

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 imbuing 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 Bhuvaneshwari	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 Bhuvaneshwari	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. Bhuvanewari	-	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. Bhuvanewari 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 Bhuvanewari, 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 Bhuvanewari	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 Bhuvanewari	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 Bhuvanewari	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 Bhuvanewari	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 Bhuvaneshwari	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 Bhuvaneshwari	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 Bhuvaneshwari	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 Bhuvaneshwari	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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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, 2 nd 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

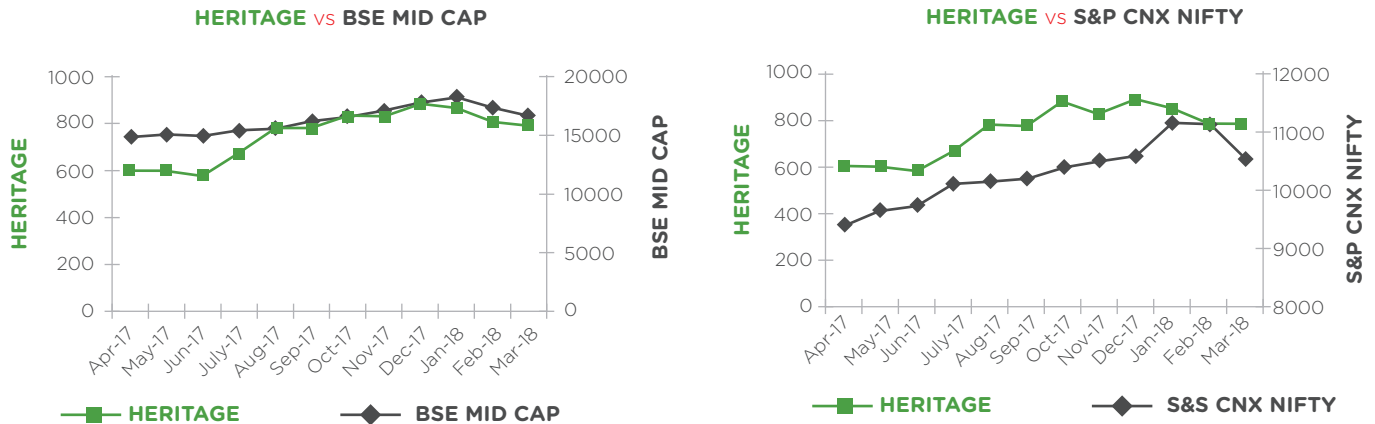
Market Price Data:

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

Month	NSE (in R per share)		BSE (in R 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



Distribution of Shareholding as on March 31, 2018

Category Code	Category of Shareholder	Number of Shareholders	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 Chandiook & 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. Bhuvanewari)

May 24, 2018
Hyderabad

Chairperson and Managing Director
(DIN: 00003741)

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. Pamaru**
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 Bhuvanewari, 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

Place: Hyderabad
Date: May 24, 2018

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

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