having a face value of ₹ 5 each. Accordingly 23,199,000 equity shares of face value of ₹ 10 each were sub divided into 46,398,000 equity shares of face value of ₹ 5 each.

18. Other equity

	31 March 2018	31 March 2017	1 April 2016
Reserves and surplus			
Capital reserve	121.09	(331.51)	-
Capital redemption reserve	81.00	81.00	81.00
Securities premium reserve	3,784.14	3,784.14	3,784.14
Warrants money appropriated	318.69	318.69	318.69
General reserve	8,427.39	8,427.39	7,427.39
Retained earnings	41,322.44	36,478.96	10,809.02
Total Reserve and surplus	**54,054.75**	**48,758.67**	**22,420.24**
Item of OCI			
FVTOCI on equity instruments	21,426.01	8,243.76	13.81
	21,426.01	**8,243.76**	**13.81**
	75,480.76	**57,002.43**	**22,434.05**

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of equity shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013 ("the Act").

Capital reserve

The excess of net assets taken, over the consideration paid, if any, as part of business combination is recorded under capital reserve. Capital reserve to the extent of adverse ₹ 331.52 was created in accordance with the composite scheme of arrangement (refer note 42) and to the tune of ₹ 452.60 on acquisition of dairy business of Reliance Retail Limited (refer note 43).

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Act.

Warrants money appropriated

Warrants money apportioned reserve represents forfeiture of share application money made during the previous years.

General reserve

The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

FVTOCI equity instruments

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Summary of significant accounting policies and other explanatory information

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

19. Borrowings

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Secured			
Term loans from banks (refer note a)	12,896.20	6,085.22	5,547.60
Deferred payment liabilities	739.77	791.83	864.98
	13,635.97	**6,877.05**	**6,412.58**
Unsecured			
Finance lease obligations (refer note 47)	194.77	-	115.28
	194.77	**-**	**115.28**
	13,830.74	**6,877.05**	**6,527.86**
Current			
Secured			
Loans repayable on demand from banks (refer note b)	8,475.82	4,087.71	3,925.16
	8,475.82	**4,087.71**	**3,925.16**
Unsecured			
Loans repayable on demand from banks (refer note b)	1,747.08	2,500.00	-
	1,747.08	**2,500.00**	**-**
	10,222.90	**6,587.71**	**3,925.16**

Reconciliation of liabilities as at 31 March 2018 arising from financial activities*

	Borrowings
Opening balance as at beginning of the year	7,718.07
Proceeds from long term borrowings	10,248.36
Repayment of long term borrowings	(1,635.19)
Others	(39.90)
Closing balance as at end of the year	**16,291.34**

*Borrowings include current and non-current portions of term loans from banks and finance lease obligations.

Summary of significant accounting policies and other explanatory information

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

(a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*			Interest rate (%)	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016			
1	Andhra Bank	560.74	969.91	1,265.56	Base rate + 0.25% per annum	Repayable in 16 quarterly installments commenced from September 2015 and ending in June 2019.	- First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company along with consortium banks and Yes Bank.
2	Andhra Bank	328.08	392.73	-	One year MCLR +0.45% per annum	Repayable in 24 quarterly installments commenced from June 2017 and ending in March 2023.	- First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company along with consortium banks.
3	Bank of Baroda	1,981.39	1,027.77	-	One year MCLR +0.35% per annum	Repayable in 24 quarterly installments commencing from May 2018 and ending in February 2024.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
4	Bank of Baroda	611.75	-	-	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commencing from May 2019 and ending in February 2025.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
5	Bank of Baroda	-	-	756.88	Base rate + 0.75% per annum	The loan has been repaid during the year ended 31 March 2017.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
6	HDFC Bank	1,095.43	-	-	One year MCLR per annum	Repayable in 26 quarterly installments commencing from May 2018 and ending in August 2024.	-Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
7	HDFC Bank	913.42	995.68	-	One year MCLR per annum	Repayable in 24 quarterly installments commenced from December 2017 and ending in September 2023.	-Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
8	HDFC Bank	831.36	-	-	One year MCLR per annum	Repayable in 24 quarterly installments commencing from February 2019 and ending in November 2024.	-Exclusive charge on assets acquired and exclusive charge on the land and building in relation to the assets being acquired.

Summary of significant accounting policies and other explanatory information

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

S. No	Name	Outstanding balance as on*			Interest rate (%)	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016			
9	HDFC Bank	830.65	996.25	715.79	One year MCLR +0.15% per annum	Repayable in 24 quarterly installments commencing from May 2017 and ending in February 2023.	-Exclusive charge on wind assets installed by the Company.
10	Kotak bank	3,492.10	-	-	One year MCLR + spread per annum	Repayable in 24 quarterly installments commencing from April 2018 and ending in January 2024.	- First pari passu hypothecation charge on all existing and future movable fixed assets of the Company's dairy division.
11	Yes bank	944.61	-	-	One year MCLR per annum	Repayable in 24 quarterly installments commencing from September 2018 and ending in June 2024.	-Exclusive charge on assets financed by the loan taken.
12	Yes bank	484.03	573.70	641.32	One year MCLR + spread per annum	Repayable in 20 quarterly installments commenced from September 2015 and ending in June 2020.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
13	Yes bank	-	-	928.47	Base rate + 0.75% per annum	The loan has been repaid during the year ended 31 March 2017.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
14	ICICI Bank	1,557.07	-	-	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commencing from December 2018 and ending in September 2024.	- First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC and YES bank. - Second pari passu charge on current assets of the Company
15	ICICI Bank	1,091.08	833.55	-	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commenced from December 2017 and ending in September 2023.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on movable assets of the Company with Kotak Mahindra bank
16	ICICI Bank	1,041.39	1,336.46	1,413.36	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 20 quarterly installments commenced from December 2016 and ending in September 2021.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.

Summary of significant accounting policies and other explanatory information

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

S. No	Name	Outstanding balance as on*			Interest rate (%)	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016			
17	ICICI Bank	179.80	537.99	834.58	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 16 quarterly installments commenced from October 2014 and ending in July 2018.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company."
18	ICICI Bank	-	54.03	267.87	9.5% per annum	The loan has been repaid during the year ended 31 March 2018.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
19	ICICI Bank	-	-	747.49	IBASE and spread per annum plus applicable interest tax or other statutory levy if any	The loan has been repaid during the year ended 31 March 2017.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
		15,942.90	**7,718.07**	**7,571.32**			

*Including current maturities of term loans from banks

Summary of significant accounting policies and other explanatory information

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

(b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on			Interest rate	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016	(%)		
1	Bank of Baroda	3,708.64	1,967.07	885.82	One year MCLR + 0.4% per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
2	Andhra Bank	2,049.19	1,435.04	2,268.53	One year MCLR + 0.6% per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
3	ICICI bank	2,717.99	685.60	770.81	six months IMCLR + spread per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
4	HDFC Bank	-	1,000.00	-	9.2% per annum	The loan has been repaid during the year ended 31 March 2018.	Unsecured loan given by the bank.
5	HDFC Bank	-	1,500.00	-	9.2% per annum	The loan has been repaid during the year ended 31 March 2018.	Unsecured loan given by the bank.
6	HDFC Bank	1,747.08	-	-	6 months MCLR per annum	Repayable on demand.	Unsecured loan given by the bank.
		10,222.90	**6,587.71**	**3,925.16**			

Summary of significant accounting policies and other explanatory information

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

20. Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Derivative contracts (refer note 48)	42,558.72	3,854.86	-
Financial guarantee (refer note (i) below)	53.02	-	-
	42,611.74	**3,854.86**	**-**
Current			
Current maturities of deferred payment liabilities	52.05	73.15	22.88
Current maturities of term loans from banks (refer note 19(a))	3,046.70	1,632.85	2,023.72
Current maturities of finance lease obligations (refer note 47)	153.67	-	31.61
Current maturities of financial guarantee (refer note (i) below)	16.88	-	-
Interest accrued but not due on borrowings	74.80	43.65	25.47
Freight payable	1,026.44	757.64	645.77
Capital creditors	2,294.91	1,740.17	878.72
Employee related payables	1,868.72	1,861.34	2,164.29
Security deposits	2,264.98	1,513.47	1,374.19
Unpaid dividend	97.68	80.88	64.44
Other payables	2,759.78	3,432.22	2,464.04
	13,656.61	**11,135.37**	**9,695.13**

Note:

(i) During the year ended 31 March 2018, the Company has given a guarantee to a bank towards a loan of ₹ 2,450 taken by its wholly owned subsidiary i.e. Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited). Carrying amount of financial guarantee as at 31 March 2018 is ₹ 69.9. Amount outstanding to Bank by Heritage Nutrivet Limited as at 31 March 2018 is ₹ 691.21.

21. Provisions

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Compensated absences	584.30	489.58	551.54
	584.30	**489.58**	**551.54**
Current			
Gratuity (refer note a below)	87.53	17.48	19.52
Compensated absences	617.39	580.79	559.95
	704.92	**598.27**	**579.47**

(a) **Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit in accordance with Payment of Gratuity Act, 1972.

Summary of significant accounting policies and other explanatory information

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

(i) **Change in projected benefit obligation**

	31 March 2018	31 March 2017
Projected benefit obligation at the beginning of the year	529.58	614.22
Service cost	116.10	127.38
Interest cost	39.19	48.52
Remeasurements - actuarial loss, net	66.84	9.37
Transfer pursuant to Composite scheme of arrangement (refer note 42)		(223.43)
Benefits paid	(93.66)	(46.48)
Projected benefit obligation at the end of the year	**658.05**	**529.58**

(ii) **Change in fair value of plan assets**

	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the year	512.10	594.70
Interest income	48.45	69.20
Contribution made during the year	119.58	101.57
Remeasurments - return on plan assets excluding amounts included in interest income	(10.98)	16.54
Benefits paid	(93.66)	(46.48)
Transfer to subsidiary	(4.97)	
Transfer pursuant to Composite scheme of arrangement (refer note 42)	-	(223.43)
	570.52	**512.10**

(iii) **Reconciliation of present value of obligation and fair value of plan assets**

Present value of projected benefit obligation at the end of the year	658.05	529.58
Funded status of the plans	570.52	512.10
Net liability recognised in the balance sheet	**87.53**	**17.48**

(iv) **Expense recognized in the statement of profit and loss**

Interest cost	39.19	48.52
Service cost	116.10	127.38
Interest income	(48.54)	(69.20)
Net gratuity costs	**106.84**	**106.70**

(v) **Expense/(income) recognized in OCI**

Actuarial loss, net	66.84	9.37
Return on plan assets	10.98	(16.54)
	77.82	**(7.17)**

(vi) **Key actuarial assumptions**

Discount rate	7.73%	7.40%
Salary escalation rate	5.00%	5.00%
Attrition rate	2.50%	2.50%

(vii) **Sensitivity analysis**

Reasonably possible changes as at 31 March 2018 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

	31 March 2018	
	Increase	Decrease
Discount rate (1% movement)	(48.82)	56.48
Salary escalation rate (1% movement)	96.22	(80.14)
Attrition rate (1% movement)	47.93	(53.19)

Summary of significant accounting policies and other explanatory information

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

(viii) The Company expects to contribute ₹ 121.31 as its contribution to gratuity within one year from the year ended 31 March 2018.

(ix) **Maturity analysis of Gratuity as on 31 March 2018 is as follows:**

	Amount
Within one year	58.98
2 to 5 years	73.31
6 to 10 years	80.85
More than ten years	444.91
	658.05

22. Deferred tax liabilities (net)

	31 March 2018	31 March 2017	1 April 2016
Deferred tax liabilities arising on account of :			
Borrowings measured at amortised cost	47.41	24.47	24.78
Property, plant, equipment, investment property and other intangible assets	2,913.46	2,230.31	2,325.33
	2,960.87	**2,254.78**	**2,350.11**
Deferred tax assets arising on account of :			
Provision on trade receivables and advances	(44.11)	(0.16)	(2.61)
Provision for employee benefits and bonus	(454.83)	(370.44)	(503.41)
Minimum alternate tax ("MAT") credit entitlement	(635.00)	-	-
Revaluation of investments at FVTOCI to fair value	(6.18)	(6.18)	(6.18)
	(1,140.12)	**(376.78)**	**(512.20)**
	1,820.75	**1,878.00**	**1,837.91**

Movement in deferred tax liabilities, net

	Borrowings	Property, plant, equipment, investment property and other intangible assets	Provision for employee benefits and bonus	MAT credit	Others	Total
As at 1 April 2016	**24.78**	**2,325.33**	**(503.41)**	**-**	**(8.79)**	**1,837.91**
Charged						**-**
- to statement of profit and loss	(0.31)	(95.02)	130.49	-	2.45	**37.61**
- to OCI	-	-	2.48	-	-	**2.48**
As at 31 March 2017	**24.47**	**2,230.31**	**(370.44)**	**-**	**(6.34)**	**1,878.00**
Charged						
- to statement of profit and loss	22.94	683.15	(84.39)	(635.00)	(46.93)	**(60.23)**
- to OCI	-	-	-	-	2.98	**2.98**
As at 31 March 2018	**47.41**	**2,913.46**	**(454.83)**	**(635.00)**	**(50.29)**	**1,820.75**

23. Other liabilities

	31 March 2018	31 March 2017	1 April 2016
Current			
Advance from customers	290.65	317.98	288.20
Statutory dues payable	378.80	408.43	516.93
	669.45	**726.41**	**805.13**

Summary of significant accounting policies and other explanatory information

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

24. Trade payables

	31 March 2018	31 March 2017	1 April 2016
Dues to micro and small enterprises (refer note 49)	574.28	649.49	474.04
Dues to others	6,054.83	4,426.49	7,993.42
	6,629.11	**5,075.98**	**8,467.46**

25. Revenue from operations

	31 March 2018	31 March 2017
Sale of products (including Excise duty)	233,896.77	183,069.94
Sale of services	488.74	239.65
Other operating income	15.59	74.35
	234,401.10	**183,383.94**

26. Other income

	31 March 2018	31 March 2017
Interest income		
- Bank and other deposits	22.57	26.24
- Others	0.67	1.14
- Guarantee income	14.53	-
Dividend income on long term investments	4.02	4.00
Subsidy transferred from deferred government grant (under capital subsidy scheme)	36.69	1.87
Lease rental income	164.96	77.02
Provisions no longer required/ credit balances written back	213.37	118.12
Foreign exchange fluctuations(net)	29.14	-
Other non operating income	231.00	132.29
	716.95	**360.68**

27. Cost of materials consumed

	31 March 2018	31 March 2017
Raw Material*		
Opening stock	5,421.47	109.78
Add: Purchases during the year	173,820.07	136,968.48
Less: Closing stock	4,393.40	5,421.47
	174,848.14	**131,656.79**
Packing Material*		
Opening stock	590.05	524.31
Add: Purchases during the year	7,047.47	6,091.07
Less: Closing stock	616.64	590.05
	7,020.88	**6,025.33**
	181,869.02	**137,682.12**

*Disclosed based on derived figures, rather than actual records of issue.

Summary of significant accounting policies and other explanatory information

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

28. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central Excise Tax, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind AS and Schedule III of the Companies Act, 2013, unlike excise duty, levies such as GST, VAT etc., are not part of revenue from operations. Accordingly, the figures for the year ended 31 March 2018 and 31 March 2017 are not directly comparable.

29. Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress

	31 March 2018	31 March 2017
Opening balance		
- Finished goods	4,044.23	2,805.55
- Semi finished goods	1,214.15	5,874.56
- Work-in-progress	27.73	42.51
- Stock-in-trade	145.62	51.36
	5,431.73	**8,773.98**
Closing balance		
- Finished goods	6,590.58	4,044.23
- Semi finished goods	2,839.26	1,214.15
- Work-in-progress	77.95	27.73
- Stock-in-trade	229.07	145.62
	9,736.86	**5,431.73**
	(4,305.13)	**3,342.25**

30. Employee benefit expenses

	31 March 2018	31 March 2017
Salaries and wages	11,195.78	9,062.18
Contribution to provident and other funds (refer note a below)	494.28	418.29
Staff welfare expenses	324.17	310.75
	12,014.23	**9,791.22**

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance scheme for the year ended 31 March 2018 amounts to ₹ 387.44 (31 March 2017: ₹ 311.59).

31. Finance costs

	31 March 2018	31 March 2017
Interest on borrowings calculated using effective interest method	1,659.63	930.57
Interest on income tax	13.50	12.00
Other borrowing costs	72.32	20.67
	1,745.45	**963.24**

Summary of significant accounting policies and other explanatory information

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

32. Other expenses

	31 March 2018	31 March 2017
Consumption of stores, spares and consumables	2,293.45	1,480.92
Power and fuel	2,742.80	2,607.51
Rent	525.89	393.58
Repairs and maintenance		
- Buildings	88.51	52.34
- Plant and equipment	166.44	145.65
- Others	560.36	420.21
Insurance	85.53	60.98
Electricity charges	100.54	79.50
Rates and taxes, excluding taxes on income	291.96	241.68
Freight outwards	6,710.21	5,286.95
Communication	216.18	179.16
Office maintenance	57.14	42.00
Traveling and conveyance	490.93	382.82
Legal and professional fees	828.18	436.88
Loss on sale of assets (net)	85.64	-
Payment to auditors (refer note (i) below)	56.91	38.19
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	163.19	137.93
Selling and distribution expenses	2,020.07	1,566.96
Provision for doubtful advances (refer note 12)	71.00	-
Provision towards doubtful debts (refer note 14)	12.63	-
Bank charges	152.31	116.94
Advertisement expenses	201.42	99.04
Contribution to Heritage Farmers Welfare Trust	215.32	180.66
Foreign Exchange fluctuation (net)	-	15.17
Loss on sale of investment in subsidiary company	-	2.71
Impairment of investment in subsidiary (refer note 9)	257.77	-
Security charges	393.65	339.45
Printing and stationery	98.46	100.37
Miscellaneous expenses	144.62	201.40
	19,031.11	**14,609.00**

(i) Details of payments to auditors :

	31 March 2018	31 March 2017
As auditor:		
- Statutory audit fee	28.45	16.10
- Tax audit fee	11.20	8.05
- Limited review fee	4.85	3.45
In other capacities:		
- Taxation matters	4.63	3.56
- Certification fees	3.48	3.61
- Reimbursement of expenses	4.30	3.42
	56.91	**38.19**

Summary of significant accounting policies and other explanatory information

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

(ii) Details of CSR expenditure :

		31 March 2018	31 March 2017
(a)	Gross amount required to be spent during the year	163.19	137.93
(b)	Amount spent during the year	163.19	137.93

33. Income tax

		31 March 2018	31 March 2017
(a)	**Income tax expense reported in the statement of profit or loss**		
	Tax expense comprises of:		
	Current income tax	2,829.39	2,600.07
	Deferred tax expense/(benefit)	(60.23)	471.15
		2,769.16	**3,071.22**
	Income tax expense attributable to:		
	- Continuing operations	2,769.16	3,071.22
	- Discontinued operations	-	(15.06)
		2,769.16	**3,056.16**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% (31 March 2017: 34.608%) and the reported tax expense in the standalone statement of profit and loss is as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	31 March 2018	31 March 2017
Profit before tax from continuing operations	8,807.32	32,331.36
Loss before tax from discontinuing operations	-	(1,772.30)
Profit for the year	**8,807.32**	**30,559.06**
Tax at the Indian tax rate (34.608%)	3,048.04	10,575.88
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961	(230.09)	101.84
Effect of expenses not deductible under Income Tax Act, 1961 ("IT Act, 1961")	264.16	(847.60)
Effect of income not subject to tax under the IT Act, 1961	(288.36)	(7,291.14)
Other adjustments	(24.59)	517.18
Income tax expense	**2,769.16**	**3,056.16**

Summary of significant accounting policies and other explanatory information

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

34. Earnings per share (EPS)

	31 March 2018	31 March 2017
Profit attributable from continuing operations	6,038.16	29,260.14
Loss attributable from discontinued operations	-	(1,757.24)
Profit for the year	**6,038.16**	**27,502.90**
Weighted average number of equity shares outstanding during the year	46,398,000	46,398,000
Earnings per equity share (EPES) (in absolute ₹ terms)		
Nominal value per share equity share (refer note 17(viii))	5 .00	5 .00
Basic and Diluted EPES from continuing operations	13.01	63.06
Basic and Diluted EPES from discontinued operations	-	(3.78)
Basic and Diluted EPES from continuing and discontinued operations	13.01	59.28

The Company did not had any potential dilutive equity shares as on 31 March 2018 and 31 March 2017.

EPES presented above has been retrospectively adjusted for all presented periods

35. Dividend proposed before approval or issue of financial statements

The amount of dividend proposed or declared to be paid in cash before the financial statements were approved for issue but not recognised as a distribution to owners during the year ended 31 March 2018 amounts to ₹ 927.96 (₹ 2 per equity share) (31 March 2017: ₹ 927.96 (₹ 2 per equity share)). Dividend distribution tax on such dividend distribution amounts to ₹ 188.91 (31 March 2017: ₹ 188.91).

36. Fair value hierarchy

(i) Financial assets and liabilities at fair value on a recurring basis as of the reporting dates are as follows:

	31 March 2018	31 March 2017	1 April 2016
Financial assets			
Fair value hierarchy (Level 1)			
Quoted equity shares	1,00,088.27	47,718.29	2.73
Fair value hierarchy (Level 3)			
Unquoted equity shares	26.02	26.02	26.02
Financial liabilities			
Fair value hierarchy (Level 2)			
Derivative liabilities	**42,558.72**	**3,854.86**	**-**

There are no transfers between levels during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Summary of significant accounting policies and other explanatory information

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

(ii) Valuation techniques and inputs used for level 3 instruments:

The fair value of the level 3 instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018, 31 March 2017 and 1 April 2016 are as shown below:

Significant unobservable inputs*	Assumption made	Sensitivity of the inputs
Future growth rate	3%	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by ₹ 8.86/ (₹ 4.83) as on 31 March 2018, 31 March 2017 and 1 April 2016.
Discount rate	20%	5% increase/ (decrease) in the discount rate would result in (decrease)/ increase in fair value by (₹ 7.16)/₹ 2.4 as on 31 March 2018, 31 March 2017 and 1 April 2016.
Discount for lack of marketability (DFLM)	15%	5% increase/ (decrease) in the DFLM would result in (decrease)/ increase in fair value by (₹ 1.53)/₹ 1.53 as on 31 March 2018, 31 March 2017 and 1 April 2016.

*keeping all other inputs constant.

(iii) Reconciliation of level 3 fair value measurement :

	Amount
As at 1 April 2016	26.02
As at 31 March 2017	26.02
As at 31 March 2018	26.02

(iv) Valuation techniques and inputs used for level 2 instruments:

Derivative liability, in the nature of upside sharing is measured at fair value of equity instruments, based on quoted market prices, adjusted for the formula agreed in the implementation agreement (refer to the note 48).

Summary of significant accounting policies and other explanatory information

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

37. Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹ 633.24, ₹ 659.49 and ₹ 633.52 as on 31 March 2018, 31 March 2017 and 1 April 2016 respectively.

Categories of financial instruments

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets									
Quoted equity shares	75,058.72	25,029.55	-	35,783.63	11,934.66	-	-	2.73	-
Unquoted equity shares	-	26.02	-	-	26.02	-	-	26.02	-
Investment in government securities	-	-	1.54	-	-	1.43	-	-	4.02
Trade receivables	-	-	1,010.40	-	-	1,129.47	-	-	2,871.06
Cash and cash equivalents	-	-	5,985.69	-	-	4,485.57	-	-	4,440.19
Other bank balances	-	-	116.91	-	-	111.34	-	-	82.52
Loans	-	-	830.87	-	-	1,898.48	-	-	2,658.35
Other financial assets	-	-	92.69	-	-	83.88	-	-	76.46
	75,058.72	**25,055.57**	**8,038.10**	**35,783.63**	**11,960.68**	**7,710.17**	**-**	**28.75**	**10,132.60**

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities									
Derivative liabilities	42,558.72	-	-	3,854.86	-	-	-	-	-
Deferred payment liabilities	-	-	791.82	-	-	864.98	-	-	887.86
Borrowings excluding deferred payment liabilities	-	-	26,514.24	-	-	14,305.78	-	-	11,643.37
Trade payables	-	-	6,629.11	-	-	5,075.98	-	-	8,467.46
Other financial liabilities excluding deferred payment liabilities	-	-	10,457.21	-	-	9,429.37	-	-	7,616.92
	42,558.72	**-**	**44,392.38**	**3,854.86**	**-**	**29,676.11**	**-**	**-**	**28,615.61**

The fair value of the financial assets and financial liabilities are included at an amount at which the instruments could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

38. Financial risk management objectives and policies

Financial Risk Management Framework

The Company's Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Summary of significant accounting policies and other explanatory information

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

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations. The Company also holds FVTOCI/ FVTPL investments and enters into derivative transactions.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in interest rates and foreign currency rates), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, derivative financial instruments, other balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 108,152.39, ₹ 55,454.48 and ₹ 10,161.35 as of 31 March 2018, 31 March 2017 and 1 April 2016 respectively, being the total of the carrying amount of financial assets.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2018.

Financial assets that are past due but not impaired

The Company's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables that are past due but not impaired is given below:

	31 March 2018	31 March 2017	1 April 2016
Past due not impaired:			
0-30 days	861.99	701.34	2,696.56
31-60 days	148.75	409.30	115.61
61-90 days	-	9.06	18.29
Greater than 90 days	-	10.24	40.60
	1,010.74	**1,129.94**	**2,871.06**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of Balance Sheet whether a financial asset or a group of financial assets are impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

Summary of significant accounting policies and other explanatory information

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

B. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 March 2018	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	10,222.90	3,200.37	13,090.97	**26,514.24**
Deferred payment liabilities	-	52.05	739.77	**791.82**
Trade payables	-	6,629.11	-	**6,629.11**
Other financial liabilities	-	10,404.19	53.02	**10,457.21**
Derivatives	-	-	42,558.72	**42,558.72**
	10,222.90	**20,285.72**	**56,442.48**	**86,951.10**

31 March 2017	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	6,587.71	1,632.85	6,085.22	**14,305.78**
Deferred payment liabilities	-	73.15	791.83	**864.98**
Trade payables	-	5,075.98	-	**5,075.98**
Other financial liabilities	-	9,429.37	-	**9,429.37**
Derivatives	-	-	3,854.86	**3,854.86**
	6,587.71	**16,211.35**	**10,731.91**	**33,530.97**

1 April 2016	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	3,925.16	2,055.33	5,547.60	**11,528.09**
Deferred payment liabilities	-	22.88	864.98	**887.86**
Trade payables	-	8,467.46	-	**8,467.46**
Other financial liabilities	-	7,616.92	115.28	**7,732.20**
	3,925.16	**18,162.59**	**6,527.86**	**28,615.61**

C. Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

i. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term obligations with floating interest rates.

Summary of significant accounting policies and other explanatory information

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

For the years ended 31 March 2018 and 31 March 2017, every 50 basis point decrease in the floating interest rate component applicable to the Company's borrowings would have decrease the loss by approximately ₹ 43.10 and ₹ 20.01 respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency.

The carrying amount of the Company's foreign currency denominated monetary items in ₹ as at 31 March 2018, 31 March 2017 and 1 April 2016 are as follows:

Financial assets - Trade receivables

	31 March 2018	31 March 2017	1 April 2016
- United States Dollar (USD)	-	405.84	107.45

Financial liabilities- Capital Creditors

	31 March 2018	31 March 2017	1 April 2016
- EURO	87.03	-	-

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant.

Particulars	Impact on profit before tax for the year ended	
	31 March 2018	31 March 2017
USD sensitivity		
₹/USD - Increase by 5%	-	20.29
₹/USD - Decrease by 5%	-	(20.29)
EURO sensitivity		
₹/EURO - Increase by 5%	(4.35)	-
₹/EURO - Decrease by 5%	4.35	-

iii. Equity price risk:

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Summary of significant accounting policies and other explanatory information

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

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 26.02. Sensitivity analyses of these investments have been provided in Note 36.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 100,088.27 (31 March 2017: ₹ 47,718.29, 1 April 2016: ₹ 2.73). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹ 984.09 (31 March 2017: ₹ 447.3) on the Statement of Profit and loss of the Company, and an increase in prices, a vice versa impact. Further decrease of 5% in market price of the securities, which are measured at FVTOCI, would have an adverse impact of ₹ 328.25 (31 March 2017: ₹ 149.3) on the OCI of the Company, and an increase in prices, a vice versa impact.

39. Capital risk management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 10% and 25%. The Company includes within net debt, borrowings from banks and finance lease obligations, less cash and cash equivalents.

	31 March 2018	31 March 2017	1 April 2016
Borrowings from banks and finance lease obligations (note 19 and 20)	26,514.24	14,305.78	11,643.37
Less: Cash and cash equivalents (note 15)	(5,985.69)	(4,485.57)	(4,440.19)
Net debt	**20,528.55**	**9,820.21**	**7,203.18**
Total equity	77,800.66	59,322.33	24,753.95
Capital and net debt	98,329.21	69,142.54	31,957.13
Net debt to equity ratio (%)	**20.88%**	**14.20%**	**22.54%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings from banks that define capital structure requirements. Breaches in meeting the financial covenants would permit the bankers to immediately call back the borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

40. Disclosure of Interest in subsidiaries, joint venture and associate:

	Nature of relationship	Country of Incorporation	Ownership Interest in the Company (%)		
			31 March 2018	31 March 2017	1 April 2016
Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited)	Subsidiary	India	100%	100%	99.64%
Heritage Conpro Limited (upto 31 December 2016)	Subsidiary	India	0%	0%	75.70%
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%	44.83%
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint venture	India	50%	0%	0%

Summary of significant accounting policies and other explanatory information

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

41. Disclosure of loans and advances given to subsidiaries and associate

	Amount as on			Maximum amount outstanding during the period		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited)	-	1,057.82	-	-	1,057.82	-
The Company has extended no loans or advances to any subsidiary or associate, except for those disclosed above.						

42. Discontinued operations

(i) Composite Scheme of Arrangement among the Company, Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited), Future Retail Limited and their respective shareholders and creditors:

(a) The National Company Law Tribunal ("NCLT") for the state of Telangana and Andhra Pradesh has approved the Composite Scheme of Arrangement ("the scheme") between the Company ("Transferor Company" or "HFL"), Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited) (wholly owned subsidiary of HFL) ("Transferee Company" or "Demerged Company" or "HNL"), Future Retail Limited ("Resulting Company" or "FRL") and their respective shareholders and creditors vide its order dated 3 May 2017. Based on the internal evaluation, management of the Company determined that the Scheme duly approved by the NCLT is generally considered as an order of law. Therefore, the accounting treatment prescribed under the Scheme overrides the accounting principles prescribed under Ind AS. Accordingly, the accounting treatment provided under the scheme has been considered to effect such arrangement in the books of account. In contrast, in case the Company had recognized the said scheme under Ind AS then the impact would have been as detailed below::

	For the year ended 31 March 2017
Impact of the scheme on profit after tax for the year	8,229.96
Impact of the scheme on OCI for the year	(8,229.96)
Impact of the scheme on total comprehensive income for the year	-
Par value per share	5.00
Increase in Basic and Diluted EPES (not annualised) from discontinued and continuing operations	**17.74**

(ii) The composite scheme of arrangement has been implemented by HFL and HNL as below:

(a) The Company transferred its 'Retail undertaking' (comprising Retail, Agri and Bakery business segments) and 'VetCa undertaking' (comprising VetCa business segment) by way of Slump Sale to the HNL with effect from the slump sale appointed date (i.e. Commencement of business on 1 November 2016) for a lump sum consideration. From the slump sale appointed date and to the effective date, the Company was carrying on the business of 'Retail Undertaking' and 'VetCa Undertaking' on the behalf of transferee company.

(b) HNL demerged the 'Retail undertaking' to FRL with effect from the demerger appointed date (i.e. Close of business on 31 March 2017) and reduced its share capital through cancellation of shares held by its existing shareholders by utilising security premium account.

Summary of significant accounting policies and other explanatory information

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

(iii) In accordance with the scheme, the accounting treatment has been given in the financial statements as follows:

(a) The Company has transferred net assets of ₹ 13,449.02 (Assets of ₹ 20,538.94 and Liabilities of ₹ 7,089.92) as at commencement of business on 1 November 2016 of 'Retail undertaking' and 'VetCa undertaking' to the transferee company for a lump sum consideration of ₹ 13,500, which is agreed to be discharged by the transferee company by way of allotment of 1,40,00,000 equity shares at ₹ 96.43 per share having face value ₹ 10 each and at a premium of ₹ 86.43 per share to the Company. The Company accounted the consideration of ₹ 13,500 as investment in HNL. The difference of ₹ 50.98 between the value of consideration and net value of assets and liabilities has been accounted as Capital reserve. The business transactions of 'Retail Undertaking' and 'VetCa Undertaking' from 1 November 2016 to 31 March 2017 have been reported in the financial statements of the transferee company.

(b) HNL has transferred the net assets of ₹ 13,684.84 (Assets of ₹ 19,571.21 and Liabilities of ₹ 5,886.37) as at close of business on 31 March 2017 of Retail undertaking to FRL for a consideration of 17,847,420 equity shares of FRL having face value of ₹ 2 per share agreed to be allotted by FRL to the shareholders of HNL i.e. HFL. The Company has recorded the equity shares of FRL as investment in FRL at a cost of ₹ 13,466.56 lakhs by reducing the cost of investment in HNL.

(iv) In accordance with the scheme, applicable accounting standards, and Generally Accepted Accounting Principles in India ("IGAAP" or "Indian GAAP"), directly attributable cost of ₹ 382.49 pertaining to slump sale is accounted as capital reserve and ₹1,338.04 pertaining to demerger is considered as cost of investment in FRL.

(v) (a) The financial performance presented below is for seven months period ended 1 November 2016 (i.e. upto slump sale appointed date):

	Amount
Revenue	48,064.57
Expenses	49,836.87
Loss before tax from discontinued operations	**(1,772.30)**
Tax reversal	(15.06)
Loss from discontinued operations	**(1,757.24)**

(b) The cash flow information for seven months period ended and as on 1 November 2016 is as follows:

	Amount
Net cash flow from operating activities	(1,575.99)
Net cash flow from investing activities	(1,559.26)
Net cash flow from financing activities	(2,015.97)
Net increase in cash generated from discontinued operations	**(5,151.22)**

(vi) Details of carrying value of assets and liabilities transferred as on 1 November 2016 are as follows:

	Amount
Assets	
Other Intangible assets	60.47
Property, plant and equipment	9,000.95
Capital work-in- progress	565.58
Loans	2,324.08
Inventories	5,510.03
Other assets	87.89
Trade receivables	2,130.07
Cash and cash equivalents	859.87
Total assets	**20,538.94**

Summary of significant accounting policies and other explanatory information

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

	Amount
Liabilities	
Borrowings	269.19
Trade payables	3,878.00
Deferred tax liability	418.49
Provisions and other liabilities	2,524.24
Total Liabilities	**7,089.92**
Net assets transferred	**13,449.02**

(vii) The Company has eliminated the inter-segment transactions against the discontinued operations in the standalone financial statements

43. Business combination

(A) The Company has acquired Dairy business of Reliance Retail Limited through slump sale on 12 April 2017 for cash consideration. The Company has made this acquisition to expand its reach in North and Western Indian markets. Details of net assets acquired and capital reserve are as follows:

	Amount
Assets	
Property, plant and equipment	1,415.42
Inventories	4,761.94
Other intangible assets	2,001.82
Total assets	**8,179.18**
Liabilities	
Trade payables	1,315.57
Security deposits and advance from customers	260.01
Total Liabilities	**1,575.58**
Net assets transferred	**6,603.60**
Purchase consideration paid	6,151.00
Gain directly recognised in capital reserve	**452.60**

(B) Business combination related costs of ₹ 80.55 has been debited to statement of profit and loss under the head other expenses.

44. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited) Heritage Conpro Limited (upto 31 December 2016)	Subsidiary Company
SKIL Raigam Power (India) Limited	Associate Company
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint Venture
Heritage Farmers Welfare Trust Heritage Employees Welfare Trust Heritage Finlease Limited	Enterprise over which Key Managerial Persons exercise significant influence

Summary of significant accounting policies and other explanatory information

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

Names of related parties	Nature of relationship
N Bhuvaneswari	Key Managerial Personnel
N Brahmani	
N Lokesh (upto 31 March 2017)	
M Sambasiva Rao	
A Prabhakara Naidu	
Umakanta Barik	

(b) Transactions with related parties

		For the year ended	
		31 March 2018	31 March 2017
(i)	**Heritage Nutrivet Limited**		
	Investment in equity shares	1,842.25	33.50
	Sales	20.94	1,737.28
	Financial guarantee income	14.53	-
	Purchases	3,996.13	1,653.54
	Advances given	-	1,057.82
	Lease rental income	1.42	-
(ii)	**Heritage Novandie Foods Private Limited**		
	Investment in equity shares	10.00	-
(iii)	**Heritage Farmers Welfare Trust**		
	Contribution made	215.32	180.66
(iv)	**Heritage Employees Welfare Trust**		
	Contribution made	-	67.76
(v)	**Heritage Finlease Limited**		
	Dividend received	4.00	4.00
	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	7,001.00	6,795.00
(vi)	**N Bhuvaneswari**		
	Short-term employee benefits	449.08	528.19
	Post-employment benefits	8.64	8.64
	Other long-term benefits	5.77	-
	Rent paid	30.23	55.71
	Refund of rental deposit	26.83	-
(vii)	**N Brahmani**		
	Short-term employee benefits	359.30	422.30
	Post-employment benefits	4.32	4.32
(viii)	**N Lokesh**		
	Sitting fees	-	2.90
(ix)	**M Sambasiva Rao**		
	Short-term employee benefits	209.08	210.11
	Post-employment benefits	6.08	5.53
(x)	**A Prabhakara Naidu**		
	Short-term employee benefits	52.14	47.16
	Post-employment benefits	2.57	2.34
(xii)	**Umakanta Barik**		
	Short-term employee benefits	25.78	23.43
	Post-employment benefits	1.28	1.16
	Other long-term benefits	2.31	1.40

Summary of significant accounting policies and other explanatory information

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

(c) Balances receivable/(payable)

	As at		
	31 March 2018	31 March 2017	1 April 2016
(i) Heritage Nutrivet Limited			
Trade receivable	1.42	-	-
Trade payable	(275.63)	-	-
Advance receivable	-	1,057.82	-
(ii) Heritage Conpro Limited			
Investment held in equity shares	-	-	7.60
(iii) Heritage Finlease Limited			
Loan proceeds payable	(243.32)	(265.55)	(201.82)
(iv) Heritage Farmers Welfare Trust			
Contribution payable	(30.10)	(22.85)	(20.87)
(v) Heritage Employees Welfare Trust			
Contribution payable	-	(17.88)	(19.81)
(vi) N Bhuvaneswari			
Short-term employee benefits payable	(318.38)	(402.48)	(370.61)
Rental payable	-	(4.24)	(4.02)
Rental deposit receivable	-	26.83	26.83
(vii) N Brahmani			
Short-term employee benefits payable	(294.30)	(358.85)	(321.23)
(viii) M Sambasiva Rao			
Short-term employee benefits payable	(96.48)	(107.75)	(94.73)

Notes:

(a) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil, 1 April 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which such parties operates.

(b) During the year ended 31 March 2018, the Company has given a guarantee to a bank towards a loan of ₹ 2,450 taken by its wholly owned subsidiary i.e. Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited).

45. Segment reporting

In accordance with Ind AS 108 - 'Operating segments', segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

Summary of significant accounting policies and other explanatory information

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

46. Contingent liabilities and commitments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
(a) Commitments			
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	988.77	188.02	84.72
(ii) Other commitments			
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	2104.72	1937.31	3725.44
(b) Contingent liabilities			
Claims against the Company not acknowledged as debts			
- Disputed disallowances under the IT Act, 1961	-	99.96	332.32
- Disputed purchase tax levied under Section 6A of The Central Sales Tax Act, 1956 (CST Act) on purchase of milk	38.76	38.76	38.76
- Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk	95.12	95.12	95.12
- Disputed Input tax credit disallowed under Tamil Nadu Value Added Tax Act, 2006	32.50	32.50	32.50
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	46.88	1.79	128.86
- Other disputed liabilities	-	3.24	29.46
(c) Guarantees excluding financial guarantee	94.41	213.06	230.24
(d) Other money for which the Company is contingently liable			
'C' form under collection	58.46	182.66	694.63
Land under protest	-	-	15.69

47. Leases

Finance leases

The Company has obtained server and data processing equipment on Finance lease. The term of lease is for four years. The future minimum lease payments and their present values as on 31 March 2018, 31 March 2017 and 1 April 2016 has been disclosed below:

Minimum lease payments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Not later than 1 year	193.63	-	44.85
Later than 1 year and not later than 5 years	219.45	-	134.54
	413.08	**-**	**179.39**

Present value of minimum lease payments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Not later than 1 year	153.67	-	31.61
Later than 1 year and not later than 5 years	194.77	-	115.29
	348.44	**-**	**146.90**

Summary of significant accounting policies and other explanatory information

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

Operating leases

Minimum lease payments under non-cancellable operating leases

	As at		
	31 March 2018	31 March 2017	1 April 2016
Not later than 1 year	-	-	-
Later than 1 year and not later than 5 years	-	-	23.23
	-	-	**23.23**

48. Derivative Contract

The Company has entered into agreement with FRL (the "Implementation Agreement") dated 7 November 2016, under which the Company agreed to share an upside with FRL in the following manner upon sale of shares, which the Company has received as a consideration under the scheme:

If the net consideration by the Company, after deducting taxes statutorily required to be paid to any tax authority in respect of such sale of shares, (the "Share Sale Consideration"),

(i) is less than or equal to ₹ 40,000, then the Company shall be entitled to retain the entire share sale consideration

(ii) exceeds ₹ 40,000 but is less than or equal to ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying an amount equal to the 50% of such excess over ₹ 40,000.

(iii) exceeds ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying amount equal to the 50% of such excess between ₹ 40,000 and ₹ 50,000 and 75% of excess over ₹ 50,000.

The Company recognized the above contractual provisions of the Implementation Agreement as derivative financial instruments.

49. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company. Disclosures in respect of the amounts payable to such parties are given below:

		31 March 2018	31 March 2017	1 April 2016
(i)	The principal amount remaining unpaid as at the end of the year.	574.28	649.49	474.04
(ii)	The amount of interest accrued and remaining unpaid on (i) above.	0.89	0.48	1.17
(iii)	Amount of interest paid by the Company in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-	-
(iv)	The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-	-
(v)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.89	0.48	1.17

Summary of significant accounting policies and other explanatory information

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

50. First time adoption of Ind AS

With effect from 1 April 2017, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

These financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Mandatory exceptions and Optional exemptions

Ind AS 101 allows first-time adopters certain mandatory and voluntary exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(A) Mandatory exceptions

(a) The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – Quoted and unquoted equity shares.
- Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

(b) De-recognition of financial assets

The Company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(c) Classification and measurement of financial assets

Financial instruments - loan to employees and security deposits

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Financial assets such as loan to employees and security deposits have been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Summary of significant accounting policies and other explanatory information

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

(d) Impairment of financial assets (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has assessed whether there has been a significant increase in credit risk since the initial recognition of a financial instrument, which would require undue cost or effort. Therefore the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is de-recognised (unless that financial instrument is low credit risk at a reporting date).

(e) Government loans

On transition to Ind AS, based on mandatory exception relating to government loans, Company has decided to apply the requirement of Ind AS 109 prospectively to government loans existing at the date of transition i.e. to carry the government loans as at the date of transition at Indian GAAP carrying value. Hence the Company has not recognised the corresponding benefit of government loan at below market rate of interest as government grant.

(B) Optional exemptions

(a) Deemed cost

As there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Other Intangible Assets, as recognised in its Indian GAAP financial statements as deemed cost at the transition date.

(b) Arrangements containing a lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(c) Designate of previously recognised financial instrument

At the date of transition to Ind AS, Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances of each case. The Company has elected to apply this exemption for its investment in certain quoted equity shares.

At the date of transition to Ind AS, Ind AS 101 also allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances of each case. The Company has elected to apply this exemption for its investment in certain unquoted and certain quoted equity shares.

Summary of significant accounting policies and other explanatory information

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

(C) Reconciliations

	Notes	As at	
		31 March 2017	1 April 2016
Reconciliation of total equity			
Total equity as per Indian GAAP		**30,345.16**	**23,999.28**
Add / (less) : Adjustments for GAAP differences			
Fair valuation of investments in other than those held Future Retail Limited	(i)	8.11	7.62
Fair valuation of investments in Future Retail Limited	(ii)	32,910.48	-
Derivative liability	(ii)	(3,854.87)	-
Government grant in the nature of promoters' contribution - transferred from capital reserve to deferred government liabilities	(iii)	(47.06)	(52.13)
Proposed dividend	(v)	-	837.65
Provision for expected credit loss on trade receivables	(vi)	(0.47)	(7.54)
Borrowing transaction cost adjustment	(vii)	(69.37)	(60.74)
Tax effect of above adjustments	(iv)	30.35	29.81
Total adjustments		**28,977.17**	**754.67**
Total equity under Ind AS		**59,322.33**	**24,753.95**

Particulars	Notes	For the year ended 31 March 2017
Net profit under Indian GAAP		**6,682.46**
Fair value change on investment in Future Retail Limited	(ii)	24,681.01
Fair value change on derivative liability	(ii)	(3,854.87)
Provision for expected credit loss on trade receivables	(vi)	7.08
Borrowing transaction cost adjustment	(vii)	(8.63)
Remeasurement gain or loss on net defined benefit plan	(viii)	(7.17)
Tax effect of above adjustments	(iv)	3.02
Total net profit for the period under Ind AS		**27,502.90**
Other comprehensive income	(i) & (ii)	**8,234.64**
Total comprehensive income		**35,737.54**

Notes on reconciliations between Indian GAAP and Ind AS

(i) FVTOCI - financial assets (Other than Investment in Future Retail Limited)

Under Indian GAAP, the Company has accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

Summary of significant accounting policies and other explanatory information

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

(ii) Investment in Future Retail Limited

Pursuant to the Composite Scheme of Arrangement entered between the Company, Heritage Foods Retail Limited ("a wholly owned subsidiary of the Company" or "HFRL"), Shareholders of the Company and Future Retail Limited ("FRL"), the "Retail undertaking" i.e. demerged undertaking of Heritage Foods Retail Limited got transferred to Future Retail Limited with effect from the closing hours of 31 March 2017. For this transfer, Future Retail Limited has issued 17,847,420 equity shares of the face value of ₹ 2 each fully paid-up to the shareholders of HFRL i.e. HFL. On account of this transaction, the share capital of HFRL and Investment of the Company in HFRL got reduced with the net book value of demerged undertaking on 31 March 2017.

Also through supplementary agreement, the Company has agreed to share the consideration on sale of "FRL shares" with FRL, if the total consideration on such sale exceeds the agreed limit. Management has concluded the given agreement as derivative to be measured at FVTPL.

As per the scheme, HFL has initially recognised the "Investment in FRL" at cost i.e. at ₹ 14,804.60. Under IGAAP, the Company has subsequently measured the "Investment in FRL" at cost only. Under Ind AS, the Company has elected to designate 13,384,565 shares at FVTPL investment and 4,462,855 shares at FVTOCI investment. Ind AS requires FVTOCI investments to be measured at fair value.

The difference between 'cost and fair value of Investment designated at FVTPL' amounting to ₹ 24,681.01 is recognised in "Other Income" in the "Statement of profit or loss". The difference between 'cost and fair value of Investment designated at FVTOCI' amounting to ₹ 8,229.46 in " Other Comprehensive Income". The Company has also recognised a "Derivative liability" of ₹ 3,854.87 relating to agreement to share the consideration.

(iii) Government grant in the nature of promoters' contribution

Under Indian GAAP, governments grants in the nature of promoters' contribution is credit to capital reserve. Under Ind AS, such grants are classified as grants relating to assets and is recognised by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the assets.

As on the date of transition, the Company has transferred the amount standing in capital reserve (on account of grants from government towards total investment in an undertaking) to deferred government liability (Current and non current). Subsequently the amount is transferred from the deferred government liability to "Statement of profit and loss" based on the useful life of the undertaking.

(iv) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments led to temporary differences. The Company has accounted for such differences as well in deferred tax. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Summary of significant accounting policies and other explanatory information

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

(v) Proposed dividend

Under the Indian GAAP, dividends proposed by the Board of Director after the balance sheet date but before the approval of financial statements were considered as adjusting event. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

(vi) Trade receivables

Under Indian GAAP, the Group had created provision for doubtful debts based on specific amount for incurred losses. Under Ind AS, the allowance for doubtful debts has been determined based on expected credit loss model.

(vii) Borrowings

Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Under Indian GAAP, these transaction costs were charged to profit or loss as and when incurred or capitalised as borrowings cost.

(viii) Defined benefit plan

Under Indian GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods.

(ix) Effect of transition to Ind AS on Cash Flow Statement for the year ended 31 March 2017

Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities and has no impact on the net cash flow for the year ended 31 March 2017 as compared with the Indian GAAP.

(x) Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Independent Auditor's Report

To the Members of
Heritage Foods Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these 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 state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the Board of Directors of the subsidiaries included in the Group are responsible for 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. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate company and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. 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.

5. 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 these consolidated financial statements are free from material misstatement.

6. 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 controls 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.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the subsidiary companies and joint venture company 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, of the consolidated state of affairs (consolidated financial position) of the Group, its associate and joint venture as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 41(I)(A)(i) to the consolidated financial statements for the year ended 31 March 2018 in relation to the accounting treatment of the Composite Scheme of Arrangement (the "Scheme") between the Company, Heritage Nutrivet Limited (formerly Heritage Foods Retail Limited), Future Retail Limited and their respective shareholders and creditors. As explained, on the basis of internal evaluation, management has adopted the accounting treatment as referred to under the Scheme. Our opinion is not modified in respect of this matter.

Other Matters

10. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 8.16 Lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditors.

11. We did not audit the financial information of two subsidiaries, whose financial information reflect total assets of ₹ 1,215.88 lakhs and net assets of ₹ 1,055.88 lakhs as at 31 March 2018, total revenues of ₹ 479.46 lakhs and net cash inflows amounting to ₹ 13.55 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

12. The comparative consolidated financial information for the year ended 31 March 2017 and the transition date consolidated opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in the consolidated financial statements have been audited by the predecessor auditor. The report of the predecessor auditor dated 24 May 2018 on the comparative consolidated financial information and the transition date consolidated opening balance sheet expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiaries and joint venture, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its joint venture company covered under the Act, none of the directors of the Group companies, its associate company and joint venture company covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, associate company and joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiaries and joint venture:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 44(b) to the consolidated financial statements.

(ii) the Group, its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies, associate company and joint venture company covered under the Act;

(iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place : Hyderabad
Date : 24 May 2018

Annexure Ato the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the consolidated financial statements for the year ended 31 March 2018

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company, its subsidiary company and its associate company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company and its associate company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary company and its associate company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by considering the essential components of internal control stated in the Guidance Note issued by ICAI.9.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place : Hyderabad
Date : 24 May 2018

Consolidated Balance Sheet As at 31 March 2018

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

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
(a) Property, plant and equipment	6	41,060.84	29,456.38	30,821.87
(b) Capital work-in-progress		872.73	756.07	958.80
(c) Investment property	8	397.21	124.15	121.00
(d) Other intangible assets	7	1,847.64	48.88	164.12
(e) Investment in associate and joint venture	9	56.78	56.26	56.35
(f) Financial assets				
(i) Investments	10	100,115.41	47,744.57	31.12
(ii) Loans	16	412.40	409.45	2,200.06
(iii) Other financial assets	11	75.22	72.53	63.08
(g) Other non-current assets	12	422.48	210.46	176.76
Total non-current assets		**145,260.71**	**78,878.75**	**34,593.16**
Current assets				
(a) Inventories	13	15,474.92	12,268.96	14,491.11
(b) Financial Assets				
(i) Investments	10	0.42	1.17	1.65
(ii) Trade receivables	14	1,289.42	1,548.09	2,851.24
(iii) Cash and cash equivalents	15(i)	6,021.21	4,597.24	4,458.76
(iv) Bank balances other than (iii) above	15(ii)	861.24	896.99	681.38
(v) Loans	16	437.40	467.78	458.28
(vi) Other financial assets	11	28.37	4.87	23.03
(c) Current tax assets (net)		58.60	7.62	-
(d) Other current assets	12	866.74	528.84	432.05
(e) Disposable group - Assets held for sale		362.17	380.91	236.05
Total current assets		**25,400.49**	**20,702.47**	**23,633.55**
Total assets		**170,661.20**	**99,581.22**	**58,226.71**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	17	2,319.90	2,319.90	2,319.90
(b) Other equity	18	75,447.15	56,760.65	22,425.03
Equity attributable to the owners of the Company		**77,767.05**	**59,080.55**	**24,744.93**
Non-controlling interest		1,055.67	1,064.00	795.89
Total equity		**78,822.72**	**60,144.55**	**25,540.82**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	14,230.74	7,377.04	6,527.87
(ii) Other financial liabilities	20	42,558.72	3,854.87	-
(b) Provisions	21	590.03	496.95	551.54
(c) Government grant		8.76	10.38	44.75
(d) Deferred tax liabilities (net)	22	1,860.64	1,937.98	1,837.91
Total non-current liabilities		**59,248.89**	**13,677.22**	**8,962.07**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	10,414.12	6,587.71	3,925.16
(ii) Trade payables	24	6,696.29	6,015.05	8,403.94
(iii) Other financial liabilities	20	13,896.68	11,626.90	9,723.66
(b) Other current liabilities	23	701.33	742.52	805.37
(c) Government grant		1.61	3.91	7.38
(d) Provisions	21	728.97	608.71	579.46
(e) Current tax liability (net)		-	-	165.02
(f) Disposable group - liabilities related to assets held for sale		150.59	174.65	113.83
Total current liabilities		**32,589.59**	**25,759.45**	**23,723.82**
Total equity and liabilities		**170,661.20**	**99,581.22**	**58,226.71**

The accompanying notes referred to above form an integral part of the consolidated financial statements.
This is the Consolidated Balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

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

	Notes	For the year ended	
		31 March 2018	31 March 2017
Revenue from operations	25	237,341.93	185,740.15
Revenue from transaction with discontinued operations		-	3,759.63
Other income	26	767.28	416.01
Fair value gain on FVTPL equity securities		39,537.07	24,681.02
Total income		**277,646.28**	**214,596.81**
Expenses			
Cost of materials consumed	27	185,194.45	137,737.17
Excise duty	28	33.26	87.23
Purchase transactions with discontinued operations		-	2,368.21
Purchase of Stock-in-Trade		11,086.15	6,284.48
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	29	(4,338.78)	3,317.58
Employee benefit expenses	30	12,418.29	9,979.45
Finance costs	31	1,824.22	970.38
Depreciation and amortisation expense	6, 7 & 8	3,782.64	2,497.16
Impairment losses	6	40.28	70.26
Other expenses	32	19,912.32	15,099.68
Loss due to changes in fair value of derivative liabilities		38,703.86	3,854.87
Total expenses		**268,656.69**	**182,266.47**
Profit before share of loss of an associate and a joint venture from continuing operations		**8,989.59**	**32,330.34**
Share of loss of an associate and a joint venture		(9.48)	(0.09)
Profit before tax from continuing operations		**8,980.11**	**32,330.25**
Tax expense	33		
Current tax		2,799.64	2,701.54
Deferred tax expense/(benefit)		(87.47)	538.28
Profit for the year from continuing operations		**6,267.94**	**29,090.43**
Discontinued operations			
Profit/(loss) before tax		11.04	(1,401.60)
Tax expense/(benefit)		5.72	(88.09)
Profit/(loss) for the year from discontinued operations		**5.32**	**(1,313.51)**
Profit for the year		**6,273.26**	**27,776.92**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on defined benefit plans, net of taxes		(72.77)	0.64
(ii) Net gain on FVTOCI equity securities		13,182.25	8,229.95
Total other comprehensive income for the year		**13,109.48**	**8,230.59**
Total comprehensive income for the year		**19,382.74**	**36,007.51**
Profit/(loss) for the year from continuing operations attributable to:			
- Owners of the Company		6,277.17	28,906.51
- Non-controlling interest		(9.23)	183.92
Profit/(loss) for the year from discontinued operations attributable to:			
- Owners of the Company		-	(1,397.44)
- Non-controlling interest		5.32	83.93
Profit/(loss) for the year attributable to:			
- Owners of the Company		6,277.17	27,509.07
- Non-controlling interest		(3.91)	267.85
Other comprehensive income for the year attributable to:			
- Owners of the Company		13,109.48	8,230.59
- Non-controlling interest		-	-
Total comprehensive income for the year attributable to:			
- Owners of the Company		19,386.65	35,739.66
- Non-controlling interest		(3.91)	267.86
Earnings per equity share [EPES] (in absolute ₹ terms)	34		
Par value per share		5.00	5.00
EPES for continuing operations			
Basic and Diluted EPES		13.53	62.30
EPES for discontinued operations			
Basic and Diluted EPES		-	(3.01)
EPES for continuing and discontinued operations			
Basic and Diluted EPES		13.53	59.29

The accompanying notes form an integral part of the consolidated financial statements.
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Consolidated Cash Flow Statement

for the year ended 31 March 2018

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

	For the year ended	
	31 March 2018	31 March 2017
Cash flow from operating activities		
Profit before tax from continuing operations	**8,980.11**	**32,330.25**
Adjustments:		
Fair value gain on FVTPL equity securities	(39,537.07)	(24,681.01)
Loss due to changes in fair value of derivative liabilities	38,703.85	3,854.87
Depreciation and amortization expense	3,782.64	2,497.16
Impairment losses	40.28	70.26
Provision for doubtful advances	71.00	5.00
Share of loss of an Associate and a Joint Venture	9.48	0.09
Provision for doubtful debts	63.04	337.38
Inventory written off	90.15	-
Loss on sale of property, plant and equipment	85.04	-
Provisions no longer required/ credit balances written back	(214.05)	(118.12)
Interest income	(86.80)	(82.13)
Interest expenses	1,824.22	893.70
Dividend income on long term investments	(4.02)	(4.00)
Operating cash flow before working capital changes	**13,807.87**	**15,103.45**
Decrease/ (increase) in inventories	1,465.83	(2,667.04)
Decrease/ (increase) in trade receivables	195.63	(1,191.04)
Decrease in loans	27.43	226.34
Decrease/ (increase) in other assets	(405.84)	1,098.11
Increase in other financial assets	(23.50)	(4.42)
Increase/ (decrease) in trade payables	(415.28)	1,531.53
Increase in provisions	143.53	17.80
Decrease in Government grant	(39.78)	(1.87)
Decrease in other financial liabilities	(139.34)	(473.54)
Increase in other liabilities	316.65	616.71
Cash generated from operating activities	**14,933.20**	**14,256.03**
Income-taxes paid, net	(2,883.51)	(2,907.99)
Net cash generated from operating activities of continuing operations	**12,049.69**	**11,348.04**
Net cash generated from operating activities of discontinued operations	**69.79**	**118.61**
Net cash generated from operating activities (A)	**12,119.48**	**11,466.65**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets including Capital work in progress	(14,416.68)	(9,302.18)
Proceeds from sale of property, plant and equipment	432.77	250.65
Purchase of investments	(0.11)	-
Investment in a joint venture	(10.00)	-
Interest received	91.68	82.13
Investment in / (proceed from) other bank balances, net	44.98	(225.74)
Consideration paid towards Business combination (refer note 42)	(6,151.00)	-
Dividend income received	4.02	4.00
Net cash used in investing activities of continuing operations	**(20,004.34)**	**(9,191.14)**
Net cash used in investing activities of discontinued operations	**-**	**(2,789.28)**
Net cash used in investing activities (B)	**(20,004.34)**	**(11,980.42)**

Consolidated Cash Flow Statement

for the year ended 31 March 2018

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

	For the year ended	
	31 March 2018	31 March 2017
Cash flow from financing activities		
Proceeds from long term borrowings	10,248.36	4,236.94
Repayment of long term borrowings	(1,808.33)	(1,489.48)
Interest paid	(1,772.22)	(898.26)
Movement in minority interest	(4.44)	0.25
Dividend paid including dividend distribution tax	(1,116.87)	(837.65)
Net cash generated from financing activities of continuing operations	**5,546.50**	**1,011.80**
Net cash used in financing activities of discontinued operations	**-**	**(2,273.72)**
Net cash generated from/ (used in) financing activities (C)	**5,546.50**	**(1,261.92)**
Net (decrease) in cash and cash equivalents during the year (A + B + C)	**(2,338.36)**	**(1,775.69)**
Cash and cash equivalents at the beginning of the year	(1,726.99)	650.71
Cash and Cash equivalents adjustment in pursuant to the composite scheme of arrangement (refer note 41)	-	(602.01)
Cash and cash equivalents at the end of the year (Note 1)	**(4,065.35)**	**(1,726.99)**

Note 1:

Cash and cash equivalents includes

- Included in cash and cash equivalents and current borrowings		
Cash on hand (refer note 15(i))	243.53	152.55
Balances with banks in current accounts (refer note 15(i))	5,777.68	4,444.69
Loans repayable on demand from banks (refer note 19)	(10,414.12)	(6,587.71)
	(4,392.91)	**(1,990.47)**
- Included in the assets of the disposal group (refer note 41(II))	**327.56**	**263.48**
	(4,065.35)	**(1,726.99)**

Note 2:

Payment made for items under business combination has been considered under investing activity and has been excluded from the movement of respective items (refer note 42 for details).

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

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

A Equity Share Capital

	Number of shares	Amount
As at 1 April 2016	**23,199,000**	**2,319.90**
Change during the year	-	-
As at 31 March 2017	**23,199,000**	**2,319.90**
Change during the year (refer note 17(viii))	23,199,000	-
As at 31 March 2018	**46,398,000**	**2,319.90**

B Other Equity (Refer note 18)

	Reserves and Surplus						OCI	Non controlling interest	Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	Warrants money appropriated	General reserve	Retained earnings	FVTOCI on equity instruments		
Balance as at 1 April 2016	**-**	**81.00**	**3,784.14**	**318.69**	**7,427.38**	**10,800.01**	**13.81**	**795.89**	**23,220.92**
Profit for the year	-	-	-	-	-	27,509.07	-	267.85	27,776.92
Contribution to corpus fund	-	-	-	-	-	-	-	3.82	3.82
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(2.01)	(2.01)
Repayment of corpus on liquidation	-	-	-	-	-	-	-	(1.56)	(1.56)
Directly attributable cost on account of slump sale pursuant to Scheme (refer note 41)	(382.49)	-	-	-	-	-	-	-	(382.49)
On account of demerger pursuant to Scheme (refer note 41)	(13,684.85)	-	-	-	-	-	-	-	(13,684.85)
Utilisation of Security Premium pursuant to Scheme (refer note 41)	12,100.00	-	-	-	-	-	-	-	12,100.00
Reduction of share capital pursuant to Scheme (refer note 41)	1,366.56	-	-	-	-	-	-	-	1,366.56
Subsidy amount of discontinued operations	34.39	-	-	-	-	-	-	-	34.39
Transfer to general reserve	-	-	-	-	1,000.00	(1,000.00)	-	-	-
Payment of dividend	-	-	-	-	-	(695.97)	-	-	(695.97)
Dividend distribution tax	-	-	-	-	-	(141.68)	-	-	(141.68)
Other comprehensive income ("OCI") Net of Taxes	-	-	-	-	-	0.64	8,229.95	-	8,230.59
Balance as at 31 March 2017	**(566.39)**	**81.00**	**3,784.14**	**318.69**	**8,427.38**	**36,472.07**	**8,243.76**	**1,063.99**	**57,824.64**
Profit for the year	-	-	-	-	-	6,277.17	-	(3.91)	6,273.26
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(4.44)	(4.44)
Pursuant to business combination (refer note 42)	452.60	-	-	-	-	-	-	-	452.60
Subsidy amount of discontinued operations	(35.86)	-	-	-	-	-	-	-	(35.86)
Payment of dividend	-	-	-	-	-	(927.96)	-	-	(927.96)
Dividend distribution tax	-	-	-	-	-	(188.91)	-	-	(188.91)
Other comprehensive income Net of Taxes	-	-	-	-	-	(72.79)	13,182.25	-	13,109.46
Balance as at 31 March 2018	**(149.65)**	**81.00**	**3,784.14**	**318.69**	**8,427.38**	**41,559.58**	**21,426.01**	**1,055.64**	**76,502.79**

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Notes to the Consolidated Financial Statements

for the year ended March 31 2018

1. Corporate information

The consolidated financial statements of "Heritage Foods Limited" ("the Company" or "HFL" or "Parent Company" or "Parent") and its subsidiaries (collectively referred to as "Group") are for the year ended 31 March 2018. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at #6-3-541/C, Punjagutta, Hyderabad - 500082.

The Group is principally engaged in the provision of dairy, renewable energy and cattle feed products.

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on 24 May 2018.

2. Significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Group have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')). The Group has uniformly applied the accounting policies during the periods presented.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (Referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Group has presented a reconciliation from the presentation of Financial Statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March 2017 and 1 April 2016 and of the Comprehensive net income for the year ended 31 March 2017 (refer note 51).

The consolidated financial statements have been prepared on a going concern basis under historical cost, except for the following:

- certain financial assets and liabilities are measured either at fair value or at amortised cost depending on the classification; and
- employee defined benefit assets/ (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest lakhs, except when otherwise indicated.

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

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March. When the end of the reporting period of the Parent Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill or capital reserve.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

List of entities included in the consolidated financial statement is as under:

Name of the entity	Relationship	Country of incorporation	Proportion of ownership interest as at		
			31 March 2018	31 March 2017	1 April 2016
Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited)	Subsidiary	India	100%	100%	100%
Heritage Conpro Limited*	Subsidiary	India	-	-	75.70%
Heritage Novandie Foods Private Limited(with effect from 28 November 2017)	Joint venture	India	50%	-	-
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%	44.83%
Heritage Farmer Welfare Trust	Trust	India	0%	0%	0%
Heritage Employee Welfare Trust (upto 31 March 2017)**	Trust	India	0%	0%	0%

* The Company was under liquidation as on 31 March 2017 and received High Court's dissolution order on 6July 2017.

** The Board of Directors of the Company passed a resolution on 24 March 2017 to discontinue all the activities of the trust with effect from 1 April 2017, except for loan recoveries from employees.

3. Summary of significant accounting policies

a. Business combinations and goodwill/ capital reserve

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS

109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

d. Foreign currencies

The Group's financial statements are presented in INR, which is also its functional currency**.**

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.

Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spots rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

e. Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

f. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT)/ Goods and service tax is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Revenue from Power Supply is recognised on the basis of sales to State Distribution Companies in terms of the Power Purchase Agreements (PPA) or on the basis of sales under merchant trading based on the contracted rates, as the case may be. Such Revenue is measured at the value of the

consideration received or receivable, net of trade discounts if any.

Sale of services

Revenue from job work carried for third party is recognised on percentage of completion method. Stage of completion is measured by reference to the nature and terms of the contract.

Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the statement of profit and loss.

Dividend Income

Dividend income is recognized when the Group's right to receive dividend is established.

Rental Income

Rental income arising from operating leases on investment properties is recognised on a straight-line basis over the term of the relevant lease except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

g. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

h. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference

arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

i. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 41. All notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

j. Property, plant and equipment

Capital Work in progress, Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (net of discounts and rebates), the cost of replacing the part of plant and equipment and borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the Group intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and management estimate, useful life is different from than those described in Schedule II. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

i) Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years. Useful life of each asset is determined based on internal and external technical evaluation.

ii) Furniture and Fixtures: Depreciation on Furniture and Fixtures is provided on the basis of straight line method based on the useful life ranging from 1 to 15 years.

iii) Office Equipment : Depreciation on Office Equipment is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years.

iv) Vehicles: Depreciation on vehicles is provided on the basis of straight line method based on the useful life ranging from 1 to 10 years.

v) Improvements to leasehold property: Depreciation on Improvements to leasehold property is provided over a period of lease.

vi) Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates/ methodology prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

The useful life provided for different asset classes under schedule II of the Companies Act, 2013 are as follows:

Asset class	Useful life (years)
Buildings	30
Plant and machinery	15
Furniture and Fixtures	10
Vehicles	8
Office Equipment	5

Depreciation on assets which are commissioned during the year is charged on pro -rata basis from the date of commissioning. The Group depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

k. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful

lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Group depreciates building component of investment property over the useful life prescribed in Schedule II to the Companies Act, 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

l. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite life is recognised in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Distribution network	5

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

m. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating Leases - Company as a lessee

Lease rentals are recognized as expense on a straight line basis with reference to lease terms in the Statement of Profit and Loss except where

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating Leases - Company as a lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease in the Statement of Profit and Loss except where-

(i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease; or

(ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Finance leases as lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases as lessor

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts are adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment.

o. Inventories

All inventories except stores, spares, consumables and packaging material, are valued at lower of cost and net realisable value.

- **Raw material** - Cost or net realisable value ("NRV") whichever is lower. However, these items are considered to be realisable at cost if the finished products, in which they shall be used, are expected to be sold at or above cost. Cost has been ascertained on weighted average cost method.
- **Finished goods** - Cost or NRV whichever is lower - Cost has been ascertained on weighted average cost method.
- **Stores, spares and consumables** - At cost - Cost has been ascertained on FIFO basis.
- **Work in progress** - Cost of NRV whichever is lower - Cost has been ascertained on FIFO basis.
- **Tradable goods** - Cost or NRV whichever is lower - Cost has been ascertained on moving weighted average basis.
- **Packaging material** - At Cost - Cost has been ascertained on FIFO basis.

Cost of inventories comprises following:

- Raw material, stores, spares, consumable stores and packaging material: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.
- Tradable goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

p. Impairment of non-financial assets

Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

q. Provision and contingencies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities is identified and disclosed with respect to following:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability**.**

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

r. Employee benefits

Short term benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Post-employment benefits and other long term employee benefits

Provident Fund: Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the statement of profit and loss for the year in which the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

Gratuity: The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leave Encashment: The Group operates a long term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 "Employee Benefits".

s. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument,

excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement ₹ and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Lease receivables under Ind AS 17

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss.

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instrument - Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss (refer note 46 for details).

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity

shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

u. Cash flow statement

The cash flow statement is prepared as per the Indirect Method. Cash Flow Statements present the cash flows by operating, financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non- cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

v. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

w. Cash dividends to equity holders

The Group recognises a liability to make cash distributions to equity holders of the when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

x. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating decision maker.

Vice Chairman and Managing Director, Executive Director, President and Chief Financial Officer have been identified as chief operating decision maker. Refer note 48 for segment information.

4. Key accounting estimates, judgments and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a. Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b. Taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax and determining the provision for income taxes.

c. Defined benefit plans and other long term benefit plan

The cost and present value of the defined benefit gratuity plan and leave encashment (other long term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group.

e. Business combinations

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable assets to be fair valued. Significant estimates are required to be made in determining the value of identifiable assets acquired. These valuations are conducted by independent valuation experts.

f. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

5. Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

a. Ind AS 115, Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhances disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual period beginning on or after 1 April 2018.

The Group plans to adopt the new standard on the required effective date using modified retrospective application method. In most of the contracts with customers, sale of goods is generally expected to be the only performance obligation. Hence adoption of Ind AS 115 is not expected to have any major impact on the Group revenue and profit or loss.

b. Amendments to Ind AS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that in the scope of the amendments.

c. Transfers of Investment Property – Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Group will apply amendments when they become effective. However, the Group does not foresee any significant impact on its financial statements due to these amendments.

Summary of significant accounting policies and other explanatory information

6. Property, plant and equipment

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

	Land	Freehold buildings	Leasehold improve-ments	Freehold Plant and equipment	Furni-ture and fixtures	Freehold Office equipment	Leasehold office equipment	Vehicles	Total
Deemed cost as at 1 April 2016	**2,003.35**	**7,576.43**	**637.41**	**18,059.72**	**1,252.76**	**899.97**	**171.61**	**220.62**	**30,821.87**
Additions	238.52	2,274.69	129.68	8,434.21	114.64	424.96	-	186.53	**11,803.23**
Disposals/transfer	163.83	1,184.01	735.84	6,871.99	1,251.48	944.44	171.61	28.38	**11,351.58**
Balance as at 31 March 2017	**2,078.04**	**8,667.11**	**31.25**	**19,621.94**	**115.92**	**380.49**	**-**	**378.77**	**31,273.52**
Additions (refer note (d) below)	2,196.63	2,030.83	1.97	10,292.80	51.44	732.85	348.43	117.96	**15,772.91**
Disposals/transfer	-	482.00	1.97	1,668.32	11.24	326.55	-	13.19	**2,503.27**
Balance as at 31 March 2018	**4,274.67**	**10,215.94**	**31.25**	**28,246.42**	**156.12**	**786.79**	**348.43**	**483.54**	**44,543.16**
Accumulated depreciation									
Up to 1 April 2016	-	-	-	-	-	-	-	-	**-**
Depreciation charge for the year	-	325.65	-	1,866.74	21.51	99.29	-	71.29	**2,384.48**
Depreciation for discontinued operations	-	73.83	130.20	662.73	130.10	175.36	17.72	1.30	**1,191,24**
Adjustments for disposals/ transfer	-	9.40	130.20	1,250.35	135.90	268.78	17.72	16.49	**1,828.84**
Impairment loss	-	-	-	67.96	-	2.30	-	-	**70.26**
Balance as at 31 March 2017	**-**	**390.08**	**-**	**1,347.08**	**15.71**	**8.17**	**-**	**56.10**	**1,817.14**
Depreciation charge for the year	-	377.19	1.48	2,557.72	31.49	202.76	32.70	73.59	**3,276.93**
Adjustments for disposals/transfer	-	149.01	-	1,283.85	10.37	197.06	-	11.74	**1,652.03**
Impairment loss	-	-	-	22.08	-	18.20	-	-	**40.28**
Balance as at 31 March 2018	**-**	**618.26**	**1.48**	**2,643.03**	**36.83**	**32.07**	**32.70**	**117.95**	**3,482.32**
Net book value as at 1 April 2016 (Deemed cost)	2,003.35	7,576.43	637.41	18,059.72	1,252.76	899.97	171.61	220.62	30,821.87
Net book value as at 31 March 2017	2,078.04	8,277.03	31.25	18,274.86	100.21	372.32	-	322.67	29,456.38
Net book value as at 31 March 2018	**4,274.67**	**9,597.68**	**29.77**	**25,603.39**	**119.29**	**754.72**	**315.73**	**365.59**	**41,060.84**

Deemed cost as at 1 April 2016

	Land	Freehold buildings	Leasehold improve-ments	Freehold Plant and equipment	Furniture and fixtures	Freehold Office equipment	Leasehold office equip-ment	Vehicles	Total
Gross block as on 1 April 2016	2,003.35	10,906.06	1,753.98	29,484.24	2,203.82	3,007.42	192.17	430.05	**49,981.09**
Less: Accumulated depreciation till 1 April 2016	-	3,329.63	1,116.57	11,424.52	951.06	2,107.45	20.56	209.43	**19,159.22**
Net block at deemed cost	**2,003.35**	**7,576.43**	**637.41**	**18,059.72**	**1,252.76**	**899.97**	**171.61**	**220.62**	**30,821.87**

Notes:

(a) For details of assets pledged as security, refer Note 19(a) and 19(b).

(b) Borrowing cost capitalised during the year ended 31 March 2018 is ₹ 33.44 (31 March 2017: ₹ 46.85)

(c) The group has elected to measure all its property, plant and equipment at the previous GAAP carrying amount at the date of transition to Ind AS. Refer note 51.

(d) Includes additions on account of business combination amounting to ₹ 1,415.42 (refer note 42).

Summary of significant accounting policies and other explanatory information

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

7. Other intangible assets

	Computer Software	Brand names	Non-compete	Procure-ment net-work	Distribution Network	Total
Deemed cost						
As at 1 April 2016	**164.12**	**-**	**-**	**-**	**-**	**164.12**
Additions	6.55	-	-	-	-	**6.55**
Disposal/transfer	54.81	-	-	-	-	**54.81**
As at 31 March 2017	**115.86**	**-**	**-**	**-**	**-**	**115.86**
Additions (refer note (b) below)	288.05	745.52	321.84	432.00	502.46	**2,289.87**
As at 31 March 2018	**403.91**	**745.52**	**321.84**	**432.00**	**502.46**	**2,405.73**
Accumulated amortization						
Up to 1 April 2016	-	-	-	-	-	**-**
Charge for the year	103.28	-	-	-	-	**103.28**
Adjustment for discontinued operations	36.30	-	-	-	-	**36.30**
Up to 31 March 2017	**66.98**	**-**	**-**	**-**	**-**	**66.98**
Charge for the year	61.20	144.61	104.04	83.80	97.46	**491.11**
Up to 31 March 2018	**128.18**	**144.61**	**104.04**	**83.80**	**97.46**	**558.09**
Net carrying amount						
As at 1 April 2016 (Deemed Cost)	164.12	-	-	-	-	164.12
As at 31 March 2017	48.88	-	-	-	-	48.88
As at 31 March 2018	**275.73**	**600.91**	**217.80**	**348.20**	**405.00**	**1,847.64**

Note:

(a) The Company has elected to measure all its other intangible assets and investment property at the Indian GAAP carrying amount at the date of transition to Ind AS. Refer Note 51.

(b) Includes additions on account of business combination amounting to ₹ 2,001.82 (refer note 42).

(c) Gross block and accumulated depreciation of Computer software as on 1 April 2016 amounted to ₹ 1,502.71 and ₹ 1,338.59 respectively. Net carrying value amounting to ₹ 164.12 has been considered as deemed cost as at 1 April 2016.

8. Investment property

	Land	Building	Total
Deemed cost			
As at 1 April 2016	10.75	110.25	121.00
Additions/ transfer	-	12.55	12.55
As at 31 March 2017	**10.75**	**122.80**	**133.55**
Additions/ transfer	-	287.66	287.66
As at 31 March 2018	**10.75**	**410.46**	**421.21**

Summary of significant accounting policies and other explanatory information

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

	Land	Building	Total
Depreciation			
Up to 1 April 2016	**-**	**-**	**-**
Depreciation charge for the year	-	9.40	9.40
Up to 31 March 2017	**-**	**9.40**	**9.40**
Depreciation charge for the year	-	14.60	14.60
Up to 31 March 2018	**-**	**24.00**	**24.00**
Net carrying amount			
As at 1 April 2016 (Deemed Cost)	10.75	110.25	**121.00**
As at 31 March 2017	10.75	113.40	**124.15**
As at 31 March 2018	**10.75**	**386.46**	**397.21**

(a) Deemed cost as at 1 April 2016

	Land	Building	Total
Gross block as on 1 April 2016	10.75	143.01	**153.76**
Less: Accumulated depreciation till 1 April 2016	-	32.76	**32.76**
Net block at deemed cost	10.75	110.25	**121.00**

(b) Information of net income derived from Investment property

	31 March 2018	31 March 2017
Lease rental income (refer note 26)	150.03	50.90
Less: Depreciation	14.60	9.40
Net income from Investment property	**135.43**	**41.50**

(c) Description of valuation techniques and key assumptions used

	31 March 2018	31 March 2017
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month	18	18
Rental growth per annum	5%	5%
Discount rate	10%	10%

(d) Changes in fair value of Investment property is shown below:

	Amount
Fair value as on 1 April 2016	1,422.90
Changes during the year	-
Fair value as on 31 March 2017	**1,422.90**
On account of additions/transfer during the year	1,809.63
Fair value as on 31 March 2018	**3,232.53**

Summary of significant accounting policies and other explanatory information

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

9. Investment in associate and joint venture

	31 March 2018	31 March 2017	1 April 2016
Unquoted			
Investment in associate			
650,000 (31 March 2017: 650,000, 1 April 2016: 650,000) equity shares of ₹ 10 each fully paid held in SKIL Raigam Power (India) Limited	65.00	65.00	65.00
Less: Share of accumulated losses	10.06	8.74	8.65
	54.94	**56.26**	**56.35**
Investment in joint venture			
100,000 (31 March 2017: Nil, 1 April 2016: Nil) equity shares of ₹ 10 each fully paid held in Heritage Foods Novandie Private Limited	10.00	-	-
Less: Share of accumulated losses	**8.16**		
	1.84	**-**	**-**
	56.78	**56.26**	**56.35**

10. Investments

	31 March 2018	31 March 2017	1 April 2016
Non current			
Investments at fair value through other comprehensive income ("FVTOCI")			
Investments in equity instruments			
363 (31 March 2017: 363, 1 April 2016: 363) quoted equity shares of ₹ 10 each fully paid held in Andhra Bank	0.15	0.21	0.19
1,740 (31 March 2017: 1,740, 1 April 2016: 1,740) quoted equity shares of ₹ 2 each fully paid held in Bank of Baroda	2.47	3.01	2.54
4,462,855 (31 March 2017: 4,462,855, 1 April 2016: Nil) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited (refer note (a) below)	24,619.34	11,931.44	-
223,093 (31 March 2017: Nil, 1 April 2016: Nil) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (b) below)	407.59	-	-
200,000 (31 March 2017: 200,000, 1 April 2016: 200,000) unquoted equity shares of ₹ 10 each fully paid held in Heritage Finlease Limited	26.02	26.02	26.02
	25,055.57	**11,960.68**	**28.75**
Investments at fair value through profit or loss ("FVTPL")			
13,384,565 (31 March 2017: 13,384,565, 1 April 2016: Nil) quoted equity shares of ₹ 2 each fully paid held in Future Retail Limited (refer note (a) below)	73,835.95	35,783.63	-
669,278 (31 March 2017: Nil, 1 April 2016: Nil) quoted equity shares of ₹ 5 each fully paid held in Praxis Home Retail Limited (refer note (b) below)	1,222.77	-	-
	75,058.72	**35,783.63**	**-**

Summary of significant accounting policies and other explanatory information

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

	31 March 2018	31 March 2017	1 April 2016
Investments at amortized cost			
Investments in government securities	1.12	0.26	2.37
	1.12	**0.26**	**2.37**
	100,115.41	**47,744.57**	**31.12**
Aggregate book value of quoted investments	100,088.27	47,718.29	2.73
Aggregate market value of quoted investments	100,088.27	47,718.29	2.73
Aggregate value of unquoted investments	27.14	26.28	28.39
Current			
Investments at amortized cost			
Investments in government securities	0.42	1.17	1.65
	0.42	**1.17**	**1.65**
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate value of unquoted investments	0.42	1.17	1.65

Notes :

(a) As on 31 March 2017, the equity shares were in the process of allotment.

(b) The Company has been alloted equity shares pursuant to the composite scheme of arrangement between Future Retail Limited, Bluerock eServices Private Limited, Praxis Home Retail Limited and their respective shareholders.

11. Other financial assets

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Interest accrued but not due on bank deposits	11.67	16.55	11.71
Earmarked balances with banks	19.09	17.25	16.09
Margin money deposit with banks	44.46	38.73	35.28
	75.22	**72.53**	**63.08**
Current			
Interest accrued but not due on bank deposits	28.37	4.87	23.03
	28.37	**4.87**	**23.03**

Summary of significant accounting policies and other explanatory information

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

12. Other assets

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Considered good			
Capital advances	419.68	205.95	44.40
Prepaid expenses	2.80	4.51	5.29
Balance with statutory authorities	-	-	127.07
	422.48	**210.46**	**176.76**
Considered doubtful			
Capital Advances	11.58	10.23	10.23
Less: Allowance for doubtful capital advances	11.58	10.23	10.23
	-	**-**	**-**
	422.48	**210.46**	**176.76**
Current			
Considered good			
Balance with statutory authorities	31.57	0.42	2.79
Prepaid expenses	146.72	104.76	214.47
Other Advances	688.45	423.66	214.79
	866.74	**528.84**	**432.05**
Considered doubtful			
Other Advances	69.65	-	-
Less: Provision for doubtful advances	69.65	-	-
	-	**-**	**-**
	866.74	**528.84**	**432.05**

No advances are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 43 for dues from related parties.

13. Inventories

	31 March 2018	31 March 2017	1 April 2016
(refer note 3(o))			
Raw materials (including goods in transit of ₹ 13.02 (31 March 2017: ₹ 18.01, 1 April 2016: Nil))	4,699.01	6,001.04	124.94
Work-in-progress	77.95	27.73	42.77
Semi Finished goods	2,839.26	1,214.15	5,874.56
Finished goods	6,671.81	4,062.86	2,831.46
Stock-in-trade (including stock in transit of ₹ 4.91 (31 March 2017: Nil, 1 April 2016: Nil))	206.16	151.66	4,742.29
Packing material (including goods in transit of Nil (31 March 2017: ₹ 10.07, 1 April 2016: ₹ 51.24))	652.83	606.28	672.05
Stores, spares and consumables (including goods in transit of Nil (31 March 2017: ₹ 12.31, 1 April 2016: ₹ 27.08))	327.90	205.24	203.04
	15,474.92	**12,268.96**	**14,491.11**

Balance as on 1 April 2016 includes inventories to the tune of ₹ 4,889.20 pertaining to discontinued operations. Refer note 41.

Summary of significant accounting policies and other explanatory information

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

14. Trade receivables

	31 March 2018	31 March 2017	1 April 2016
Unsecured			
Considered good	1,289.76	1,548.56	2,851.24
Considered doubtful	422.13	358.96	128.94
	1,711.89	**1,907.52**	**2,980.18**
Less: Allowance for doubtful debts	422.13	358.96	128.94
Less: Expected credit loss	0.34	0.47	-
	1,289.42	**1,548.09**	**2,851.24**

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 43 for dues from related parties.

15. Cash and Bank Balances

		31 March 2018	31 March 2017	1 April 2016
(i)	**Cash and cash equivalents**			
	Balances with banks in current accounts	5,777.68	4,444.69	4,193.15
	Cash on hand	243.53	152.55	265.61
		6,021.21	**4,597.24**	**4,458.76**
(ii)	**Other bank balances**			
	Earmarked balance with banks			
	Unpaid dividend	97.68	80.88	64.44
	Other deposits	1.86	1.86	1.77
	Margin money deposit with banks	17.37	28.60	16.31
	Fixed deposits with maturity of more than 3 months but less than 12 months	744.33	785.65	598.86
		861.24	**896.99**	**681.38**

16. Loans

	31 March 2018	31 March 2017	1 April 2016
Non Current			
Unsecured, considered good			
Loans to employees	0.45	0.63	5.90
Security deposits	411.95	408.82	2,194.16
	412.40	**409.45**	**2,200.06**
Current			
Unsecured, considered good			
Loans to employees	7.49	8.74	26.94
Loans to others	200.68	238.27	121.67
Security deposits	229.23	220.77	309.67
	437.40	**467.78**	**458.28**
Unsecured, considered doubtful			
Loans to others	7.16	7.16	17.05
Security deposits	-	-	81.89
Less: Allowance for doubtful loans and security deposits	7.16	7.16	98.94
	437.40	**467.78**	**458.28**

Summary of significant accounting policies and other explanatory information

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

17. Equity share capital

i. Authorised share capital

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares of ₹ 5 each (31 March 2017: ₹ 10 each, 1 April 2016: ₹ 10 each)	9,60,00,000	4,800.00	4,80,00,000	4,800.00	4,80,00,000	4,800.00
Preference shares of ₹ 10 each	20,00,000	200.00	20,00,000	200.00	20,00,000	200.00
		5,000.00		**5,000.00**		**5,000.00**

ii. Issued, subscribed and fully paid up

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares of ₹ 5 each (31 March 2017: ₹ 10 each, 1 April 2016: ₹ 10 each)	4,63,98,000	2,319.90	2,31,99,000	2,319.90	2,31,99,000	2,319.90
	4,63,98,000	**2,319.90**	**2,31,99,000**	**2,319.90**	**2,31,99,000**	**2,319.90**

iii. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares						
At the beginning of the year	2,31,99,000	2,319.90	23,199,000	2,319.90	23,199,000	2,319.90
Add: Increase on account of subdivision (refer note viii)	2,31,99,000	-	-	-	-	-
At the end of the year	**4,63,98,000**	**2,319.90**	**2,31,99,000**	**2,319.90**	**2,31,99,000**	**2,319.90**

iv. Rights, preferences and restrictions attached to equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹ 5 each per share (31 March 2017:₹ 10 each, 1 April 2016: ₹ 10 each). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

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

v. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	31 March 2018		31 March 2017		1 April 2016	
	Number	% holding	Number	% holding	Number	% holding
Nara Bhuvaneswari	1,06,61,652	22.98%	5,330,826	22.98%	53,30,826	22.98%
Nirvana Holdings Private Limited	51,45,684	11.09%	2,572,842	11.09%	25,72,842	11.09%
Nara Lokesh	47,32,800	10.20%	2,366,400	10.20%	23,66,400	10.20%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	1,223,800	5.28%	12,23,800	5.28%
V Sudha Sarda	-	-	1,162,750	5.01%	11,91,182	5.13%

Summary of significant accounting policies and other explanatory information

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

vi. Details of aggregate number of equity shares alloted as bonus shares during the period of five years immediately preceding the reporting date are as follows :

	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Bonus share of ₹ 10 each	**1,15,99,500**	1,15,99,500	1,15,99,500	1,15,99,500	1,15,99,500

vii. The Company has not issued any equity shares pursuant to contract without payment being received in cash nor brought back any equity shares during the last five years.

viii. During the year, the equity shares of the Company having face value of ₹ 10 each were subdivided into 2 equity shares having a face value of ₹ 5 each. Accordingly 23,199,000 equity shares of face value of ₹ 10 each were sub divided into 46,398,000 equity shares of face value of ₹ 5 each.

18. Other equity

	31 March 2018	31 March 2017	1 April 2016
Reserves and surplus			
Capital reserve	(149.65)	(566.39)	-
Capital redemption reserve	81.00	81.00	81.00
Securities premium reserve	3,784.14	3,784.14	3,784.14
Warrants money appropriated	318.69	318.69	318.69
General reserve	8,427.38	8,427.38	7,427.38
Retained earnings	41,559.58	36,472.07	10,800.01
Total Reserve and surplus	**54,021.14**	**48,516.89**	**22,411.22**
Item of OCI			
FVTOCI on equity instruments	21,426.01	8,243.76	13.81
	21,426.01	**8,243.76**	**13.81**
	75,447.15	**56,760.65**	**22,425.03**

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of equity shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013 ("the Act").

Capital reserve

The excess of net assets taken, over the consideration paid, if any, as part of business combination is recorded under capital reserve. Capital reserve to the extent of adverse ₹ 600.79 was created in accordance with the composite scheme of arrangement (refer note 41) and to the tune of ₹ 452.60 on acquisition of dairy business of Reliance Retail Limited (refer note 42).

Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Act.

Warrants money appropriated

Warrants money apportioned reserve represents forfeiture of share application money made during the previous years.

General reserve

The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

Summary of significant accounting policies and other explanatory information

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

FVTOCI equity instruments

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

19. Borrowings

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Secured			
Term loans from banks (refer note a)	13,296.20	6,585.22	5,547.60
Deferred payment liabilities	739.77	791.82	864.98
	14,035.97	**7,377.04**	**6,412.58**
Unsecured			
Finance lease obligations (refer note 45)	194.77	-	115.29
	194.77	**-**	**115.29**
	14,230.74	**7,377.04**	**6,527.87**
Current			
Secured			
Loans repayable on demand from banks (refer note b)	8,667.04	4,087.71	3,925.16
	8,667.04	**4,087.71**	**3,925.16**
Unsecured			
Loans repayable on demand from banks (refer note b)	1,747.08	2,500.00	-
	1,747.08	**2,500.00**	**-**
	10,414.12	**6,587.71**	**3,925.16**

Reconciliation of liabilities as at 31 March 2018 arising from financial activities*

	Borrowings
Opening balance as at beginning of the year	8,318.07
Proceeds from long term borrowings	10,248.36
Repayment of long term borrowings	(1,735.19)
Others	(39.90)
Closing balance as at end of the year	**16,791.34**

*Borrowings include current and non-current portions of term loans from banks, finance lease obligations.

Summary of significant accounting policies and other explanatory information

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

(a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*			Interest rate	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016	(%)		
1	Andhra Bank	560.74	969.91	1,265.56	Base rate + 0.25% per annum	Repayable in 16 quarterly installments commenced from September 2015 and ending in June 2019.	- First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company along with consortium banks and Yes Bank.
2	Andhra Bank	500.00	600.00	-	One Year MCLR + 0.45% per annum	Repayable in 24 quarterly installments commenced from June 2017 and ending in March 2023	- First pari passu charge on all the fixed assets of Hindupur cattle feed plant of the Company. - Second charge on current assets of the cattle feed division of the Company
3	Andhra Bank	328.08	392.73	-	One year MCLR +0.45% per annum	Repayable in 24 quarterly installments commenced from June 2017 and ending in March 2023.	- First pari passu charge on present and future fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company along with consortium banks.
4	Bank of Baroda	1,981.39	1,027.77	-	One year MCLR +0.35% per annum	Repayable in 24 quarterly installments commencing from May 2018 and ending in February 2024.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
5	Bank of Baroda	611.75	-	-	One year MCLR + premium +0.40% per annum	Repayable in 24 quarterly installments commencing from May 2019 and ending in February 2025.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
6	Bank of Baroda	-	-	756.88	Base rate + 0.75% per annum	The loan has been repaid during the year ended 31 March 2017.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
7	HDFC Bank	1,095.43	-	-	One year MCLR per annum	Repayable in 26 quarterly installments commencing from May 2018 and ending in August 2024.	-Exclusive charge on wind assets along with mortgage of land on which such machine is erected.
8	HDFC Bank	913.42	995.68	-	One year MCLR per annum	Repayable in 24 quarterly installments commenced from December 2017 and ending in September 2023.	-Exclusive charge on wind assets along with mortgage of land on which such machine is erected.

Summary of significant accounting policies and other explanatory information

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

S. No	Name	Outstanding balance as on*			Interest rate	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016	(%)		
9	HDFC Bank	831.36	-	-	One year MCLR per annum	Repayable in 24 quarterly installments commencing from February 2019 and ending in November 2024.	-Exclusive charge on assets acquired and exclusive charge on the land and building in relation to the assets being acquired.
10	HDFC Bank	830.65	996.25	715.79	One year MCLR +0.15% per annum	Repayable in 24 quarterly installments commencing from May 2017 and ending in February 2023.	-Exclusive charge on wind assets installed by the Company.
11	Kotak bank	3,492.10	-	-	One year MCLR + spread per annum	Repayable in 24 quarterly installments commencing from April 2018 and ending in January 2024.	- First pari passu hypothecation charge on all existing and future movable fixed assets of the Company's dairy division.
12	Yes bank	944.61	-	-	One year MCLR per annum	Repayable in 24 quarterly installments commencing from September 2018 and ending in June 2024.	-Exclusive charge on assets financed by the loan taken.
13	Yes bank	484.03	573.70	641.32	One year MCLR + spread per annum	Repayable in 20 quarterly installments commenced from September 2015 and ending in June 2020.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
14	Yes bank	-	-	928.47	Base rate + 0.75% per annum	The loan has been repaid during the year ended 31 March 2017.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.
15	ICICI Bank	1,557.07	-	-	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commencing from December 2018 and ending in September 2024.	- First pari passu charge on present and future fixed assets of the Company excluding assets funded by HDFC and YES bank. - Second pari passu charge on current assets of the Company
16	ICICI Bank	1,091.08	833.55	-	One year IMCLR + spread per annum	Repayable in 24 quarterly installments commenced from December 2017 and ending in September 2023.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on movable assets of the Company with Kotak Mahindra bank

Summary of significant accounting policies and other explanatory information

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

S. No	Name	Outstanding balance as on*			Interest rate	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016	(%)		
17	ICICI Bank	1,041.39	1,336.46	1,413.36	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 20 quarterly installments commenced from December 2016 and ending in September 2021.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
18	ICICI Bank	179.80	537.99	834.58	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	Repayable in 16 quarterly installments commenced from October 2014 and ending in July 2018.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
19	ICICI Bank	-	54.03	267.87	9.5% per annum	The loan has been repaid during the year ended 31 March 2018.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
20	ICICI Bank	-	-	747.48	IBASE and spread per annum plus applicable interest tax or other statutory levy if any	The loan has been repaid during the year ended 31 March 2017.	- First pari passu charge on movable and immovable fixed assets of the Company along with other consortium bankers. - Second pari passu charge on current assets of the Company.
		16,442.90	**8,318.07**	**7,571.31**			

*Including current maturities of term loans from banks

Summary of significant accounting policies and other explanatory information

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

(b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on			Interest rate (%)	Repayment terms	Type of security
		31 March 2018	31 March 2017	1 April 2016			
1	Bank of Baroda	3,708.64	1,967.07	885.82	One year MCLR + 0.4% per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
2	Andhra Bank	2,049.19	1,435.04	2,268.53	One year MCLR + 0.6% per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
3	ICICI bank	2,717.99	685.60	770.81	six months IMCLR + spread per annum	Repayable on demand.	First pari passu charge on current assets and extension of first pari passu charge on fixed assets of the Company.
4	HDFC Bank	-	1,000.00	-	9.2% per annum	The loan has been repaid during the year ended 31 March 2018.	Unsecured loan given by the bank.
5	HDFC Bank	-	1,500.00	-	9.2% per annum	The loan has been repaid during the year ended 31 March 2018.	Unsecured loan given by the bank.
6	HDFC Bank	1,747.08	-	-	6 months MCLR per annum	Repayable on demand.	Unsecured loan given by the bank.
7	Kotak Bank	191.22	-	-	One year MCLR + Spread per annum	Repayable on demand.	First charge on current assets of the cattle feed division of the Company.
		10,414.12	**6,587.71**	**3,925.16**			

Summary of significant accounting policies and other explanatory information

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

20. Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Derivative contracts (refer note 46)	42,558.72	3,854.87	-
	42,558.72	**3,854.87**	**-**
Current			
Current maturities of deferred payment liabilities	52.05	73.15	22.88
Current maturities of term loans from banks (refer note 19(a))	3,146.70	1,732.85	2,023.71
Current maturities of finance lease obligations (refer note 45)	153.67	-	31.61
Interest accrued but not due on borrowings	76.30	43.65	25.47
Freight payable	1,054.21	763.91	645.77
Capital creditors	2,323.74	2,085.02	941.29
Employee related payables	1,892.22	1,879.63	2,164.27
Security deposits	2,276.49	1,539.28	1,374.19
Unpaid dividend	97.68	80.88	64.44
Other payables	2,823.62	3,428.53	2,430.03
	13,896.68	**11,626.90**	**9,723.66**

21. Provisions

	31 March 2018	31 March 2017	1 April 2016
Non-current			
Compensated absences	590.03	496.95	551.54
	590.03	**496.95**	**551.54**
Current			
Gratuity (refer note a below)	90.77	17.48	19.52
Compensated absences	638.20	587.18	559.94
Others	-	4.05	-
	728.97	**608.71**	**579.46**

(a) **Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit in accordance with Payment of Gratuity Act, 1972.

(i) **Change in projected benefit obligation**

	31 March 2018	31 March 2017
Projected benefit obligation at the beginning of the year	545.33	614.22
Service cost	124.39	127.38
Interest cost	39.19	48.52
Remeasurements - actuarial loss, net	61.79	9.37
Transfer pursuant to Composite scheme of arrangement (refer note 42)	-	(207.68)
Benefits paid	(93.66)	(46.48)
Projected benefit obligation at the end of the year	**677.04**	**545.33**

Summary of significant accounting policies and other explanatory information

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

(ii) **Change in fair value of plan assets**

	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the year	527.85	594.70
Interest income	48.45	75.39
Contribution made during the year	119.58	101.57
Remeasurments - return on plan assets excluding amounts included in interest income	(10.98)	10.35
Benefits paid	(93.66)	(46.48)
Transfer to subsidiary	(4.97)	-
Transfer pursuant to Composite scheme of arrangement (refer note 42)	-	(207.68)
	586.27	**527.85**

(iii) **Reconciliation of present value of obligation on the fair value of plan assets**

Present value of projected benefit obligation at the end of the year	677.04	545.33
Funded status of the plans	586.27	527.85
Net liability recognised in the balance sheet	**90.77**	**17.48**

(iv) **Expense recognized in the statement of profit and loss**

Interest cost	39.19	48.52
Service cost	124.39	127.38
Interest income	(48.45)	(75.39)
Net gratuity costs	**115.13**	**100.51**

(v) **Expense recognized in OCI**

Actuarial loss, net	61.79	9.37
Return on plan assets	10.98	(10.35)
	72.77	**(0.98)**

(vi) **Key actuarial assumptions**

Discount rate	7.73% - 7.75%	7.40%
Salary escalation rate	5.00%	5.00%
Attrition rate	0% - 2.5%	2.50%

(vii) **Sensitivity analysis**

Reasonably possible changes as at 31 March 2018 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

	31 March 2018	
	Increase	Decrease
Discount rate (1% movement)	(48.82)	56.48
Salary escalation rate (1% movement)	96.22	(80.14)
Attrition rate (1% movement)	47.93	(53.19)

(viii) The Company expects to contribute ₹ 125.87 as its contribution to gratuity within one year from the year ended 31 March 2018.

Summary of significant accounting policies and other explanatory information

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

(ix) **Maturity analysis of Gratuity as on 31 March 2018 is as follows:**

	Amount
Within one year	62.22
2 to 5 years	73.31
6 to 10 years	80.85
More than ten years	460.66
	677.04

22. Deferred tax liabilities (net)

	31 March 2018	31 March 2017	1 April 2016
Deferred tax liabilities arising on account of :			
Borrowings measured at amortised cost	47.41	24.47	24.78
Property, plant, equipment, investment property and other intangible assets	3,069.81	2,297.44	2,325.33
	3,117.22	**2,321.91**	**2,350.11**
Deferred tax assets arising on account of :			
Provision on trade receivables and advances	(138.32)	(0.16)	(2.61)
Provision for employee benefits and bonus	(471.88)	(377.59)	(503.41)
Minimum alternate tax ("MAT") credit entitlement	(640.20)	-	-
Revaluation of investments at FVTOCI to fair value	(6.18)	(6.18)	(6.18)
	(1,256.58)	**(383.93)**	**(512.20)**
	1,860.64	**1,937.98**	**1,837.91**

Movement in deferred tax liabilities, net

	Borrowings	Property, plant, equipment, investment property and other intangible assets	Provision for employee benefits and bonus	MAT credit	Others	Total
As at 1 April 2016	**24.78**	**2,325.33**	**(503.41)**	**-**	**(8.79)**	**1,837.91**
Charged						
- to statement of profit and loss	(0.31)	(27.89)	125.48	-	2.45	**99.73**
- to OCI	-	-	0.34	-	-	**0.34**
As at 31 March 2017	**24.47**	**2,297.44**	**(377.59)**	**-**	**(6.34)**	**1,937.98**
Charged						
- to statement of profit and loss	22.94	772.37	(94.29)	(640.20)	(141.14)	**(80.32)**
- to OCI	-	-	-	-	2.98	**2.98**
As at 31 March 2018	**47.41**	**3,069.81**	**(471.88)**	**(640.20)**	**(144.50)**	**1,860.64**

23. Other liabilities

	31 March 2018	31 March 2017	1 April 2016
Current			
Advance from customers	314.11	317.98	288.20
Statutory dues payable	387.22	424.54	517.17
	701.33	**742.52**	**805.37**

Summary of significant accounting policies and other explanatory information

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

24. Trade payables

	31 March 2018	31 March 2017	1 April 2016
Dues to micro and small enterprises (refer note 47)	574.28	649.49	474.04
Dues to others	6,122.01	5,365.56	7,929.90
	6,696.29	**6,015.05**	**8,403.94**

25. Revenue from operations

	31 March 2018	31 March 2017
Sale of products (including Excise duty)	236,615.82	185,318.71
Sale of services	488.74	239.65
Other operating income	237.37	181.79
	237,341.93	**185,740.15**

26. Other income

	31 March 2018	31 March 2017
Interest income		
- Bank and other deposits	71.96	75.40
- Others	14.84	6.73
Dividend income on long term investments	4.02	4.00
Subsidy transferred from deferred government grant (under capital subsidy scheme)	36.69	1.87
Lease rental income	164.96	77.02
Provisions no longer required/ credit balances written back	214.05	118.12
Other non operating income	260.76	132.87
	767.28	**416.01**

27. Cost of materials consumed

	31 March 2018	31 March 2017
Raw Material*		
Opening stock	6,001.04	109.78
Add: Purchases during the year	176,844.66	137,606.44
Less: Inventor written off	90.15	-
Less: Closing stock	4,699.01	6,001.04
	178,056.54	**131,715.18**
Packing Material*		
Opening stock	606.28	524.31
Add: Purchases during the year	7,184.46	6,103.96
Less: Closing stock	652.83	606.28
	7,137.91	**6,021.99**
	185,194.45	**137,737.17**

* Disclosed based on derived figures, rather than actual records of issue.

Summary of significant accounting policies and other explanatory information

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

28. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central Excise Tax, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind AS and Schedule III of the Companies Act, 2013, unlike excise duty, levies such as GST, VAT etc., are not part of revenue from operations. Accordingly, the figures for the year ended 31 March 2018 and 31 March 2017 are not directly comparable.

29. Changes in inventories of finished goods, semi finished goods, stock-in- trade and work-in-progress

	31 March 2018	31 March 2017
Opening balance		
- Finished goods	4,062.86	2,805.85
- Semi finished goods	1,214.15	5,874.26
- Work-in-progress	27.73	42.51
- Stock-in-trade	151.66	51.36
	5,456.40	**8,773.98**
Closing balance		
- Finished goods	6,671.81	4,062.86
- Semi finished goods	2,839.26	1,214.15
- Work-in-progress	77.95	27.73
- Stock-in-trade	206.16	151.66
	9,795.18	**5,456.40**
	(4,338.78)	**3,317.58**

30. Employee benefit expenses

	31 March 2018	31 March 2017
Salaries and wages	11,552.98	9,314.28
Contribution to provident and other funds (refer note a below)	521.22	418.67
Staff welfare expenses	344.09	246.50
	12,418.29	**9,979.45**

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance scheme for the year ended 31 March 2018 amounts to ₹ 406.09 (31 March 2017: ₹ 318.16).

31. Finance costs

	31 March 2018	31 March 2017
Interest on borrowings calculated using effective interest method	1,728.69	937.72
Interest on income tax	20.85	12.00
Other borrowing costs	74.68	20.66
	1,824.22	**970.38**

Summary of significant accounting policies and other explanatory information

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

32. Other expenses

	31 March 2018	31 March 2017
Consumption of stores, spares and consumables	2,368.04	1,488.23
Power and fuel	2,835.33	2,611.32
Rent	528.68	395.11
Repairs and maintenance		
- Buildings	88.52	52.34
- Plant and equipment	168.99	145.65
- Others	564.10	420.69
Insurance	89.38	61.62
Electricity charges	100.54	85.74
Rates and taxes, excluding taxes on income	305.96	245.33
Freight outwards	7,079.54	5,319.79
Communication	225.85	183.81
Office maintenance	58.68	42.66
Traveling and conveyance	480.95	429.64
Legal and professional fees	841.24	442.66
Loss on sale of assets (net)	85.04	-
Payment to auditors (refer note (i) below)	65.42	39.41
Corporate social responsibility (CSR) expenditure	163.19	137.93
Selling and distribution expenses	2,119.07	1,622.40
Provision for doubtful advances (refer note 12)	71.00	-
Provision towards doubtful debts (refer note 14)	63.04	230.49
Bank charges	155.73	118.92
Advertisement expenses	204.10	100.51
Inventory written off	90.15	-
Security charges	404.22	346.57
Miscellaneous expenses	755.56	578.86
	19,912.32	**15,099.68**

(i) Details of payments to auditors:

	31 March 2018	31 March 2017
As auditor:		
- Statutory audit fee	32.65	16.45
- Tax audit fee	13.99	8.63
- Limited review fee	5.56	3.74
In other capacities:		
- Taxation matters	4.63	3.56
- Certification fees	3.64	3.61
- Reimbursement of expenses	4.95	3.42
	65.42	**39.41**

Summary of significant accounting policies and other explanatory information

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

33. Income tax

		31 March 2018	31 March 2017
(a)	**Tax expense comprises of:**		
	Current income tax	2,805.36	2,631.45
	Deferred tax expense/(benefit)	(87.47)	538.28
	Income tax expense reported in the statement of profit or loss	**2,717.89**	**3,151.73**

	31 March 2018	31 March 2017
Income tax expenses attributable to:		
Continuing operations	2,712.17	3,239.82
Discontinued operations	5.72	(88.09)
	2,717.89	**3,151.73**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% (31 March 2017: 34.608%) and the reported tax expense in the consolidated statement of profit and loss is as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	31 March 2018	31 March 2017
Profit before tax from continuing operations	8,980.11	32,330.25
Profit/ (loss) before tax from discontinued operations	11.04	(1,401.60)
Profit for the year	**8,991.15**	**30,928.65**
Tax at the Indian tax rate (34.608%)	3,111.66	10,703.79
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961	(230.09)	101.84
Effect of expenses not deductible under Income Tax Act, 1961 ("IT Act, 1961")	264.16	(847.60)
Effect of income not subject to tax under the IT Act, 1961	(288.36)	(7,291.14)
Other adjustments	(139.48)	484.84
Income tax expense	**2,717.89**	**3,151.73**

34. Earnings per share (EPS)

	31 March 2018	31 March 2017
Attribute to owners of the Company		
Profit from continuing operations	6,277.17	28,906.51
Loss from discontinued operations	-	(1,397.44)
Profit for the year	**6,277.17**	**27,509.07**
Weighted average number of equity shares outstanding during the year	4,63,98,000	4,63,98,000
Earnings per equity share ("EPES") (in absolute ₹ terms):		
Nominal value per equity share (refer note 17 (viii))	5.00	5.00
Basic and Diluted EPES from continuing operations	13.53	62.30
Basic and Diluted EPES from discontinued operations	-	(3.01)
Basic and Diluted EPES from operations	13.53	59.29

The Company did not have any potential dilutive equity shares as on 31 March 2018 and 31 March 2017.

EPES presented above has been retrospectively adjusted for all presented periods

Summary of significant accounting policies and other explanatory information

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

35. Dividend proposed before approval or issue of financial statements

The amount of dividends proposed or declared to be paid in cash before the financial statements were approved for issue but not recognised as a distribution to owners during the year ended 31 March 2018 amounts to ₹ 927.96 (₹ 2 per equity share) (31 March 2017: to ₹ 927.96 (₹ 2 per equity share)). Dividend distribution tax on such dividend distribution amounts to ₹188.91 (31 March 2017: to ₹ 188.91).

36. Fair value hierarchy

(i) Financial assets and liabilities at fair value on a recurring basis as of the reporting dates are as follows:

	31 March 2018	31 March 2017	1 April 2016
Financial assets			
Fair Value hierarchy (Level 1)			
Quoted equity shares	1,00,088.27	47,718.29	2.73
Fair Value hierarchy (Level 3)			
Unquoted equity shares	26.02	26.02	26.02
Financial Liabilities			
Fair Value hierarchy (Level 2)			
Derivative liability	42,558.72	3,854.87	-

There are no transfers between levels during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation techniques and inputs used for level 3 instruments:

The fair value of the level 3 instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018, 31 March 2017 and 1 April 2016 are as shown below:

Significant unobservable inputs	Assumption made	Sensitivity of the inputs
Future growth rate	3%	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by ₹ 8.86/(₹ 4.83) as on 31 March 2018, 31 March 2017 and 1 April 2016.
Discount rate	20%	5% increase/ (decrease) in the discount rate would result in (decrease)/ increase in fair value by (₹ 7.16)/₹ 2.4 as on 31 March 2018, 31 March 2017 and 1 April 2016.
Discount for lack of marketability (DFLM)	15%	5% increase/ (decrease) in the DFLM would result in (decrease)/ increase in fair value by (₹ 1.53)/₹ 1.53 as on 31 March 2018, 31 March 2017 and 1 April 2016.

* keeping all other inputs constant.

(iii) Reconciliation of level 3 fair value measurement :

	Amount
As at 1 April 2016	26.02
As at 31 March 2017	26.02
As at 31 March 2018	26.02

(iv) Valuation techniques and inputs used for level 2 instruments:

Derivative liability, in the nature of upside sharing is measured at fair value of equity instruments, based on quoted market prices, adjusted for the formula agreed in the Implementation agreement (refer to the note 46).

Summary of significant accounting policies and other explanatory information

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

37. Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹ 633.24, ₹ 659.49 and ₹ 633.52 as on 31 March 2018, 31 March 2017 and 1 April 2016 respectively.

Categories of financial instruments

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets									
Quoted equity shares	75,058.72	25,029.55	-	35,783.63	11,934.66	-	-	2.73	-
Unquoted equity shares	-	26.02	-	-	26.02	-	-	26.02	-
Investment in government securities	-	-	1.54	-	-	1.43	-	-	4.02
Trade receivables	-	-	1,289.42	-	-	1,548.09	-	-	2,851.24
Cash and bank balance	-	-	6,021.21	-	-	4,597.24	-	-	4,458.76
Other bank balances	-	-	861.24	-	-	896.99	-	-	681.38
Loans	-	-	849.80	-	-	877.23	-	-	2,658.34
Other financial assets	-	-	103.59	-	-	77.40	-	-	86.11
Total financial assets	**75,058.72**	**25,055.57**	**9,126.80**	**35,783.63**	**11,960.68**	**7,998.38**	**-**	**28.75**	**10,739.85**

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities									
Derivative liability	42,558.72	-	-	3,854.87	-	-	-	-	-
Deferred payment liabilities	-	-	791.82	-	-	864.97	-	-	887.86
Borrowings excluding deferred payment liabilities	-	-	27,205.46	-	-	14,905.78	-	-	11,643.37
Trade payables	-	-	6,696.29	-	-	6,015.05	-	-	8,403.94
Other financial liabilities excluding deferred payment liabilities	-	-	10,544.26	-	-	9,820.90	-	-	7,645.46
Total financial liabilities	**42,558.72**	**-**	**45,237.83**	**3,854.87**	**-**	**31,606.70**	**-**	**-**	**28,580.63**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Summary of significant accounting policies and other explanatory information

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

38. Financial risk management objectives and policies

Financial Risk Management Framework

The Group's Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Group derives directly from its operations. The Group also holds FVTOCI/ FVTPL investments and enters into derivative transactions.

The Group is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in interest rates and foreign currency rates), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

A. Credit risk

Credit risk is the risk that counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, derivative financial instruments, other balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 109,241.09, ₹ 55,742.69 and ₹ 10,768.6 as of 31 March 2018, 31 March 2017 and 1 April 2016 respectively, being the total of the carrying amount of financial assets.

Financial assets that are neither past due nor impaired

None of the Group's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2018.

Financial assets that are past due but not impaired

The Group's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables that are past due but not impaired is given below:

	31 March 2018	31 March 2017	1 April 2016
Past due not impaired:			
0-30 days	946.66	1,119.49	2,696.56
31-60 days	232.32	409.30	115.61
61-90 days	31.90	9.06	18.29
Greater than 90 days	78.54	10.24	20.78
	1,289.42	**1,548.09**	**2,851.24**

Summary of significant accounting policies and other explanatory information

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

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of Balance Sheet whether a financial asset or a Group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

B. Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 March 2018	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	10,414.12	3,300.37	13,490.97	**27,205.46**
Deferred payment liabilities	-	52.05	739.77	**791.82**
Trade payables	-	6,696.29	-	**6,696.29**
Other financial liabilities	-	10,544.26	-	**10,544.26**
Derivatives	-	-	42,558.72	**42,558.72**
Total	**10,414.12**	**20,592.97**	**56,789.46**	**87,796.55**

31 March 2017	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	6,587.71	1,732.85	6,585.22	**14,905.78**
Deferred payment liabilities	-	73.15	791.82	**864.97**
Trade payables	-	6,015.05	-	**6,015.05**
Other financial liabilities	-	9,820.90	-	**9,820.90**
Derivatives	-	-	3,854.87	**3,854.87**
Total	**6,587.71**	**17,641.95**	**11,231.91**	**35,461.57**

1 April 2016	On demand	Up to 1 year	More than 1 year	Total
Borrowings excluding deferred payment liabilities	3,925.16	2,055.32	5,662.89	**11,643.37**
Deferred payment liabilities	-	22.88	864.98	**887.86**
Trade and other payables	-	8,403.94	-	**8,403.94**
Other financial liabilities	-	7,645.46	-	**7,645.46**
Total	**3,925.16**	**18,127.60**	**6,527.87**	**28,580.63**

C. Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

Summary of significant accounting policies and other explanatory information

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

i. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term obligations with floating interest rates.

For the years ended 31 March 2018 and 31 March 2017, every 50 basis point decrease in the floating interest rate component applicable to the Group's borrowings would have decrease the loss by approximately ₹ 46.81 and ₹ 20.01 respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency.

The carrying amount of the Group's foreign currency denominated monetary items in ₹ as at 31 March 2018, 31 March 2017 and 1 April 2016 are as follows:

Financial assets - Trade receivables

	31 March 2018	31 March 2017	1 April 2016
- United States Dollar (USD)	-	405.84	107.45

Financial liabilities- capital creditors

	31 March 2018	31 March 2017	1 April 2016
- EURO	87.03	-	-

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in Euro exchange rate, with all other variables held constant.

Particulars	Impact on profit before tax for the year ended	
	31 March 2018	31 March 2017
USD sensitivity		
₹/USD - Increase by 5%	-	20.29
₹/USD - Decrease by 5%	-	(20.29)
EURO sensitivity		
₹/EURO - Increase by 5%	(4.35)	-
₹/EURO - Decrease by 5%	4.35	-

ii. Equity price risk:

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Summary of significant accounting policies and other explanatory information

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

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 26.02. Sensitivity analyses of these investments have been provided in Note 36.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 100,088.27 (31 March 2017: ₹47,718.29, 1 April 2016: ₹ 2.73). A decrease of 5% in market price of the securities, after considering the impact of implementation agreement, which are measured at FVTPL, would have an adverse impact of ₹ 984.09 (31 March 2017: ₹ 447.3) on the Statement of Profit and loss of the Company, and an increase in prices, a vice versa impact. Further decrease of 5% in market price of the securities, after considering the impact of implementation agreement, which are measured at FVTOCI, would have an adverse impact of ₹ 328.25 (31 March 2017: ₹ 149.3) on the OCI of the Company, and an increase in prices, a vice versa impact.

39. Capital risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 10% and 25%. The Group includes within net debt, borrowings from banks and finance lease obligations, less cash and cash equivalents.

	31 March 2018	31 March 2017	1 April 2016
Borrowings from banks and finance lease obligations (note 19 ad 20)	27,205.46	14,905.78	11,643.37
Less: Cash and cash equivalents (note 15)	(6,021.21)	(4,597.24)	(4,458.76)
Net debt	**21,184.25**	**10,308.54**	**7,184.61**
Total equity	78,822.72	60,144.55	25,540.82
Capital and net debt	100,006.97	70,453.09	32,725.43
Net debt to equity ratio (%)	**21.18%**	**14.63%**	**21.95%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings from banks that define capital structure requirements. Breaches in meeting the financial covenants would permit the bankers to immediately call back the borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

40. Disclosure of interest in joint venture and associate:

	Nature of relationship	Country of Incorporation	Ownership interest in the Company (%)		
			31 March 2018	31 March 2017	1 April 2016
SKIL Raigam Power (India) Limited	Associate	India	44.83%	44.83%	44.83%
Heritage Novandie Foods Private Limited (with effect from 28 November 2017)	Joint venture	India	50%	0%	0%

Summary of significant accounting policies and other explanatory information

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

41. Discontinued operations

(I) Discontinued operations of Retail undertaking

(A) Composite Scheme of Arrangement among the Company, Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited), Future Retail Limited and their respective shareholders and creditors:

(i) The National Company Law Tribunal ("NCLT") for the state of Telangana and Andhra Pradesh has approved the Composite Scheme of Arrangement ("the scheme") between the Company ("Transferor Company" or "HFL"), Heritage Nutrivet Limited (formerly known as Heritage Foods Retail Limited) (wholly owned subsidiary of HFL) ("Transferee Company" or "Demerged Company" or "HNL"), Future Retail Limited ("Resulting Company" or "FRL") and their respective shareholders and creditors vide its order dated 3 May 2017. Based on the internal evaluation, management of the Company determined that the Scheme duly approved by the NCLT is generally considered as an order of law. Therefore, the accounting treatment prescribed under the Scheme overrides the accounting principles prescribed under the Ind AS. Accordingly, the accounting treatment provided under the scheme has been considered to effect such arrangement in the books of account. In contrast, in case the Company had recognized the said scheme under Ind AS then the impact would have been as detailed below:

	For the year ended 31 March 2017
Impact of the scheme on profit after tax for the year	8,229.96
Impact of the scheme on OCI for the year	(8,229.96)
Impact of the scheme on total comprehensive income for the year	-
Par value per share	5.00
Increase in Basic and Diluted EPES (not annualised) from discontinued and continuing operations	**17.74**

(ii) The composite scheme of arrangement has been implemented by HFL and HNL as below:

(a) The Company transferred its 'Retail undertaking' (comprising Retail, Agri and Bakery business segments) and 'VetCa undertaking' (comprising VetCa business segment) by way of Slump Sale to the HNL with effect from the slump sale appointed date (i.e. Commencement of business on 1 November 2016) for a lump sum consideration. From the slump sale appointed date and to the effective date, the Company was carrying on the business of 'Retail Undertaking' and 'VetCa Undertaking' on the behalf of transferee company.

(b) HNL demerged the 'Retail undertaking' to FRL with effect from the demerger appointed date (i.e. Close of business on 31 March 2017) and reduced its share capital through cancellation of shares held by its existing shareholders by utilising security premium account.

(iii) In accordance with the scheme, the accounting treatment has been given in the financial statements as follows:

(a) The Company has transferred net assets of ₹ 13,449.02 (Assets of ₹ 20,538.94 and Liabilities of ₹ 7,089.92) as at commencement of business on 1 November 2016 of 'Retail undertaking' and 'VetCa undertaking' to the transferee company for a lump sum consideration of ₹ 13,500, which is agreed to be discharged by the transferee company by way of allotment of 1,40,00,000 equity shares at ₹ 96.43 per share having face value ₹ 10 each and at a premium of ₹ 86.43 per share to the Company. The Company accounted the consideration of ₹ 13,500 as investment in HNL. The difference of ₹ 50.98 between the value of consideration and net value of assets and liabilities has been accounted as Capital reserve. The business transactions of 'Retail Undertaking' and 'VetCa Undertaking' from 1 November 2016 to 31 March 2017 have been reported in the financial statements of the transferee company i.e. HNL.

(b) HNL has transferred the net assets of ₹ 13,684.84 (Assets of ₹ 19,571.21 and Liabilities of ₹ 5,886.37) as at close of business on 31 March 2017 of Retail undertaking to FRL for a consideration of 17,847,420 equity shares of FRL having face value of ₹ 2 per share agreed to be allotted by FRL to the shareholders of HNL i.e. HFL. Refer to note 46 for additional details. The Company has recorded the equity shares of FRL as investment in FRL at a cost of ₹ 13,466.56 lakhs by reducing the cost of investment in HNL.

Summary of significant accounting policies and other explanatory information

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

(c) In the books of HNL, its equity share capital of ₹ 1,366.56 and securities premium of ₹ 12,100 have been adjusted against the capital reserve for reduction of its equity share capital.

(iv) In accordance with the scheme, directly attributable cost of ₹ 382.49 pertaining to slump sale is accounted as capital reserve and ₹ 1,338.04 pertaining to demerger is considered as cost of investment in FRL.

(B) (i) The financial performance presented below is for the year ended 31 March 2017 (i.e. upto demerger appointed date):

	Amount
Revenue	82,557.03
Expenses	84,040.90
Loss before tax from discontinued operations	**(1,483.87)**
Tax reversal	(89.83)
Loss from discontinued operations	**(1,394.04)**

(ii) The cash flow information for the year ended 31 March 2017 is as follows:

	Amount
Net cash flow used in operating activities	(27.75)
Net cash flow used in investing activities	(2,789.28)
Net cash flow used in financing activities	(2,273.72)
Net decrease in cash and cash equivalents	**(5,090.75)**

(C) Details of carrying value of assets and liabilities transferred as on 31 March 2017 are as follows:

	Amount
Assets	
Other Intangible assets	54.37
Property, plant and equipment	8,867.29
Capital work-in- progress	240.70
Loans	2,319.46
Inventories	5,827.69
Other assets	76.70
Trade receivables	1,583.00
Cash and cash equivalents	602.01
Total assets	**19,571.21**

	Amount
Liabilities	
Borrowings	80.51
Trade payables	3,277.41
Deferred tax liability	336.58
Provisions and other liabilities	2,191.87
Total Liabilities	**5,886.37**
Net assets transferred	**13,684.84**

Summary of significant accounting policies and other explanatory information

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

(II) Discontinued operations of Heritage Employee Welfare Trust

(i) The financial performance presented below is for the year ended 31 March 2018 & 31 March 2017

	31 March 2018	31 March 2017
Revenue	21.77	95.08
Expenses	10.73	9.41
Profit before tax from discontinued operations	**11.04**	**85.67**
Tax Expenses	5.72	1.74
Profit from discontinued operations	**5.32**	**83.93**

(ii) The cash flow information for the year ended 31 March 2018 & 31 March 2017 is as follows

	31 March 2018	31 March 2017
Net cash flow used in operating activities	58.75	146.36
Net cash flow from investing activities	-	-
Net cash flow used in financing activities	-	-
Net decrease in cash and cash equivalents	**58.75**	**146.36**

(iii) Details of carrying value of assets & liabilities classified as held for sale as at 31 March 2018 & 31 March 2017 is as follows

Assets

	31 March 2018	31 March 2017
Cash and Cash equivalents	327.56	263.48
Other Assets	34.61	117.43
Total Assets	**362.17**	**380.91**
Liabilities		
Trade Payables	150.59	174.65
Total Liabilities	**150.59**	**174.65**
Net Assets	**211.58**	**206.26**

42. Business combination

(A) The Group has acquired Dairy business of Reliance Retail Limited through slump sale on 12 April 2017 for cash consideration. The Group has made this acquisition to expand its reach in North and Western Indian markets. Details of net assets acquired and capital reserve are as follows:

	Amount
Assets	
Property, plant and equipment	1415.42
Inventories	4761.94
Other intangible assets	2001.82
Total assets	**8179.18**
Liabilities	
Trade payables	1315.57
Security deposits and advance from customers	260.01
Total Liabilities	**1,575.58**
Net assets transferred	**6,603.60**
Purchase consideration paid	6,151.00
Gain directly recognised in capital reserve	**452.60**

Summary of significant accounting policies and other explanatory information

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

(B) Business combination related costs of ₹ 80.55 has been debited to statement of profit and loss under the head other expenses.

43. Related party disclosures

(a) **Names of the related parties and nature of relationship**

Names of related parties	Nature of relationship
SKIL Raigam Power (India) Limited	Associate Company
Heritage Novandie Foods Private Limited (w.e.f. 28 November 2017)	Joint venture
Heritage Finlease Limited	Enterprise over which Key Managerial Persons exercise significant influence
N Bhuvaneswari	Key Managerial Personnel
N Brahmani	
N Lokesh (upto 31 March 2017)	
M Sambasiva Rao (with effect from 6 February 2018)	
A Prabhakara Naidu	
Umakanta Barik	

(b) **Transactions with related parties**

		For the year ended	
		31 March 2018	31 March 2017
(i)	**Heritage Novandie Foods Private Limited**		
	Investment in equity shares	10.00	-
(ii)	**Heritage Finlease Limited**		
	Dividend received	4.00	4.00
	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	7,001.00	6,795.00
(iii)	**N Bhuvaneswari**		
	Short-term employee benefits	449.58	528.19
	Post-employment benefits	8.64	8.64
	Other long-term benefits	5.77	-
	Rent paid	30.23	55.71
	Refund of rental deposit	26.83	-
(iv)	**N Brahmani**		
	Short-term employee benefits	359.90	422.30
	Post-employment benefits	4.32	4.32
(v)	**N Lokesh**		
	Sitting Fee	-	2.90
(vi)	**M Sambasiva Rao**		
	Short-term employee benefits	209.68	210.11
	Post-employment benefits	6.08	5.53
(vii)	**A Prabhakara Naidu**		
	Short-term employee benefits	52.14	47.16
	Post-employment benefits	2.57	2.34
(viii)	**Umakanta Barik**		
	Short-term employee benefits	25.78	23.43
	Post-employment benefits	1.28	1.16
	Other long-term benefits	2.31	1.40

Summary of significant accounting policies and other explanatory information

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

(c) **Balances receivable/(payable)**

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
(i) **Heritage Finlease Limited**			
Loan proceeds payable	(243.32)	(265.55)	(201.82)
(ii) **N Bhuvaneswari**			
Short-term employee benefits payable	(318.38)	(402.48)	(370.61)
Rental payable	-	(4.24)	(4.02)
Rental deposit receivable	-	26.83	26.83
(iii) **N Brahmani**			
Short-term employee benefits payable	(294.30)	(358.85)	(321.23)
(iv) **M Sambasiva Rao**			
Short-term employee benefits payable	(96.48)	(107.75)	(94.73)

44. Contingent liabilities and commitments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
(a) **Commitments**			
Estimated amount of contracts remaining to be executed on capital account and not provided for	988.77	188.02	84.72
Other commitments			
- Export obligation upto the year 2022-23 against import of capital goods under EPCG scheme	2104.72	1937.31	3725.44
(b) **Contingent liabilities**			
Claims against the Group not acknowledged as debts			
- Disputed disallowances under the IT Act, 1961	-	99.96	332.32
- Disputed purchase tax levied under Section 6A of The Central Sales Tax Act, 1956 ("CST Act") on purchase of milk	38.76	38.76	38.76
- Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk	95.12	95.12	95.12
- Disputed Input tax credit disallowed under Tamil Nadu Value Added Tax Act, 2006	32.50	32.50	32.50
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	46.88	1.79	128.86
- Other disputed liabilities	-	3.24	29.46
(c) **Guarantees excluding financial guarantee**	94.41	213.06	230.24
(d) **Other money for which the Group is contingently liable**			
'C' form under collection	58.46	182.66	694.63
Land under protest	-	-	15.69

45. Leases

Finance leases

The Company has obtained server and data processing equipment on Finance lease. The term of lease is for four years. The future minimum lease payments and their present values as on 31 March 2018, 31 March 2017 and 1 April 2016 has been disclosed below:

Summary of significant accounting policies and other explanatory information

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

Minimum lease payments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Due within one year	193.63	-	44.85
Due later than one year and not later than five years	219.45	-	134.54
Total	**413.08**	**-**	**179.39**

Present value of minimum lease payments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Due within one year	153.67	-	31.61
Due later than one year and not later than five years	194.76	-	115.29
Total	**348.43**	**-**	**146.90**

Operating leases

Minimum lease payments under non-cancellable operating leases

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Not later than one year	-	-	23.23
Later than 1 year and not later than 5 years	-	-	-
	-	**-**	**23.23**

46. Derivative contract

The Company has entered into agreement with FRL (the "Implementation Agreement") dated 7 November 2016, under which the Company agreed to share an upside with FRL in the following manner upon sale of shares, which the Company has received as a consideration under the scheme:

If the net consideration by the Company, after deducting taxes statutorily required to be paid to any tax authority in respect of such sale of shares, (the "Share Sale Consideration"),

(i) is less than or equal to ₹ 40,000, then the Company shall be entitled to retain the entire share sale consideration

(ii) exceeds ₹ 40,000 but is less than or equal to ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying an amount equal to the 50% of such excess over ₹ 40,000.

(iii) exceeds ₹ 50,000, then the Company shall subscribe to a total of 1,000 equity shares of FRL by paying amount equal to the 50% of such excess between ₹ 40,000 and ₹ 50,000 and 75% of excess over ₹ 50,000.

The Company recognized the above contractual provisions of the Implementation Agreement as derivative financial instruments.

47. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company. Disclosures in respect of the amounts payable to such parties are given below:

Summary of significant accounting policies and other explanatory information

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

		31 March 2018	31 March 2017	1 April 2016
(i)	The principal amount remaining unpaid as at the end of the year.	574.28	649.49	474.04
(ii)	The amount of interest accrued and remaining unpaid on (i) above.	0.89	0.48	1.17
(iii)	Amount of interest paid by the Group in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-	-
(iv)	The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-	-
(v)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.89	0.48	1.17

48. Segment reporting

The Chief Operating Decision Maker(CODM) evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by reportable segments.

The measurement of each segments revenue, expenses, assets and liabilities is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

The Group has been organised into different verticals based on its products. Three verticals have been identified as reportable operating segments by the Company, which are as follows:

(i) Dairy vertical: Under this vertical, the Company manufactures and market a complete range of dairy products including fresh milk, curd, butter milk, lassi, ice cream, paneer, table butter, milk powder, flavoured milk, UHT milk, Indian sweets and dairy whitener.

(ii) Renewable energy vertical: Under this vertical, the Company produces power for captive consumption through its solar and wind power plants.

(iii) Cattle feed vertical: Under this vertical, the Company manufactures wide varieties of cattle feeds.

No operating segments have been aggregated to form the above reportable segments.

Segment performance is evaluated based on revenue and Earning before interest and tax and is measured consistently in line with measurement principles used in the financial statements, except adjustments not made to operating segments on individual basis. The items which are not allocated to individual operating segments are gain or losses on financial instruments, taxes, impairment on financial instruments, finance costs, interest income among others. Refer reconciliation below for further details.

Summary of significant accounting policies and other explanatory information

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

The table below presents segment wise information of revenue, results, capital expenditure, assets and liabilities:

Particulars	For the year ended and as at							
	31 March 2018				31 March 2017			
	Segment revenue	Segment results	Segment assets	Segment liabilities	Segment revenue	Segment results	Segment assets	Segment liabilities
Dairy	229,671.54	10,096.16	52,916.91	42,309.00	180,959.67	12,491.49	38,418.96	27,898.76
Renewable energy	685.93	317.81	6,631.01	3,682.29	521.30	250.24	5,376.04	3,415.90
Feed	6,742.57	(317.39)	3,040.20	1,392.61	5,653.20	(492.88)	3,635.95	3,051.15
Others	1,535.05	(43.60)	834.41	9.62	3,436.01	319.24	857.11	5.12
Inter segment revenue	(1,293.16)	-	-	-	(1,070.40)	-	-	-
Unallocated	-	-	107,238.67	44,444.96	-	-	51,293.16	5,065.74
Total	**237,341.93**	**10,052.98**	**170,661.20**	**91,838.48**	**189,499.78**	**12,568.09**	**99,581.22**	**39,436.67**

Reconciliation of segment results to profit before tax:

	For the year ended	
	31 March 2018	31 March 2017
Amount as per Segment results	**10,052.98**	**12,568.09**
Less:		
Finance costs (refer note 31)	1,824.22	970.38
Fair Value loss on derivative liability	38,703.86	3,854.87
Share of loss of associate and joint venture	9.48	0.09
Others	163.20	179.65
	40,700.76	**5,004.99**
Add:		
Interest income	86.80	82.13
Fair Value gain on Equity Securities (FVTPL)	39,537.07	24,681.02
Dividend Income	4.02	4.00
	39,627.89	**24,767.15**
Profit before tax from continuing operation	**8,980.11**	**32,330.25**

Geographical information

The Company has derived 100% of its revenue from customers located in India for the year ended 31 March 2018 and 31 March 2017. Further 100% of Group's Property, plant and equipments, Investment property, Other intangible assets and Capital work in progress as at 31 March 2018, 31 March 2017 and 1 April 2016 were located in India.

Major customer

The Group has no single customer who has contributed more than 10% of the Group's total revenue during the year ended 31 March 2018 and 31 March 2017.

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

49. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

Name of the entity	For the year ended and as at 31 March 2018				For the year ended and as at 31 March 2017			
	Net assets		Share in profit or loss		Net assets		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Parent company								
Heritage Foods Limited	98.70%	77,800.66	96.25%	6,038.16	98.63%	59,322.33	99.01%	27,502.90
Subsidiary								
Heritage Nutrivet Limited	2.06%	1,626.10	0.26%	16.56	(0.39%)	(232.71)	0.01%	2.92
Controlled trusts								
Heritage Farmers Welfare Trust	1.07%	844.31	(0.15%)	(9.10)	1.43%	857.74	0.66%	183.92
Heritage Employee Welfare Trust	0.27%	211.58	0.08%	5.32	0.34%	206.25	0.30%	83.93
Non-controlling interest	(1.34%)	(1,055.67)	0.06%	3.91	(1.77%)	(1,064.00)	(0.96%)	(267.85)
Total	**100.77%**	**79,426.98**	**96.52%**	**6,054.85**	**98.25%**	**59,089.61**	**99.02%**	**27,505.82**
Consolidation adjustments	(0.77%)	(604.26)	3.48%	218.41	1.75%	1054.94	0.98%	271.10
Net amount	**100.00%**	**78,822.72**	**100.00%**	**6,273.26**	**100.00%**	**60,144.55**	**100.00%**	**27,776.92**

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter-company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

50. Share of loss from joint venture and associate

The group does not have any material joint venture and associate warranting a disclosure in respect of individual associate and joint venture. The Group's share of other comprehensive income is Nil (31 March 2017: Nil) in respect of such associate and joint venture. The unrecognised share of loss is Nil (31 March 2017: Nil) in respect of such associate and joint venture.

51. First time adoption of Ind AS

With effect from 1 April 2017, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

These financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Summary of significant accounting policies and other explanatory information

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

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Mandatory exceptions and Optional exemptions

Ind AS 101 allows first-time adopters certain mandatory and voluntary exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(A) Mandatory exceptions

(a) The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – Quoted and unquoted equity shares.
- Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

(b) **De-recognition of financial assets**

The Company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(c) **Classification and measurement of financial assets**

Financial instruments - loan to employees and security deposits

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Financial assets such as loan to employees and security deposits have been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

(d) **Impairment of financial assets (Trade receivables and other financial assets)**

At the date of transition to Ind AS, the Company has assessed whether there has been a significant increase in credit risk since the initial recognition of a financial instrument, which would require undue cost or effort. Therefore the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

(e) **Government loans**

On transition to Ind AS, based on mandatory exception relating to government loans, Company has decided to apply the requirement of Ind AS 109 prospectively to government loans existing at the date of transition i.e. to carry the

Summary of significant accounting policies and other explanatory information

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

government loans as at the date of transition at Indian GAAP carrying value. Hence the Company has not recognised the corresponding benefit of government loan at below market rate of interest as government grant.

(B) Optional exemptions

(a) **Deemed cost**

As there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Other Intangible Assets, as recognised in its Indian GAAP financial statements as deemed cost at the transition date.

(b) **Arrangements containing a lease**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(c) **Designate of previously recognised financial instrument**

At the date of transition to Ind AS, Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances of each case. The Company has elected to apply this exemption for its investment in certain quoted equity shares.

At the date of transition to Ind AS, Ind AS 101 also allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances of each case. The Company has elected to apply this exemption for its investment in certain unquoted and certain quoted equity shares.

(C) Reconciliations

	Notes	As at	
		31 March 2017	1 April 2016
Reconciliation of total equity			
Total equity as per Indian GAAP		**30,067.51**	**23,990.26**
Non controlling interest of trusts which were not consolidated under Indian GAAP		**1,064.00**	**795.89**
		31,131.51	**24,786.15**
Add / (less) : Adjustments for GAAP differences			
Fair valuation of investments in other than those held Future Retail Limited	(i)	8.11	7.62
Fair valuation of investments in Future Retail Limited	(ii)	32,910.48	-
Derivative liability	(ii)	(3,854.86)	-
Government grant in the nature of promoters' contribution	(iii)	(11.21)	(52.13)
Proposed dividend	(v)	-	837.65
Provision for expected credit loss on trade receivables	(vi)	(0.47)	(7.54)
Borrowing transaction cost adjustment	(vii)	(69.37)	(60.74)
Tax effect of above adjustments	(iv)	30.36	29.81
Total adjustments		**29,013.04**	**754.67**
Total equity under Ind AS		**60,144.55**	**25,540.82**

Summary of significant accounting policies and other explanatory information

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

Particulars	Notes	For the year ended 31 March 2017
Net profit under Indian GAAP		**6,681.89**
Net profit of unconsolidated trusts as per Indian GAAP		**267.84**
		6,949.73
Fair value change on investment in Future Retail Limited	(ii)	24,681.01
Fair value change on derivative liability	(ii)	(3,854.87)
Provision for expected credit loss on trade receivables	(vi)	7.08
Borrowing transaction cost adjustment	(vii)	(8.63)
Remeasurement gain or loss on net defined benefit plan	(viii)	(0.98)
Other adjustment		2.70
Tax effect of above adjustments	(iv)	0.88
Total net profit for the period under Ind AS		**27,776.92**
Other comprehensive income		**8,230.59**
Total comprehensive income		**36,007.51**

Notes on reconciliations between Indian GAAP and Ind AS

(i) FVTOCI - financial assets (Other than Investment in Future Retail Limited)

Under Indian GAAP, the Company has accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

(ii) Investment in Future Retail Limited

Pursuant to the Composite Scheme of Arrangement entered between the Company, Heritage Foods Retail Limited ("a wholly owned subsidiary of the Company" or "HFRL"), Shareholders of the Company and Future Retail Limited ("FRL"), the "Retail undertaking" i.e. demerged undertaking of Heritage Foods Retail Limited got transferred to Future Retail Limited with effect from the closing hours of 31 March 2017. For this transfer, Future Retail Limited has issued 17,847,420 equity shares of the face value of ₹ 2 each fully paid-up to the shareholders of HFRL i.e. HFL. On account of this transaction, the share capital of HFRL and Investment of the Company in HFRL got reduced with the net book value of demerged undertaking on 31 March 2017.

Also through supplementary agreement, the Company has agreed to share the consideration on sale of "FRL shares" with FRL, if the total consideration on such sale exceeds the agreed limit. Management has concluded the given agreement as derivative to be measured at FVTPL.

As per the scheme, HFL has initially recognised the "Investment in FRL" at cost i.e. at ₹ 14,804.60. Under IGAAP, the Company has subsequently measured the "Investment in FRL" at cost only. Under Ind AS, the Company has elected to designate 13,384,565 shares at FVTPL investment and 4,462,855 shares at FVTOCI investment. Ind AS requires FVTOCI investments to be measured at fair value.

The difference between 'cost and fair value of Investment designated at FVTPL' amounting to ₹ 24,681.01 is recognised in "Other Income" in the "Statement of profit or loss". The difference between 'cost and fair value of Investment designated at

Summary of significant accounting policies and other explanatory information

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

FVTOCI' amounting to ₹ 8,229.46 in " Other Comprehensive Income". Company has also recognised a "Derivative liability" of ₹ 3,854.87 relating to agreement to share the consideration.

(iii) Government grant in the nature of promoters' contribution

Under Indian GAAP, governments grants in the nature of promoters' contribution is credit to capital reserve. Under Ind AS, such grants are classified as grants relating to assets and is recognised by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the assets.

As on the date of transition, the Company has transferred the amount standing in capital reserve (on account of grants from government towards total investment in an undertaking) to deferred government liability (Current and non current). Subsequently the amount is transferred from the deferred government liability to "Statement of profit and loss" based on the useful life of the undertaking.

(iv) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments led to temporary differences. The Company has accounted for such differences as well in deferred tax. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

(v) Proposed dividend

Under the Indian GAAP, dividends proposed by the Board of Director after the balance sheet date but before the approval of financial statements were considered as adjusting event. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

(vi) Trade receivables

Under Indian GAAP, the Group had created provision for doubtful debts based on specific amount for incurred losses. Under Ind AS, the allowance for doubtful debts has been determined based on expected credit loss model.

(vii) Borrowings

Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Under Indian GAAP, these transaction costs were charged to profit or loss as and when incurred or capitalised as borrowings cost.

(viii) Defined benefit plan

Under Indian GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods.

Summary of significant accounting policies and other explanatory information

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

(ix) Effect of transition to Ind AS on Consolidated Cash Flow Statement for the year ended 31 March 2017

Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities and has no impact on the net cash flow for the year ended 31 March 2017 as compared with the Indian GAAP.

(x) Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place : Hyderabad
Date : May 24, 2018

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules 2014)
statement containing salient feature of the financial statements of subsidiaries/associate companies/joint ventures

Part "A" Subsidiaries

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

S. No	Name of the Subsidiary	The Date since when subsidiary was acquired	Reporting period for the subsidiary concerned if different from the holding company's reporting period	As at					For the Year ended					
				Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turn-over	Profit/ (Loss) before taxation	Provision for taxation (incl. Deferred Tax)	Profit / (Loss) after Taxation	Proposed Dividend	Extent of Share Holding
1	Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited)-Subsidiary	01.12.2008												
	As at/ Year Ended:													
	31.03.2018		Reporting period same	237.16	1,028.92	2,942.97	1317.14	-	6,742.57	(35.53)	(46.77)	11.24		100
	31.03.2017		Reporting period same	50.00	(604.43)	4,133.41	3,118.28	-	5,653.20	(184.96)	168.60	(353.56)		100
	31.03.2016		Reporting period same	16.56	(14.09)	2.94	0.47	-	-	(0.24)	-	(0.24)		99.64
2	Heritage Conpro Limited *	01.01.2011												
	(Subsidiary)													
	As at/ Year Ended:													
	31.03.2018		Reporting period same	-	-	-	-	-	-	-	-	-	-	-
	31.03.2017		Reporting period same	-	-	-	-	-	-	(3.41)	-	(3.41)	-	75.7
	31.03.2016		Reporting period same	10.04	(3.62)	6.82	0.40	-	-	(0.17)	-	(0.17)	-	75.7

* During the Financial year 2016-17, Heritage Conpro Limited a subsidiary of Heritage Foods Limited has been wounded up its business

Part "B" Associates / Joint Venture

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

S. No	Name of the Associate/Joint Venture	Last Audited Balance sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate/ Joint ventures held by the Company on the Year End			Description of how there is significant influence	Reason why the associate/ Joint Venture is not consolidated	Net worth attributable to share holding as per latest audited Balance sheet	Profit / (Loss) for the Year	
				No of Shares	Amount of Investment	Extent of Holding (%)				Considered in consolidation	Not Considered in consolidation
1	Skill Raigam Power (India) Limited- (Associate)	31.03.2018	2011-12	650000	65.00	44.83	N.A	N.A	54.94	(1.32)	(1.63)
		31.03.2017		650000	65.00	44.83	N.A	N.A	56.26	(0.09)	(0.11)
		31.03.2016		650000	65.00	44.83	N.A	N.A	56.35	(0.09)	(0.11)
2	Heritage Novandie Private Limited (Joint Venture)	31.03.2018	2017-18	100000	10.00	50.00	N.A	N.A	3.67	(8.16)	(8.16)
		31.03.2017		-	-	-	-	-	-	-	-
		31.03.2016		-	-	-	-	-	-	-	-

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

N. Bhuvaneswari
Vice Chairperson & Managing Director
DIN : 00003741

N Brahmani
Executive Director
DIN : 02338940

M Sambasiva Rao
President

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

Umakanta Barik
Company Secretary
M.No. FCS 6317

Place : Hyderabad
Date : May 24, 2018

ATTENTION FOR IMMEDIATE ACTION

Dear Shareholder(s),

Mandatory updation of PAN and Bank details against your physical holding

The Securities and Exchange Board of India (SEBI) has by its circular SEBI/HO/DOP1/CIR/P/2018/73 dated 20th April, 2018 mandated that the companies through their Registrar and Transfer Agents ("RTA") take special efforts for collecting copies of PAN and bank account details for the security of the holders holding securities in physical form.

Those security holders whose folio(s) do not have complete details relating to their PAN and Bank Account, or where there is any change in the bank account details provided earlier, have to compulsorily furnish the details to RTA/ Company for registration/updation as the earliest possible.

Therefore you are requested to submit the following documents immediately to update in our records.

ACTION REQUIRED FROM YOU

- Letter of undertaking (available in the Company & RTA website) duly filled and signed by the shareholders
- Self-attested copy of Pan Card of the security holder
- Cancelled Cheque leaf with name (if name is not printed, self-attested copy of the pass book showing the name of the account holder) of the first holder
- Address proof (self-attested Aadhaar-card) of the first holder
- Any change in the name of the holders

No physical transfers pursuant to SEBI- LODR notification

Shareholder having securities in physical form: The Securities and Exchange Board of India (SEBI) has notified vide no: SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 mandated that, except transmission / transposition of shares, request for transfer of shares in physical form shall not be processed by Companies or Registrar and Transfer Agents w.e.f. December 05, 2018. Hence investors are encouraged to demat their physical holding for any further transfer.

In case if you have any queries or need any assistance in this regard, please contact:

HERITAGE FOODS LIMITED #6-3-541/C, Punjagutta, Hyderabad, Telangana – 500082, India Telephone No. 040-23391221/2 Email : umakanta@heritagefoods.in	**M/s Karvy Computershare Pvt. Ltd.** Unit : HERITAGE FOODS LIMITED Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500 032, Inida Toll Free No.: 1800-3454-001 Email : einward.ris@karvy.com

ATTENDANCE SLIP

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana
Ph: +91-040-23391221/2, Fax: +91-040-23318090
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 26th 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 30th August, 2018 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: +91-040-23318090
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 26th Annual General Meeting of the Company to be held on Thursday, the 30th August, 2018 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 (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, 2018, 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, 2018.			
2.	To declare a dividend of Rs.2/- per share (40%) on equity shares of face value of Rs.5/- each for the financial year ended on March 31, 2018.			
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.			

Signed this_____day of_____2018

Affix Revenue Stamp

Signature of Shareholder

Signature of Proxy holder(s)

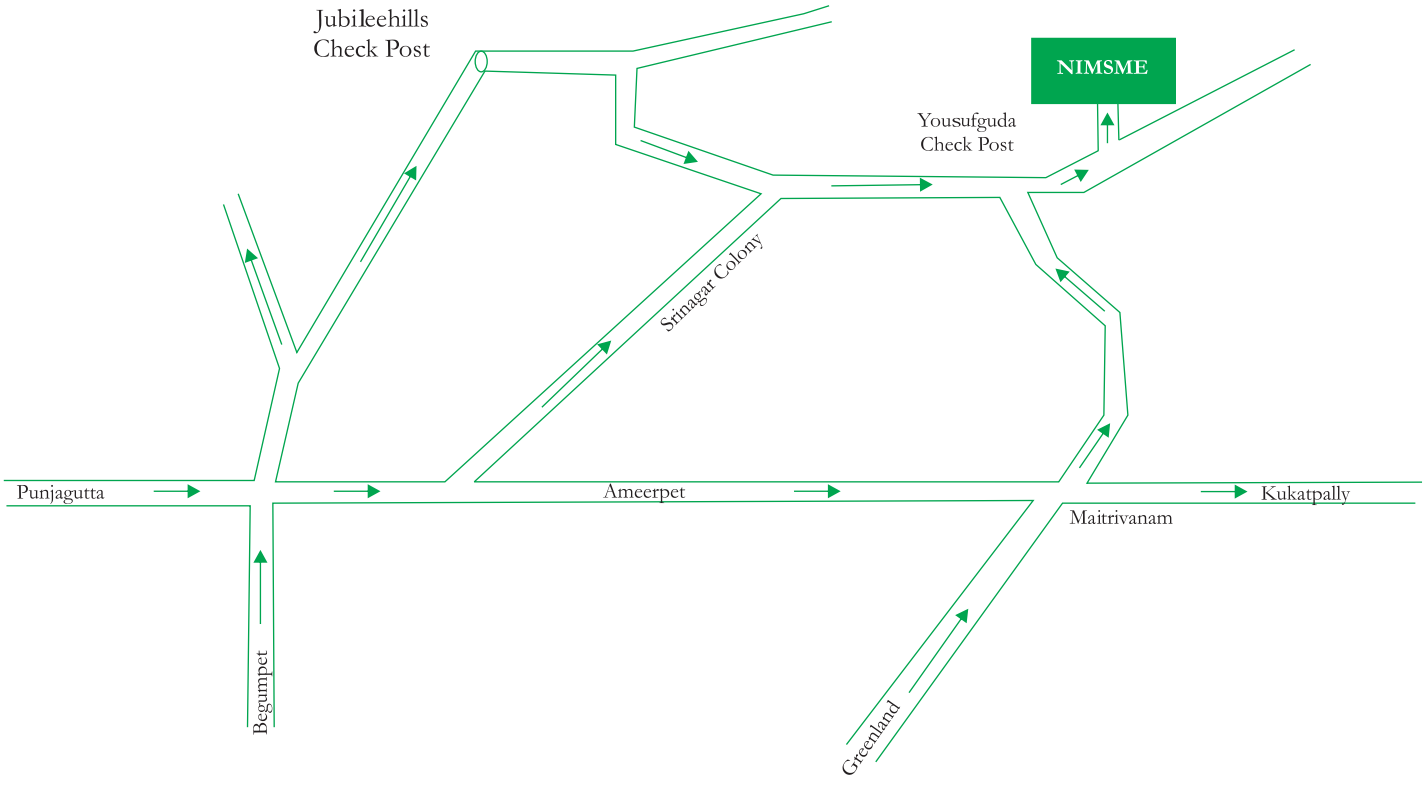
Notes:

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

Rout Map of the Venue of the AGM



Address of AGM Venue:

National Institute for Micro, Small and Medium Enterprises (NIMSME)
Auditorium Hall, 2nd Floor, Training Block
Yousufguda, Hyderabad – 500 045
Phone: 040-23608544
040-23608317

a K&A creation | www.kalolwala.co.in www.kalajyothi.com

Heritage Foods Limited
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#6-3-541/C, Panjagutta, Hyderabad-500082, Telangana
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